momentum

global investment management

Stewardship Report

2025

UK STEWARDSHIP CODE

With us, investing is personal

Contents

*Asset Manager/Asset Owner. **Service Provider

Foreword

Andrew Hardy
Managing Director

Welcome to the 2025 edition of the Momentum Global Investment Management (MGIM) Stewardship Report, our annual publication where we report the activity and progress on our stewardship and sustainability journey.

As previously, this report covers both our fund management business, MGIM, and our institutional advisory business, Momentum Investment Solutions and Consulting (MISC).

This is our fourth Stewardship Report. With each edition, we've improved our reporting by better aligning with UK Stewardship Code guidelines and providing more comprehensive, objective commentary on our stewardship processes and progress. We appreciate the detailed feedback from the Financial Reporting Council (FRC) on every edition and are proud to have earned signatory status following our 2024 report. We've taken additional steps to address the FRC's feedback on our previous edition. We believe this report demonstrates both our sincere commitment and effective execution of our stewardship responsibilities as an investment manager and adviser.

Across our business, in the UK and South Africa, we believe that the most effective responsible investment (RI) strategy is implemented via ESG integration and engagement rather than through extensive exclusions and divestment; the best way to drive change and act as good stewards of our clients' capital, is to 'have a seat at the table'. Across all our third-party, direct investments and advisory portfolios we assess these practices, with the aim to mitigate material ESG risks and, in some instances, look for ESG opportunities.

For us, sustainability-related activities and reporting are always a team effort. Nine members of our investment team wrote this report with input from others. This collaborative approach demonstrates our commitment to integration rather than outsourcing stewardship and sustainability responsibilities to those removed from our core investment team and processes.

Our stewardship activity increased during this reporting period, and we made significant progress in enhancing our processes. A key development was setting a specific stewardship objective with related targets in our three-year 'Impact strategy' - a strategic plan covering our entire investment business across South Africa and the UK. While this strategy applies broadly across our business, including our substantial insurance operations, the inclusion of stewardship objectives highlights our commitment to responsible investing and our role as capital allocators.

The objective includes specific initiatives that we will focus on throughout the planning cycle, such as maintaining our UK Stewardship Code signatory status and expanding client reporting to include various ESG related factors, specifically climate related data. We continuously track and report on these objectives, providing regular updates to internal and external stakeholders.

Stewardship highlights from the past year include:

- Significant improvements in our proxy voting processes
- Extensive engagement supporting the future of the UK Investment Companies industry
- Greater alignment and collaboration between our UK and South African businesses

This report provides new examples of our progress across various sustainability themes and practices, high-level feedback on our voting activities, and case studies demonstrating our engagement with companies and third-party investment managers.

I hope that you find this report valuable. As always, we welcome your feedback or discussion on the activities and categories included in this edition.

Introduction to Momentum

Momentum Group Limited is one of Africa's largest life insurers and integrated financial services companies based in South Africa. It is the parent company of Momentum Investments, which includes our UK capabilities (MGIM, MISC, CAIM).

Momentum Investments Group, a division within Momentum Group Ltd, encompasses several businesses and includes approximately 800 staff globally, with 63 based in the UK. Our UK business maintains the culture, flexibility and creativity of a boutique whilst benefitting from the resources and stability of belonging to a larger corporation.

Our UK business has two legal entities and three distinct business lines:

1. Momentum Global Investment Management (MGIM), a legal entity and the brand for our core investment management capabilities based across London and Liverpool;
2. Momentum Investment Solutions & Consulting (MISC), our investment consulting team based in Windsor, which is part of the MGIM legal entity; and
3. Crown Agents Investment Management (CAIM), a specialist investment manager that manages fixed income portfolios on behalf of official institutions globally, wholly owned by MGIM since 2023 and based in our London office.

MGIM are a discretionary manager of single asset and multi-asset class portfolios, which are predominantly invested via third-party managers, with the remainder invested in direct securities. Investments in third-party managers are generally via segregated accounts and pooled funds. Direct investments are generally limited to listed equities, closed ended investment trusts and high-grade government and corporate bonds. In addition, the Momentum African Real Estate Fund (MAREF) is an African commercial real estate development joint venture between MGIM in the UK and Eris Property Group in South Africa, available for institutional clients. Here, we invest directly into property assets.

MISC, is the institutional advisory team of MGIM, which was established in 2014. Our goal is to provide UK institutional clients with truly bespoke strategies, exceptional service, and independent advice through various governance models, including:

- Traditional Advisory
- Outsourced Chief Investment Officer (OCIO)
- Fiduciary Management

CAIM are a specialist investment manager, predominantly managing fixed income portfolios on behalf of institutions, particularly official institutions, globally. The business is supported by MGIM but targets a client base and investment strategies that differ from MGIM's.

Each of our teams integrate our company's core values of accountability, integrity, excellence, teamwork, innovation, and diversity. At MGIM, we pride ourselves on being strong supporters of global best practice and developments in terms of sustainability.

This report adheres to both the Principles for Asset Owners and Asset Managers (because we are an asset manager), and the Principles for Service Providers (because we are also an investment adviser). We have provided separate reporting for MGIM and MISC on Principles 5 and 6, but other applicable Principles cover both capabilities.

CAIM remains a separate legal entity, although they are supported by various business functions within MGIM, such as compliance. Their investment process, clients and asset class mix is separate to that of MGIM. Therefore, we have referenced them within relevant sections, such as when discussing board composition, but for the majority of this report, they are excluded.

For clarity, the information in this report is not applicable to CAIM unless they have been explicitly referenced.

In summary:

- Sections 1-4 are applicable to MGIM and MISC.
- Section 5 is applicable to MGIM, however MISC is briefly discussed.
- Sections 5a-6a are applicable to MISC only.
- Sections 6-12 are applicable to MGIM only.

MGIM at a Glance

Established in the UK in 1998

22 investment specialists, with an average of more than 21 years of investment experience[1]

£6.7n Assets Under Management[1]
MGIM - £4.9bn/CAIM - £1.8bn

45% Equity
31% Fixed income
23% Multi-asset
1% Real assets

£6bn Assets Under Advice
MISC[2]

Institutional Investors
Financial Advisers
Individual Investors

[1]as at 31 Dec 2024. [2]MISC - Momentum Investment Solutions & Consulting.

3 UK offices

Core values

Accountability
Integrity
Excellence
Teamwork
Innovation
Diversity

Our Investment Philosophy

At Momentum, we have leveraged our investment expertise and resources to deliver a truly focused outcome-based investment philosophy. The philosophy is both simple and compelling in taking clearly defined steps in asset allocation, risk mitigation, and investment selection to increase the probability of delivering the investment outcome over a defined time horizon. Our aim is to smooth the investment journey towards the outcome and in doing so keep clients invested across all market conditions.

Sustainability initiatives we are part of

Signatory of: PRI Principles for Responsible Investment

UK STEWARDSHIP CODE

Principle 1 - Purpose, Strategy & Culture

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Who we are

Momentum Global Investment Management Limited (MGIM) is a wholly owned subsidiary of Momentum Group Limited (Momentum Group). Consistent with Momentum Group's culture, MGIM maintains a strong collegiate environment where we are confident in our work while remaining humble, never arrogant. We firmly believe that values-based businesses deliver better long-term sustainable benefits for all stakeholders.

Our values, outlined below, remain our foundational pillars:

- Accountability;
- Diversity;
- Excellence;
- Innovation;
- Integrity; and
- Teamwork.

These pillars strengthen and define our actions in all that we do, including how we engage and specifically in our goal and commitment to be a responsible investor.

Having successfully completed the 'Reinvent and Grow' strategy in place through FY2022/25, Momentum Group has launched an 'Impact' strategy through FY2025/27. This strategy applies across the whole business and sets clear, ambitious targets for group performance measured across six impact targets.

For our multi-management business, our long-term ambition is:

> *To be recognised as a diversified, leading and trusted investment manager and partner, managing sustainable, top performing portfolios for our clients and their advisers across the globe*

We want to be recognised as a leading and trusted investment partner that enables personalised experiences through outcome-based solutions for our clients and adviser partners. We aim to deliver meaningful financial results to our shareholders while also being a great place to work for our staff.

Our investment approach

Our outcome-based investment philosophy focuses on delivering the target outcome each portfolio is designed to achieve, helping investors satisfy their life and spending goals. These outcomes are typically expressed as real return targets to be achieved over a minimum recommended holding period, with a clear focus on making the investment journey as smooth as possible.

We deliver on these target outcomes by constructing well-diversified multi-asset portfolios managed by specialist investment teams. This means investing across:

- Equities (global, UK, regional and style-oriented)
- Fixed income
- Property
- Infrastructure
- Private equity
- Specialist debt
- Commodities and other alternative investments

Our approach to asset allocation is anchored by a long-term, valuation-driven approach. For most asset classes, we invest through third-party managers via funds or segregated accounts. We also make direct investments in listed equities, investment trusts, and government and corporate bonds for certain countries, sectors, or clients.

What responsible investment means to us

Responsible investing forms part of our core beliefs at Momentum. We want to help people grow their savings, protect what matters to them and invest for the future; to realise their financial goals. Sustainable and responsible investment practices are material factors underpinning investment outcomes for our clients and are key to our long-term success as a business.

> **We believe that by investing responsibly and in a long-term sustainable manner, our clients can experience a higher quality investment journey, mitigating the risks to invested capital associated with poor governance, social irresponsibility, and environmental disregard.**

As stewards of our clients' capital, we need stable, functional and well-governed companies and financial ecosystems to deliver consistent and sustainable long-term targeted investment outcomes. We fundamentally believe that environmental, social, and governance (ESG) risks and opportunities are relevant to overall investment performance. A focus on long-term sustainability should be engrained in all processes and functions across our business, where possible.

From an investment management perspective, this means taking ESG factors into account when making investment decisions. We recognise that there are both risks and opportunities related to these factors and aim to incorporate them into our analysis, in the same way that we analyse other financial and economic aspects of our investments.

Beyond our sustainable product range, we do not actively pursue an "Environmental" or "Green" investment strategy. However, we are committed to ensuring our investments do not undermine the long-term sustainability of our investors, the economy, society, or the planet. Where appropriate, we support allocating capital to issuers (companies and investment vehicles) that actively work to mitigate harm caused by ESG factors.

Resources and oversight embedded across MGIM

We have a well-resourced and highly experienced investment team in the UK, that operates as one unified research and investment engine with a consistent philosophy and process across our investable universe. Additionally, the Momentum Investment Solutions and Consulting (MISC) team conducts independent research to address client-specific requirements while leveraging the UK investment team's expertise when appropriate.

We are not passive, disengaged investors. Instead, we approach investment management with rigorous research and proprietary analysis to ensure a clear and deep understanding of all investments before commitment. Individual team members specialise in specific areas, creating focus and enabling original insights, but we do not operate in silos. All team members participate in asset allocation, portfolio management and client engagement to varying degrees. This creates valuable perspective through a holistic approach which, in our opinion, leads to higher quality investment outcomes for clients.

Principle 1 Cont...

This team structure and division of responsibilities positions us well to ensure high standards of stewardship across all our portfolios and to implement new or evolving responsible investment policies as appropriate.

In the UK, we have one dedicated responsible investment specialist who oversees the broader team's commitment to sustainability and engagement. Close relationships with our third-party managers and investee companies have always been integral to our investment approach. The team also benefits from the support of two dedicated responsible investment professionals within Momentum Investments in South Africa.

Our Momentum Investments Responsible Investing Committee (RIC) serves as an oversight function across the various investment capabilities within the business. Additionally, a Responsible Investment Working Group, led by MGIM's responsible investment specialist and comprising various members of the investment team across asset classes and offices, meets regularly to discuss the integration of ESG best practices across all MGIM portfolios, as well as objectives and implementation of various sustainable initiatives specifically for the UK business.

ESG factor integration and active ownership at MGIM (including MISC)

The majority of MGIM's assets under management are invested via third-party managers although we also invest directly into listed equities, investment trusts, SSA bonds and investment grade bonds. ESG factor analysis and active ownership form part of our research process across all investment types, albeit in different ways and to varying degrees. Further detail can be found in the dedicated sections later, but at a high level, we incorporate ESG considerations at MGIM as follows:

1. A significant portion of capital is allocated to third-party managers, both through segregated mandates managed on Momentum's behalf and pooled investments (primarily UCITS funds). ESG considerations are typically analysed and documented in a research note, which includes ESG data (such as from Sustainalytics, Morningstar, Bloomberg etc.) and responses from fund managers (gathered through meetings and our proprietary responsible investment questionnaire). Third-party managers usually vote on our behalf and provide periodic voting reports. While we may inquire further into specific issues, external managers are typically closer to the investment and better positioned to make informed voting decisions.
2. For direct equity and investment company (ICs) investments, portfolio managers consider ESG factors as appropriate to the mandate. We maintain an engagement register to record interactions with management, including engagements on ESG topics, and we can exercise our voting rights on all resolutions.
3. For debt investments, we analyse ESG data from sources including Bloomberg, Sustainalytics, Morningstar. However, there is typically less opportunity to act on ESG considerations, as debt holders do not have voting rights. Fixed Income portfolio managers can raise ESG matters in face-to-face meetings with issuers and may choose not to participate in upcoming issues if they believe the company's ESG practices are insufficient. However, such instances are rare, as most credit investments are made through third-party managers.

Client outcomes

Our primary measure of effectiveness in serving the best interests of our clients is through performance outcomes. These are regularly reviewed during quarterly Board and Product Governance Committee meetings, as well as monthly management committee meetings. We target outcomes linked to a hurdle above the cash or inflation rate in the relevant currency over appropriate medium term investment horizons.

Although our strategies have delivered positive returns in recent years, elevated inflation has made it challenging to outperform inflation-plus objectives. However, we have continued to manage volatility effectively through asset class diversification and strategy selection, in many cases outperforming peers over the past year. We have clearly and openly communicated the drivers of performance to clients and have provided support to the advisers recommending our solutions, to help them keep their clients invested.

The recent addition of sustainable funds and models across our product range has driven improvements in ESG reporting and analysis for these solutions. We plan to extend these enhancements to other solutions as we incorporate ESG considerations more holistically across our business. We believe that reporting sustainability-related portfolio improvements in real-world terms - such as the outcomes delivered by our Curate Global Sustainable Equity Fund as of 31 December 2024 - will contribute to stronger client outcomes and support broader sustainability objectives.

WATER USE 69% BELOW

M3/mUSD invested 404.3 vs. 1290.0

GREENHOUSE GAS EMISSIONS SCOPE 1&2 48% BELOW

tCO2eq/mUSD invested 20 vs. 37

WASTE GENERATION 24% BELOW

Tons/mUSD invested 15.6 vs. 20.5

Aligned with the FCA's Consumer Duty, MGIM remains committed to delivering good outcomes for clients across all aspects of the business. We ensure our products and services meet evolving client needs, offer fair value, and are communicated in a clear and accessible manner. Through ongoing monitoring and governance, we seek to act in clients' best interests at all times, with transparency, fairness, and accountability at the core of our approach.

Examples of how our purpose and investment beliefs have guided our stewardship, investment strategy and decision-making:

01 We continue to add-third-party funds that offer superior sustainability metrics and/or active management processes. For example, in 2024 and early 2025, we added a new global high yield fund to several of our fund ranges. This fund focuses on sustainable themes, integrates ESG considerations into the investment process, and has demonstrated notable outperformance.

02 Over the past year, we have successfully integrated a responsible investment clause into our Investment Management Agreements (IMAs) with several third-party managers overseeing segregated mandates. This clause outlines specific exclusions, encourages ESG integration in the investment process, and requires adherence to Momentum's Responsible Investment Policy (available on our RI webpage here). Our goal is to align our third-party managers' practices with our own wherever possible, demonstrating our ongoing commitment to embedding these principles across our investments. For more information, please refer to Principle 7.

We conduct annual surveys to gather feedback from our clients regarding business performance and their overall experience. However, in 2024, we paused our dedicated survey to align it with our entire investment business across South Africa and the UK. This initiative aims to foster greater alignment and collaboration between our UK and South African operations.

Principle 1 Cont...

Initiatives outside of the investment team

Over the years, MGIM has implemented several sustainability-focused initiatives across the broader business. Key areas of focus include:

- Improving waste management in the office including educating employees on proper recycling practices.
    - Sharing educational content via email to raise awareness about sustainability.
    - Hosting a waste management expert to deliver a talk on effective recycling methods.
- Minimising plastic use in the office wherever possible.
- Reducing paper consumption by discouraging printing and promoting the use of electronic meeting packs.
- Encouraging sustainable travel by prioritising train journeys and video conferencing over air travel.

At the broader business level, MGIM has also introduced a number of practical measures to further its commitment to sustainability:

- Discontinued the use of printed business cards, replacing them with QR codes that link to the corporate website and individual contact details.
- Implemented waste separation in the office, with designated bins for general waste, recyclables, and food waste.
- Provided on-site bicycle storage and introduced a subsidised cycle-to-work scheme to encourage employees to commute by bike.
- Increased the use of virtual client and research meetings, reducing the need for face-to-face travel.

"We believe that the most effective responsible investment (RI) strategy is implemented via ESG integration and engagement"

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

Principle 2 - Governance, Resources & Incentives

Signatories' governance, resources and incentives support stewardship.

Stewardship oversight

The following groups are responsible for overseeing business practices, including stewardship activity across our UK businesses (MGIM, MISC and CAIM):

1. MGIM Board:

- Comprises four executive members and two non-executive members from diverse financial services backgrounds.
- The board meets formally at least every quarter.
- Retains full and effective control of the Company but may delegate some duties to committees or individuals.

2. MGIM Management Committee (ManCo):

- Includes the four executive directors and other senior managers within the business.
- Co-opts other relevant staff members as needed.
- Meets formally every quarter.

3. Responsible Investment Committee (RIC):

- Comprises seven members representing Momentum Group Ltd.
- Convenes formally every quarter.
- More information on the RIC is provided below.

Governance of stewardship and related areas are considered by the Board, the Management Committee and the Responsible Investment Committee in line with the companies' fiduciary and other duties and obligations to stakeholders.

The MGIM Board has reviewed the appropriateness of the company's approach to stewardship and related matters and finds it to be suitable given the nature of the mandates managed, the company's size, and its ability to effectively engage with investee companies and funds. The principal advantage of this approach is its research-based foundation, integrating stewardship considerations with other characteristics of potential investee companies and funds. The day-to-day implementation of MGIM's stewardship approach is delegated to the investment team.

Responsible Investment Committee

MGIM's parent company, Momentum Group Ltd, has a long-standing focus on sustainability, which is integrated into the company's philosophy. The Group adheres to the King IV principles, emphasising ethical leadership, transparency, accountability and stakeholder inclusivity in our corporate governance practices. This commitment highlights our dedication to upholding the highest standards of governance and promoting long-term sustainable value creation. For further details on our structures, processes and policies, you can refer to our application summary of King IV here .

Momentum Group Ltd has been a signatory to the United Nations supported Principles for Responsible Investment (PRI) since 2006. The Momentum Group Ltd Board mandates the Investment Committee and Social, Ethics and Transformation Committee to oversee the Group's application of responsible and economically sensible investment practices.

At management level, the Momentum Investments Responsible Investment Committee, established in 2016 provides oversight and monitors the relevance and integrity of our responsible investment practices and policies. This committee ensures alignment with global best practices. While it does not enforce decisions, it guides and seeks to influence the Group towards responsible investment choices.

Additional responsibilities include:

- Agreeing and defining the key responsible investment themes / goals in partnership with the Group, on an annual basis.
- Oversight of the practical implementation of RI Policies, the UN PRI principles, and the UK Stewardship Code principles.
- Oversight of any material initiatives, goals, or developments relating to RI, ESG and climate change.

The RIC comprises seven voting members and includes standing invitations to the respective heads of the investment teams. The MGIM Responsible Investment working group provides quarterly feedback to the committee. More information on this working group is provided on the next page.

RI Committee Members

Mike Adsetts - Global Chief Investment Officer of Momentum Investments Group (Chairman)

Daleen Lessing - Chief Risk Officer of Momentum Investments Group

Andrew Hardy - Managing Director of Momentum Global Investment Management

Jana van Rooijen - Head of Responsible Investing of Momentum Investments

Godfrey Albertyn - Portfolio Manager: Impact fund of Momentum Investments

Charlene Lackay - Head of Sustainability of Momentum Group Ltd

Rob Southey - Head of Asset Consultants: Momentum Consultants and Actuaries

MGIM RI Working Group

MGIM's Responsible Investment Working Group (RIG), led by RI specialist Jade Coysh, comprises representatives from various locations in the UK and South Africa, covering a diverse range of asset classes including equities, fixed income, direct investments, real assets, and alternatives.

In 2024, to better align interests and encourage idea-sharing across the business, we welcomed two new members, Jana Van Rooijen and Anna Jouneau, to the RIG.

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

Principle 2 Cont...

RI Working Group members

Jana Van Rooijen - Head of Responsible Investing
Jana specialises in the overall strategic approach to responsible investment, advocating for activities across business, research, reporting, and Sustainable Development Goals (SDGs). She brings nearly 20 years of industry experience, with 10 years dedicated to responsible investment.

Jade Coysh - Responsible Investment Specialist and Senior Analyst
With 14 years of industry experience, including 5 years in responsible investment, she provides ESG insights across all asset classes. Jade contributes to the management of the Harmony Sustainable portfolio, Momentum Global Equity Fund, and Momentum's multi-asset portfolios for the South African retail market. She has also completed the CFA Certificate in ESG Investing.

Tom Delic - Portfolio Manager
Tom is responsible for research including emerging market equity funds and direct UK equity income. He has over 16 years of industry experience.

Grégoire Sharma - Senior Research & Portfolio Analyst
Grégoire leads manager research and selection across various sub-asset classes and contributes to shaping the fixed income asset allocation. He has over 13 years of industry experience.

Lorenzo La Posta - Portfolio Manager
Lorenzo drives the integration of artificial intelligence into the company's investment process and is involved in quantitative research, asset allocation, and equity manager selection. He has over 10 years of industry experience.

Anna Jouneau - Senior Analyst in the Institutional Advisory Business (MISC)
With over three years of industry experience, she supports the investment consultants in delivering investment advice and solutions to institutional clients, primarily large UK defined benefit pension schemes. Her responsibilities include client management, manager research, performance monitoring and implementation (e.g. transition of assets, documentation reviews).

The aim of the Responsible Investment Group

- Discuss the implementation and impact of RI objectives and initiatives, set by the RIC and MGIM, on the various areas of the investment universe.
- Set RI objectives to be presented and agreed by the RIC, and then subsequently monitor the implementation of these objectives.
- Gather information and feedback from across the team on various RI objectives.
- Discuss sustainability topics that could impact our investment universe.

Next steps

MGIM and the investment team, guided by the various groups and committees outlined above, are committed to continuous improvement in our stewardship outcomes for clients. Key areas of focus over the next year include:

- Increasing alignment with Responsible Investment practices across our portfolios and businesses.
- Implementing the formalised process around ESG integration into the fund research process.
- Improving ESG integration for investment mandates, specifically, around ESG integration, active ownership and (limited) exclusions.
- Reviewing and improving our voting process, aiming to produce high-level reporting annually.
- Meeting the new SFDR reporting requirements for our Article 8 ESG-integrated fund in Luxembourg, with high-quality and timely reporting.
- Successfully implementing the guidelines outlined in the UK SDR regulation with support from other teams such as compliance.
- Increasing awareness of key ESG risks and opportunities across the business and providing wider education opportunities to further embed sustainable practices.

Principle 2 Cont...

Stewardship resourcing

This section applies to MGIM, and MISC where referenced.

The Investment Team

Everyone within the investment team plays a crucial role in ensuring our RI policies are followed and that strong stewardship practices are embedded in everything we do. Unlike other firms that often have separate ESG-focused team members, we believe spreading this responsibility across the investment team as part of their ongoing research and monitoring, combined with oversight from the RIC, is more effective for our business.

The investment team considers stewardship and related matters as outlined in subsequent sections of this report. Each investment, whether in a third-party fund or direct investment, is led by a qualified and experienced fund manager or analyst. The quality of research undertaken is monitored on a peer group basis and by the executive investment director. Our research formally includes a view of investee companies' and funds' approaches to stewardship, including ESG integration and active ownership practices. By prioritising ESG considerations within investment research, analysts gain a deeper understanding of underlying strategies, equipping them to effectively engage with third-party managers and enhance their own practices. The ultimate goals are to assess ESG-related risks and opportunities, establish effective communication, and drive positive change within the industry.

Regarding resourcing, MGIM hired a dedicated Responsible Investment (RI) specialist in March 2023 to formalise our processes, set and coordinate RI objectives, liaise across business units, coordinate initiatives, provide sustainability insights and support team development.

Russell Investments

In 2024, we appointed Russell Investments to implement third-party manager model portfolios through their Enhanced Portfolio Implementation (EPI) platform. This platform appealed to us because it streamlines our operations, addresses inefficiencies within our multi-manager fund range, and enhances our stewardship efforts. Russell Investments manages proxy voting on our behalf for assets that are invested through EPI, adhering to their proxy voting guidelines, which align well with our own principles.

Russell Investments brings additional stewardship resources, including an experienced team dedicated to responsible investing and active ownership, along with proxy analysts. They leverage third-party data providers, such as the proxy adviser Glass Lewis, to prepare voting recommendations. Their Active Ownership Committee oversees their proxy voting and engagement activities.

While Russell Investments follows their own proxy voting guidelines, there is flexibility for third-party managers to express strong preferences for specific votes or proposals. They provide us with quarterly proxy voting reports for the funds we manage on their platform. As we are still in the early stages of establishing this process with Russell Investments, we are not yet able to disclose reporting extracts at the time of writing this report. However, we believe that transparency is at the core of responsible investing practices, fostering an environment of accountability. Therefore, we intend to publish our voting results on our website once we have established a process

As of 31 December 2024, we had approximately $237 million in assets on the platform, representing just over 4% of our total AUM, with plans to increase that significantly during the course of 2025.

Russell Investments

Robeco

We are proud to have a formal partnership with Robeco, one of the world's leading sustainability specialists. Robeco manages nearly $2bn in AUM across various equity products for MGIM, representing approximately 33% of our total AUM. Their team comprises 35 highly qualified, diverse professionals within the Active Ownership and Sustainable Investing (SI) Research teams. Additionally, Robeco's executive committee and senior managers, including 12 sustainability specialists, oversee and drive our sustainable investing initiatives.

Our collaboration with Robeco ensures the highest quality and accuracy in our services, promoting effective stewardship. Robeco actively engages with managers and votes on our behalf for the mandates they manage, ensuring that our investments align with our sustainability goals. For examples of Robeco's engagements and voting activities, please refer to Principles 9 – 12 of this report.

ROBECO
The Investment Engineers

Training and development

The investment team attend multiple conferences and meetings that are dedicated to or include sustainability/RI topics, and this helps us stay updated on current thinking and its impact on the investment universe. They also keep abreast of responsible investment practices via extensive meetings with fund managers, RI specialists and company management teams

Momentum supports employees in their pursuit of further education and development and there are employees who study topics important to both the business and their specific roles.

To reinforce our ongoing commitment to embedding responsible investing practices, every member of our investment team completed at least one ESG training module in the past 12 months. In 2024, these modules covered the UK Sustainability Disclosure Requirements (SDRs) and broader ESG and sustainability topics. We consistently leverage our partnership with Robeco, whose commitment to sustainability investing provides valuable insights into key engagement themes and strategies. We hold comprehensive quarterly meetings with Robeco to review and discuss their detailed engagements.

Remuneration

The RIC provides leadership and oversight of stewardship practices across the business, while the investment team accepts collective responsibility for effective implementation and continuous improvement of ESG integration processes. This is reinforced through direct or indirect reporting lines to Andrew Hardy, Managing Director and voting member of the RIC, with over 20 years of industry experience. Sustainability-related activities are explicitly included in business and team objectives.

MGIM follows a Board-approved remuneration policy that aligns with the FCA's Remuneration Code principles and the broader framework of our listed parent company. Compensation for the investment team includes both fixed and variable components. Base salaries are determined based on an individual's responsibilities, experience, qualifications, and skill set.

Principle 2 Cont...

Variable compensation is awarded annually on a discretionary basis and reflects performance at the Group, business, and individual levels. While stewardship-related activities are considered as part of staff evaluations–particularly for fund management roles where the quality and impact of investment research are assessed–there is currently no direct, formulaic link between stewardship work and pay. However, starting in 2024, a portion of senior management remuneration is now tied to ESG performance. For participants in the Group Long-Term Incentive Plan, ESG factors account for 20% of the weighting, alongside other strategic enablers.

Diversity and inclusion

We are committed to fostering a diverse and equitable environment that embraces diversity in thought. We focus on transformation by optimising opportunities through natural attrition (e.g. retirement planning, terminations and resignations) and strategic investments to address Employment Equity (EE) gaps. As part of our broader Momentum Investments transformation plan for the next five years, we will focus on four areas: Talent Management, Promotions, Performance Management and Remuneration.

Talent Management: We will enhance our practices by incorporating talent conversations and development plans to support succession planning. This ensures all employees have visibility of development opportunities, and leaders are empowered to apply talent management principles openly in their conversations with employees.

Promotions: We will align our promotion practices with succession management principles to ensure a transparent and fair advancement process for all employees.

Performance Management: We will continue to enhance our performance management practices to empower leaders and employees, ensuring visibility and a clear link between performance and remuneration.

Remuneration: We will empower leaders with a consistent understanding of remuneration practices, communicate these principles to all employees, explore annual insights on equal pay for equal work, and collaborate with the broader Momentum Investments to share role remuneration data where appropriate.

We are integrating Diversity, Equity and Inclusion into our culture through the implementation of an Outward Inclusion Programme across our Global Business. Progress will be measured via our annual DEI Survey.

Responsible investment and sustainability reporting

In 2021, MGIM and MISC made significant progress in formalising the reporting of our responsible investment practices by creating a **Responsible Investing section** on our website where our RI policies are publicly available. The following RI policies, which are common across the business, were published:

» **Responsible Investing policy**

» **Proxy Voting policy**

» **Engagement policy**

Our RI policies and processes are evolving, and we continue to improve them to ensure best practices. With the addition of a dedicated RI specialist in our London office and in anticipation of the Sustainability Disclosure Requirement (SDR) regulation, MGIM reviewed all the above policies during 2023 and into 2024. This resulted in minor changes to the wording of the Responsible Investment and Engagement policies. In 2024, we created a unified policy outlining our overarching proxy voting principles, reflecting our perspectives and commitments. Momentum Group Ltd has a Climate Change Investment policy and Climate Decarbonisation Strategy in place. Our MGIM, MISC and CAIM entities are currently reviewing these policies to determine their practicality and the next steps for action.

We have numerous resources to support our stewardship activities, including:

» Morningstar / Sustainalytics and Financial Express: Fund level data for our own funds and those we invest in including numerous ESG related datapoints and controversies involvement.

» FactSet and Bloomberg: Corporate financial data and other fundamentals to support our manager due diligence, attribution analysis and asset allocation processes.

» Broadridge and Clarity AI: Proxy voting and SFDR reporting services provided for our Luxembourg-based funds, most relevant for our single asset class funds where we appoint managers via segregated accounts instead of investing via funds, and therefore own securities directly meaning we can dictate voting decisions and provide more granular reporting.

» Proxy Exchange ISS Governance: Proxy voting services, most relevant for our UK multi-asset range of funds.

» Third-party manager relationships: We rely significantly on the third-party managers to help meet our stewardship and engagement potential with companies we have indirect investments in. Our largest manager relationship is with Robeco, managing nearly $2bn on our behalf. Robeco shares extensive research and resources with us, enhancing our stewardship capabilities and activity.

These tools and resources equip the investment team to assess and address ESG risks and opportunities from multiple perspectives. This empowers them to avoid relying solely on information from third-party managers or investee companies, which may be biased or misleading. Instead, they gain access to unbiased, diverse insights from various sources.

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

Principle 3 - Conflicts of Interest

Signatories manage conflicts of interest to put the best interests of clients first.

The compliance policies and procedures detailed in this section apply to all of our UK businesses, including MGIM, MISC and CAIM.

View our conflicts of interest policy here

Conflicts of Interest Policy

Our conflicts of interest policy, available on our website, ensures we manage conflicts fairly and in the best interests of our clients. This policy is communicated to all new staff when they join the company during the MGIM Compliance induction process. The manual requires that "clients' interests are put first and that employees disregard any other relationship, arrangement, material interest or conflict of interest which may influence any service which the company may provide to a client."

Given the nature of our business, the main types of conflict we are likely to encounter are those between the interests of MGIM or its employees and the interests of clients (firm and client) and conflicts between clients (client and client). All MGIM individuals are responsible for identifying any actual and potential conflicts and notifying the Compliance Department, which maintains a register detailing the systems, controls and procedures that are in place to manage the conflicts identified.

As part of the identification process, employees are required to disclose details of directorships and interests in other companies. The register is provided to the Board for review and challenge.

Similarly, MGIM's Personal Account Trading Policy (PA Dealing Policy) requires employees to act according to the highest ethical standards, minimising the risk of conflicts of interests with clients, misuse of privileged or confidential information, insider trading, market abuse or interception of corporate opportunities. To ensure that the above is achieved, all employees are expected to comply with the spirit and intention of the PA Dealing Policy, as outlined in the Compliance Manual and Staff Handbook.

Identifying and managing conflicts of interest

MGIM will always aim as far as possible to manage any identified conflict of interest by imposing actions designed to mitigate the risk of any of our clients receiving unfair treatment.

Employees are required to be competent to identify conflicts which may arise in the conduct of their normal work responsibilities. Training on this policy forms part of the induction process for all new employees. All existing employees receive regular training and attend compulsory workshops on how to implement and adhere to this policy as part of the annual training provided by Compliance.

MGIM expects employees to act independently in the face of an identified conflict of interest that may arise between MGIM and one or more clients, and/or between clients.

MGIM requires all employees to report identified actual or potential client conflicts of interest to Compliance. Compliance will then give due consideration to the circumstances on a case-by-case basis, before determining if it is in fact a conflict of interest to be logged in the company's register of conflicts, and how best to manage it.

The register will be reviewed annually and will be utilised to update this policy as may be required. This policy and its updates will be distributed to all MGIM clients upon client take-on or as requested.

As a last resort, if the effective organisational and administrative arrangements are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of client will be prevented. MGIM will consider disclosing the conflict of interest to one or more affected clients in circumstances where this is merited. The decision on whether or not it is pertinent to make a disclosure to the client will be made jointly by the UK Managing Director and Head of Compliance. From the information provided the client should be able to make an informed decision.

Principle 3 Cont...

Examples of how potential conflicts of interest are managed and mitigated

Potential Conflict	Mitigation
Profits and losses incurred as a result of errors	MGIM subscribes to the principle of compensating clients for direct financial losses suffered as a result of errors or breaches arising from negligent acts or omissions by its employees (or secondees, contractors, service providers etc.) in the performance of MGIM obligations under investment management and advisory agreements entered into by MGIM.
Employee personal account dealing	Personal account trading of staff members is captured by MGIM's policy on personal account dealing, requiring scrutiny and pre-authorisation by senior management, prior to engaging in a trade for their own account.
Financial Promotions	All documents and templates issued by MGIM to our clients and affiliated intermediaries are checked for accuracy to ensure that our communications are clear, fair and not misleading.
Fee and cost disclosure	MGIM fully discloses its fees applicable to its clients within its investment management and advisory agreements.
Rebates	MGIM do not benefit from rebates or fee waivers that it may receive except as may otherwise be agreed in writing with the client concerned.
Commission Arrangements	Our inducements and research policy governs the treatment of third-party research to ensure it could not be construed as an inducement. We pay for third-party research directly out of our own resources and require sub-investment managers to confirm that they have a research budget in place and a process to account for it and value it; and that research costs are unbundled.
Gifts, benefits or inducements	The purpose of the company's gifts and entertainment policy is to restrict and monitor the giving or receiving of gifts or entertainment which may appear to have the prospect of influencing the behaviour of the recipient in a way that may compromise the company's reputation or be in breach of FCA Rules.
Segregation of key functions	MGIM maintains a sensible segregation of duties to avoid risks inherent in the trading activities based on the size and nature of MGIM's activities. Investment instructions are subject to a "four eyes" requirement of being signed off by two investment managers. Moreover, investment management and dealing areas are properly segregated from one another, as with trading on the one hand and cash management on the other (e.g. reconciliation and settlement). Additional controls are instituted that are considered adequate for the size of our operations. Staff employed in regulatory oversight and review roles must have no operational responsibilities.
Direct trading exposure	MGIM are not authorised to deal as principal and will not directly trade with a client as counterparty. In its capacity as investment manager, MGIM always acts as an agent on behalf of the client.
Client order and aggregation	Where the dealing desk receives an instruction to execute transactions in the same instrument for more than one client, the transactions will be aggregated where possible. Should the transactions not be executed in full, the executions will be allocated to clients in proportion to the size of their intended transactions.

Potential Conflict	Mitigation
Proxy voting arrangements	In carrying out proxy voting arrangements, MGIM seeks to consider the interests of the client in preference to the firm's interests. MGIM are appointed as the oversight manager for SICAV clients. Contractual documents with our sub-investment managers require that they exercise proxy voting procedures in accordance with specified procedures.
Insider Trading	Should any staff member become a party to material non-public price sensitive information the Compliance department should be notified immediately. The details will be recorded on a "restricted securities list" and a prohibition placed on dealing for clients. All requests for permission to place a trade for an employee's personal account are reviewed against the restricted securities list by Compliance.
Multiple responsibilities for different entities and distinct interests	All fund board members are bound by the relevant directors' code within the jurisdictions concerned and are expected to always act in the interest of the entity they represent rather than in the interests of MGIM. To mitigate this potential conflict, this policy predicates that all employees acting as board members are required to disregard the interests of MGIM as a management company and to make the interests of the entity for which they act as a director, their sole concern when making decisions. In cases where, in the opinion of the employee concerned, he/she is unable to act impartially and wholly in the interests of the entity concerned, such situation should be referred to the MGIM Compliance Officer to investigate and appropriately resolve in liaison with the Company's senior management.

Examples of how conflicts of interest were managed during the period

The MGIM investment team participated in one market sounding during 2024. The information was kept on a need-to-know basis, and the individuals and companies involved were placed on an insiders list. Any personal account dealings were screened against that list and rules were introduced on our portfolio management system to prevent any trades being placed.

In late 2024, we digitised our annual director directorships declaration process for the first time. This technology-driven approach increased both response rates and declaration accuracy while reducing administrative burden on our directors. The streamlined process enhances our regulatory compliance and transparency and will continue to be conducted at least annually.

Principle 4 - Promoting Well-Functioning Markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

This section refers to all UK business units including MGIM, MISC but differences and business-unit-specifics are highlighted throughout.

Risk oversight by the investment team

As a high conviction active manager, MGIM recognises its responsibility to manage investment risk on behalf of clients. Our fiduciary duty requires us to uphold the highest standards of professionalism and governance. This responsibility encompasses two key dimensions: first, maintaining a strong appreciation of stable and well-functioning financial markets; and second, contributing to the long-term sustainability of both the markets and the broader economy by identifying and mitigating systemic and market-wide risks.

These principles are embedded in our investment process, which reflects MGIM's strong collegiate culture and alignment with our core values: Accountability, Diversity, Excellence, Innovation, Integrity and Teamwork.

Our centralised investment process is designed to identify and respond to systemic risks in a timely and efficient manner. The investment team comprises experienced professionals with deep expertise across a diverse range of sectors and asset classes. The team is organised into dedicated working groups, each with a specific asset class focus, ensuring comprehensive market coverage from both a macro and peer group perspective.

Systemic and market-wide risks are discussed regularly in three formal, recurring investment meetings, as well as on an ad-hoc basis in response to emerging developments. These forums enable the team to assess risks by specific asset class as well as identify which have a more direct, specific and short-term impact versus longer-term structural issues. Topics include macroeconomic conditions, geopolitical developments, market liquidity, and portfolio-specific risks, which can include ESG risks.

Any concerns are discussed in-depth. Based on the team's judgement, risks may be actively addressed or placed under heightened monitoring where appropriate. The structure and focus of each investment meeting are detailed below, along with specific examples of systemic and market-wide risks identified over the past year.

1. Specific Asset Class Workgroups

Each working group, consisting of an average of three team members, ensures detailed analysis of their assigned asset classes. Discussions cover asset-class specifics, market-wide risks, and any idiosyncratic risks in relevant securities held in portfolios or in the wider peer group. These subgroups meet regularly to focus on developments in their areas, considering valuations, fundamentals, technical inputs, and any relevant developments that might impact portfolios.

Areas of interest or concern are brought to the wider investment team through formal channels at weekly and quarterly investment meetings, or on an ad-hoc basis if warranted. For example, our fixed income credit subgroup identified risks in Credit Suisse's capital structure well before the 2023 banking crisis, helping us avoid risky subordinated bonds and better inform the wider team's portfolio positioning.

2. Weekly Investment Team Meeting

The full investment team meets weekly to discuss current developments or concerns. Subgroups regularly present the latest news and analysis on their assigned asset classes, covering fundamentals, technicals and valuations, and peer group developments. This approach facilitates information sharing and helps the wider team stay current on market-wide and systemic risks, aiding client interactions and communications. All research and analyses are accessible to the team through our central research database (Momentum Analysis Database) and dedicated Teams channels, encouraging active challenge and debate.

Our investment team operates as a unified group, balancing specialisation with extensive collaboration to avoid a silo-mentality. Last year, key topics included: 1) the relatively high valuations of US equities, particularly the 'Magnificent Seven' stocks, which led to underweight positions in our portfolios; 2) the attractive valuations of UK equities post-Brexit, the Liz Truss Mini Budget crisis, and more recently, high interest rates due to persistent inflation; and 3) the strategic timing of adding duration to portfolios based on our expectations of central banks' rate-cutting path.

3. Quarterly Asset Allocation Meeting

The entire investment team meets quarterly for a full day to assess and debate the medium- to long-term outlook for each asset class in our investment universe. The outcome is a series of scores that inform portfolio positioning relative to our Strategic Asset Allocation (SAA). Scores are based on internal five-year expected returns models and sub-asset class teams assessments, considering valuation, quality, profitability, return potential, ESG and macroeconomic factors.

Macroeconomics and longer-term risks are also discussed, such as the impact of demographics on Chinese economic growth, net zero carbon emission policies on capital flows in listed infrastructure, and artificial intelligence on productivity and global growth.

By taking a valuation-driven approach to asset allocation and often adopting a contrarian view, we exert a stabilising force in the areas and securities we invest in, contributing to the long-term sustainability of financial markets – a prerequisite for which is a balance of views and participants.

For MISC advisory clients, market risks are formally assessed and reported regularly as part of our strategic monitoring of their portfolios. Risk is also evaluated during broader strategic reviews of clients' investment policies. In developing client portfolios, we focus on diversifying sources of risk rather than simply diversifying capital allocations. We assess risk through multiple lenses, including:

- Asset Liability Modelling (ALM): Models calibrated based on historic market volatility, including stress periods such as the global financial crisis (GFC).
- Scenario Analysis: Based on past historic risk events (GFC, Dot-com bubble, Eurozone sovereign bond crisis).
- Liquidity Analysis: Understanding how resilient client portfolios are to rises in gilt yields and the assets available to support clients' liability hedges.
- Cashflow Analysis: Assessing the impact of higher-than-average default experience.

We also work with clients to establish investment risk registers that highlight key market risks and the controls in place to mitigate them. These risk registers are monitored at each client board/committee meeting, typically held quarterly.

Principle 4 Cont...

Policy engagement

MGIM understands that contributing to the long-term sustainability of financial markets goes beyond portfolio construction, asset allocation and security selection. We actively engage with regulatory bodies, policymakers and other industry participants to share our experience and views, aiming to create a regulatory and policy environment that benefits our clients.

Our compliance team regularly reviews regulatory guidance and provides feedback to regulatory bodies when constructive. For example, they collaborated on the draft Consumer Composite Investments (CCI) regulations and offered insights to the FCA on the 'Implementing the Overseas Funds Regime' (OFR) framework.

Our RI specialist is a member of Virtuvest, a responsible investor network that discusses sustainable and ESG investing topics. Virtuvest holds regular roundtables, and feedback from these discussions is collated and sent to relevant bodies. One such roundtable on SDR was hosted at MGIM's offices, with feedback provided to the FCA both in written and verbal formats through Virtuvest.

A recent and ongoing example of an MGIM-specific collaboration effort was the policy intervention to initiate legislative change on cost disclosures following the FCA guidance on implementing the PRIIPs and AIFMD regulations that Investment Companies be included in the aggregation of look through cost disclosure. Since 2022, MGIM has been liaising with a body of market participants (the action group), and in 2023 the matter was raised in both Houses of Parliament. This resulted in a Private Members Bill being tabled to remove Investment Companies from the legislation. Throughout 2024, numerous meetings and communications with lawmakers aimed to accelerate a solution. In October 2024, the FCA announced forbearance, allowing investors in Investment Trusts to exclude these expenses from their cost calculations, thus preventing misinformation about Fund and Fund costs. Further engagement in ongoing to ensure proper application by retail platforms and continued collaboration in the FCA consultation on the Consumer Composite Investment (CCI) regime. Please refer to **Principle 10** of this report for further details.

Where appropriate, the MISC team supports its clients in responding directly to relevant consultations for UK pension schemes. Typically, our clients encourage their key investment managers to respond to these consultations, as these responses represent a broader group of investors. For example, in 2024, on behalf of one of our clients, we wrote to the Department for Work and Pensions (DWP) regarding their consultation on 'Options for Defined Benefit Schemes'. DWP launched this consultation in February 2024 to gather stakeholder feedback on proposed reforms for corporate defined benefit (DB) pension schemes. This consultation aimed to address the challenges and opportunities within the DB pension landscape, ensuring better outcomes for scheme members, sponsoring employers, and the wider economy. We supported their proposals, believing that the proposed measures could significantly benefit all stakeholders, including our pension scheme clients. Collaborating with the relevant investment manager, we drafted a comprehensive letter and sent this to the DWP. Following the consultation, the government announced in January 2025 new rules to enable DB schemes to more easily share surplus assets with their sponsors, provided pension scheme trustees agree. We view this as a positive outcome.

Participation in industry initiatives

- Signatory of the UN Principles for Responsible Investment (UNPRI): Asset-owner signatories since 2006.
- Member of the UK Investment Consultants Sustainability Working Group (ICSWG) through representation in the MISC team.
- Signatory to the Climate Action 100+ initiative. We serve as participant on the Eskom and Sasol engagement working groups.
- We are voluntary participants in the annual CDP (formerly the Carbon Disclosure Project) and achieved a B score for 2023.

ESG risk assessment at MGIM

We prefer an active approach to security selection, either directly or through third-party managers, as it provides an additional layer of analysis beyond passive investing. Passive investing generally has minimal or zero engagement with issuers and sub-par ESG integration and risk mitigating processes. This contributes to effective price discovery and long-term capital support in, what we deem to be, best-in-class investments. Our active discretionary management style enables us to allocate capital to investments which contribute positively on E, S, and G metrics, while avoiding those that detract from these metrics. We invest in third-party fund managers selected through a rigorous proprietary investment process, and directly in companies through stocks or bonds. For more details on how we integrate ESG factor analysis into our investment process, please see the section on **Principle 7.**

Engagement efforts

We monitor and track engagement efforts for each direct equity holding in our portfolio. For third-party managers, we stringently assess their active ownership practices and delegate engagement responsibility when we are aligned with and have positively assessed their investment and engagement processes and policies during onboarding. Through regular communication, we can raise any concerns directly with managers and ESG teams. For more details on engagement processes at MGIM, please see the section on **Principle 9.**

The approach adopted for MISC clients aligns with this, advising them to focus on engagement over exclusions.

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

Principle 4 Cont...

Climate considerations

MGIM acknowledges the risks posed by climate change, which drives us to formalise our research process around ESG integration and active ownership, for both third-party funds and direct investments. This is discussed in more detail later in the report, but at a high level, our process involves analysing quantitative climate data (e.g. carbon emissions data for funds and equities via Morningstar and Bloomberg), and meeting with fund managers, company management, and ESG teams to discuss their climate objectives, priorities, targets and engagements (specific topic depends on the type of investment and relevance).

The MISC team works closely with its clients to advise on climate metrics and climate scenario analysis, supporting them in preparing annual climate reporting in line with the latest climate reporting standards and recommendations.

In terms of climate impact and environmental factor analysis for specific multi-asset portfolios, client demand for climate impact and environmental factor analysis has been limited. We aim to educate clients on how climate-related risks may impact their investment funds through regular interactions.

We have taken a proactive approach by launching funds that have specific underlying sustainable objectives, including environmental objectives, to meet potential client demand. For example, the Curate Global Sustainable Equity Fund aims to have an improved ESG score, better water waste management and lower carbon emissions than the benchmark. We produce regular, specific reporting for this fund which analyses and tracks these environmental metrics.

Assessing effectiveness of MGIM's responses to risks

Our in-depth and robust investment process ensures that identified market-wide and systemic risks are monitored and discussed continuously, with appropriate actions taken as necessary. We aim to make informed decisions following thorough analysis and review by both sub-teams and the investment team as a whole.

While we do not quantitatively measure the effectiveness of identifying market-wide and systemic risks, and promoting the well-functioning of financial markets, we are confident that our team coverage, processes, experience, and meeting frequencies ensure timely identification, discussion, and monitoring of risks, preventing unintended exposures in client portfolios.

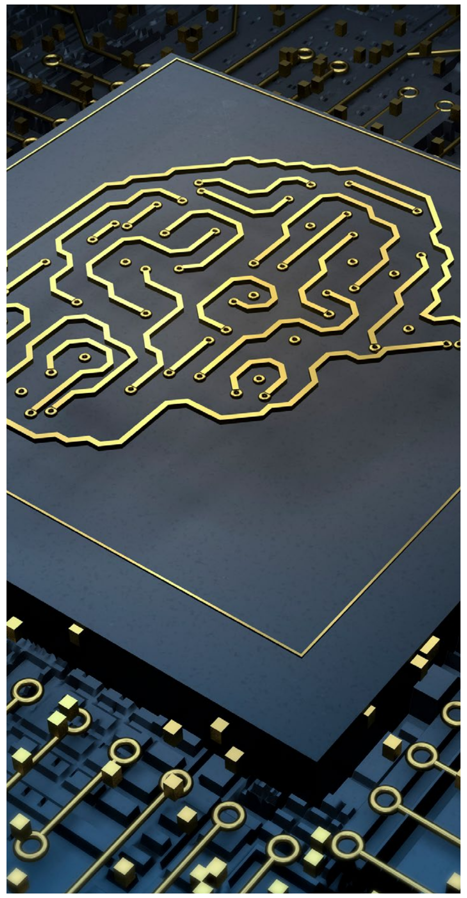
Individual subgroups are adequately resourced to identify and respond to various risks and the regular forums, described above, through which the various subgroups come together to share information, allow the entire investment team to stay informed about overall portfolio characteristics, exposures and associated risks.

We also strongly believe that by focusing on active management and minimising allocation to passive investments, we contribute to effective price discovery and thereby promote the well-functioning of financial markets.

The MISC approach is closely aligned to this. Assessing market-wide and systemic risks is a key part of the regular monitoring provided to clients. While the effectiveness of our approach is not explicitly measured, the ultimate test is that we have helped clients improve their funding over time, and portfolios have been resilient and performed broadly as would be expected during periods of heightened market risk.

All of this is demonstrated in the examples provided below.

Examples of some of the risks identified by the investment team and how we responded to them



1. Tech (Magnificent Seven) Rally

In 2024, growth stocks led US and global equity markets, despite a dip in the final quarter of the year. This is exemplified by NVIDIA's market capitalisation surpassing $3.3 trillion, briefly overtaking Microsoft and Apple, to become the most valuable company globally. This meteoric rise reflects the critical and transformative role that markets expect AI to play in driving company earnings going forward. Our stance throughout 2023 and part of 2024 was that US valuations, particularly those of the so-called Magnificent Seven firms, were over-extended. Given our valuation-driven approach, we chose to favour heavily undervalued equity markets, which we expect to rebound strongly, such as UK equities. While we acknowledge that this positioning detracted from performance on a relative basis last year, we prefer to adhere to our tested long-term investment philosophy, keeping risk-reward in mind. It's important to note that we don't look at valuation in isolation but also consider various other factors, including quality, profitability and growth prospects, to form a complete view of the investment case. We believe that by following our valuation-driven investment process, we can avoid consensus trades. Over the long run, by following this approach, we tend to avoid large market corrections while delivering value for our clients by identifying mispriced investments.

Principle 4 Cont...

2. August Market Meltdown (End of Yen Carry Trade and US Fed turned hawkish)

On 19 March 2024, the Bank of Japan (BOJ) made a historic move by implementing its first interest rate hike in 17 years, raising the benchmark rate from negative territory to a range of 0% to 0.1%. This rate hike reflected a significant shift in Japan's monetary policy, driven by improving economic indicators, such as steady inflation and wage growth, which signalled progress towards achieving the BOJ's 2% inflation target. The policy had large implications for global markets, especially the forex market. The yen strengthened sharply as traders unwound popular yen-funded carry trades – a strategy involving borrowing in low-yielding yen to invest in higher-yielding assets abroad. This sudden appreciation of the yen not only disrupted forex markets but also triggered a broader sell-off in risk assets, including equities, as investors adjusted to rising borrowing costs and diminishing returns. On 31 July 2024, Japan's central bank implemented a further 0.25% interest rate hike, causing significant market turbulence. The intensification of carry trade unwinding contributed to sharp declines in global stock indices. Shortly after the BOJ-induced market wobble, weak US economic data further panicked global equity markets. The unexpected rise in US core inflation in August was driven by a strong increase in shelter and transport services prices. The data did not suggest a reacceleration of inflation, but equally didn't seem to suggest a meaningful progress in the core disinflation narrative. This created a conundrum for the FED, highlighting pockets of strength in parts of the CPI basket. Tech stocks bore the brunt of the crash due to their sensitivity to interest rates, but the sell-off extended beyond equities, spilling into forex and commodities markets.

We discussed these events in detail at our weekly and ad-hoc investment meetings throughout the summer to monitor the unfolding situation. Having partially de-risked our multi-asset portfolios in June by reducing our corporate credit exposure and adding to defensive sectors such as government bonds, we did not feel the need to adjust allocations further. However, the market selloff provided an opportunity for us to enact a pending strategic asset allocation change for our Harmony range of funds, where we had been waiting for an entry point to increase our overall equity exposure whilst lowering our alternatives exposure (property, infrastructure, hedge funds, and precious metals).

3. France Surprise Parliamentary Election

Following strong results for the far-right Rassemblement National (RN) party in the European parliamentary elections, President Emmanuel Macron dissolved the French National Assembly (upper house of the Senate) in June 2024, hoping to strengthen the party's influence in parliament. However, this strategy backfired, resulting in a hung parliament. Tactical voting by the wider electorate and last-minute coordination between the left and the centrist parties prevented the RN from gaining significant power, ultimately placing them third in the election.

In our investment meetings leading up to the elections, we evaluated the likelihood of a far-right victory and its potential negative impacts, such as the rise of populism and a lack of fiscal restraint. We assigned a lower probability to a far-right victory than markets anticipated, recognising the French electorate's tendency to choose the perceived "lesser-of-two-evils". In the second round of the elections, an impromptu coalition of left-wing parties with Macron's centrist party hindered the progress of the far-right party led by Bardella and Le Pen.

We decided not to reduce our French and European exposure in portfolios, instead choosing to weather the volatility and selectively add to French short-term bills once spreads had widened above those of Spain and Portugal. Our view is that despite concerns over France's spiralling debt levels, the high likelihood of the ECB cutting rates and the potential for the French parliament to agree a budget deal and redress the fiscal situation make French government debt attractive.

4. UK Budget

In the weeks leading up to Chancelor Reeves' Autumn Budget announcement on 30 October 2024, the Gilt market experienced significant volatility, reaching a five-month high. This initial rise was a reaction to the lingering effects of former PM Truss' ill-fated 'Mini Budget', which had caused gilt yields to soar. Following the Autumn Budget announcement, gilt yields rose further due to concerns over fiscal discipline, notably the amount of increased government borrowing, the decision to raise employer national insurance contributions and the greater potential impact on jobs and prices.

Our investment team assessed the situation and concluded that the market may have overreacted. The disastrous 'Mini Budget' of Liz Truss and Kwasi Kwarteng had seriously damaged the UK's fiscal credibility. Consequently, we expect the new government to raise taxes, balance the fiscal equation, and maintain tight fiscal policy. Therefore, we decided not to alter our asset allocations in response to the UK Budget.

Principle 1 Principle 2 Principle 3 Principle 4 Principles 5 Principle 6a Principle 6 Principle 5a Principle 7 Principle 8 Principle 9 Principles 10 & 11 Principle 12

5. US Election

On 5 November 2024, Donald Trump defeated Vice President Kamala Harris in a tight race for the White House. The lead-up to the elections was marked by volatile events, including an assassination attempt on Trump and his criminal indictment, which saw him stage a historic comeback. With his victory, expectations of higher inflation due to tariffs caused long-term treasury yields to spike in the final quarter of the year.

Immediately after Trumps' win, small-cap equities surged, and the energy and financials sectors jumped due to expectations of increased M&A activity, a steeper yield curve, and prospects of deregulation. US equity markets initially rallied on the positive impact of deregulation and loose fiscal policy but later retraced some gains on the prospect of less accommodative monetary policy, reflecting higher anticipated inflation from trade tariffs and curbs on immigration. Interest rate-sensitive sectors such as government bonds, infrastructure, and emerging market debt, suffered the most, with the latter hit by higher US bond yields and a sharp rise in the US Dollar.

In the month leading up to the election, we had already been reassessing our US equity underweight relative our benchmark. Trump's victory and the positive market signals it sent encouraged us to adjust our positioning. While we still believe the Magnificent Seven stocks remain overvalued, we felt that reducing our underweight would improve our upside capture ratios in strong up-market moves. Additionally, in Q4 2024, we saw a decline in the competitive edge of the Magnificent Seven stocks, prompting us to consider investing in an equal-weighted US equity index to avoid excessive exposure to these particular stocks.

6. Rise in Gold Price

Gold once again played an important role as a safe haven asset, with its price rising significantly in 2024. This increase was driven by multiple factors, including rising geopolitical risks (e.g., conflicts in the Middle East, escalation of the Russia-Ukraine war), the uncertain trajectory of the Federal Reserve rate cuts and the US presidential election. Technical factors such as rising demand from emerging market central banks, also supported the gold price. Remarkably, gold prices set 40 new all-time highs, peaking on 30 October. We trimmed our positioning throughout the year as we reached new all-time high levels to take profit.

Principle 5 - Review & Assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

MGIM's Board of Directors has overall responsibility for providing assurance over our stewardship activities, including the production of this Stewardship Report. Two Directors contributed to this Stewardship Report: Jonathan Barnard (Head: Strategic Finance) and Andrew Hardy (MGIM Managing Director). Philip Woolliscroft (Head of Legal, Compliance and Risk) also completed a final review prior to submission. Each considered the report to provide a fair and balanced view of MGIM's approach to stewardship and has signed the report. These signatures can be viewed on our Signature Page.

The report was also reviewed by all members of the Responsible Investment Committee. Several other committees contribute input and oversight to MGIM's stewardship-related procedures and activities. These include:

- MGIM Management Committee
- MGIM Audit and Risk Committee
- Momentum Investments (MI) Responsible Investment Committee

These committees are responsible for managing all aspects of MGIM's investment, marketing, operations and control oversight functions. Day-to-day, the management committee has overall responsibility for our stewardship activity.

Our review and assurance measures are designed to ensure that our stewardship activities are effective, transparent, and aligned with our commitment to responsible investment. By involving multiple committees and conducting regular audits, we aim to provide comprehensive oversight and continuous improvement of our processes.

Specific regular and ongoing activities that provide assurance over our stewardship activities include:

Action	Meeting / update frequency
Compliance review of policies and procedures	Periodically
MI Responsible Investment Committee	Meet at least four times per annum
Engagement Register	Following relevant meetings or engagements with fund managers or companies
Proxy Voting Records	Received quarterly from third-party managers and aggregated annually
Client Reporting	Annual Stewardship Report (MGIM); Momentum Group Sustainability Report; Asset Owner PRI annual assessment
Internal Assurance	Quarterly review by internal compliance of portfolio and process alignment with RI policies

The engagement register is also reviewed as part of the standing agenda for our quarterly Responsible Investment Committee (RIC) meetings. This ensures that engagement activities, typically conducted by our third-party managers or by our investment team for direct investments (i.e. direct listed equities or Investment Trusts), are regularly reviewed by others. This helps the committee better evaluate the effectiveness of our engagement with companies we invest in directly and the engagements of our third-party managers. For our third-party managers, it particularly helps us monitor their engagements on our behalf with investee companies and encourages them to adapt policies and processes where necessary.

Audit of investment management and operations desks

While we regularly seek assurance from several internal forums and committees regarding our stewardship activity and policies, we also periodically seek independent assurance around our broader processes and internal controls through audits of our investment management and operations desks. The most recent audit was carried out in 2022.

Below is a brief summary of other audits (both internal and external) carried out over the past three years:

1. **Audit of Momentum Investment Solutions & Consulting (MISC)**

*In 2023, we conducted an internal review of MISC, facilitated by KPMG. A total of 72 separate controls were tested for adequacy of design. Of those, 99% (71 controls) were found to be adequately designed, while 1 control required improvement. Based on the audit work performed and subject to KPMG's findings, this report has been assigned an overall rating of Controlled as per the reporting framework. This result highlights the sound and resilient operating platform and processes we maintain across our business (see **section 6a** for more details). We are currently conducting a similar review of Crown Agents Investment Management (CAIM).*

2. **Audit of our Model Portfolio Solutions (MPS) offering**

In late 2024 and early 2025, we conducted an audit of MGIM's MPS management and rebalancing process, facilitated by our internal auditor, KPMG. This audit was necessary due to the complex and fragmented nature of the UK MPS investment landscape, with multiple platform providers operating with differing technology infrastructure and capabilities. Considering UK Consumer Duty regulation, this audit presented an opportunity to address several business considerations and areas of potential risk within a single project, ultimately aligning with client outcomes and experiences.

Of the 20 controls assessed as part of this audit, 16 (80%) were found to be adequately designed. All 16 adequately designed controls were found to be operating effectively. However, it was noted that controls related to the rebalancing decision-making process were not adequately formalised through process documentation. Consequently, remedial actions have been proposed to better document the process and investment decisions, which may include the decision not to rebalance.

Corporate activity

Acquisitions serve to test our governance structures.

In 2023, MGIM acquired Crown Agents Investment Management (CAIM). CAIM's expertise in fixed income and reserve management complemented MGIM's expertise in multi-asset and equity investing. There was a strong cultural fit between the two investment teams.

The successful integration of employees and the continuity provided to clients highlighted the strength of MGIM's processes and governance structures.

Fresh thinking has benefited our processes across the business. This includes the introduction of new internal and external staff and compliance policies, as well as discussions around asset classes and investment strategies that had not previously been covered.

Principle 6a - Review & Assurance

Service Providers: Signatories review their policies and assure their processes.

MISC aims to provide a high-quality service to our clients and ensures that we have policies and processes in place to deliver on this. In compliance with the Senior Managers and Certification Regime (SMCR), MGIM certifies individuals as competent and capable to perform their roles. This certification demonstrates that individuals act with integrity and honesty and are accountable for their competence, capability and financial soundness.

We assess compliance and competence within the team as part of our ongoing performance review process and more formally as part of our year-end performance review process.

Review of our policies and activities

All voting and engagement activities for MISC clients are delegated to the appointed investment managers. When assessing their processes, we cross-reference with our internal policies, particularly our Responsible Investment and Engagement policies (available on our Responsible Investing webpage here). We have defined a set of ESG beliefs (see Principle 5a) that inform our assessment of the investment managers and their ability to support our clients' effective stewardship. These beliefs are not intended to change frequently and have not been reviewed over the reporting period. Our focus in supporting our clients' effective stewardship is to provide monitoring and oversight of the investment managers' activities and clear reporting to our clients. We also support our clients in meeting their own reporting requirements, such as the annual Implementation Statement and Climate reporting as described in Principle 5a.

We have set out how we review our activities and processes more formally below:

1. Weekly client team meetings

MISC assigns dedicated analysts and consultants to each client account to form a client team. Each client team meets weekly to discuss client tasks, progress on actions from decisions taken at client meetings and to review client policies and business plans to formulate client agendas. As part of these weekly meetings, the client teams discuss each client's ESG and stewardship activities and requirements to ensure they are considered when setting agendas. These regular meetings also provide an opportunity to consider how we can improve our reporting to clients, taking account of client feedback, and to ensure that we are considering the latest requirements and market trends for our clients.

2. Manager research team meetings

The manager research team meets regularly to review our approach and processes and to agree research priorities. Any developments in ESG practices are discussed at these meetings. We have strengthened our commitment to incorporating ESG into our manager research process by fully integrating our dedicated ESG team members into the manager research team.

Assurance of our approach to supporting clients' stewardship

External Assurance

We seek regular feedback from key stakeholders, including investment managers, other advisers, our clients, and independent sources on our approach to manager research, particularly regarding ESG and stewardship matters. This feedback helps us continually enhance our processes to provide the best outcomes for our clients.

Investment Managers

Investment managers often ask us to participate in broader discussions within their organisations, involving the Head of ESG and/or Compliance. This direct involvement is valuable as it ensures that the investment managers' strategies align with our clients' expectations and industry standards. By placing significant weight on the assessment of our clients' investment managers, who serve a diverse range of clients, we can effectively compare our approach to that of our competitors.

Independent Sources

MISC also receives external assurance via the Greenwich Investment Consultant quality survey, which covers over 300 pension schemes in the UK. Although confidentiality prevents us from publicly disclosing the results, the ratings we receive attest to the high quality of service that we provide to our clients. This survey is a reliable source of external assurance, providing comprehensive feedback that helps us benchmark our services against competitors and identify areas for improvement, particularly our ESG profile, which is discussed in more detail in Principle 5a.

Other Advisers

For most of our clients, we support the collection and preparation of information required for the Annual Implementation Statement and Climate reporting. These reports are reviewed by our clients' auditors or legal advisers, who provide feedback on the reports, including possible areas for improvement. This feedback is crucial as it offers an independent perspective that helps us enhance our reporting and processes.

Clients

All our pension scheme clients conduct a formal annual review of our performance against their objectives, including our support on ESG and stewardship matters. The objectives set by our clients typically focus on qualitative factors that contribute to the overarching goal of determining whether our advice and have helped them achieve their investment objectives.

In our experience, MISC clients typically focus on the following areas during the formal annual review of our services:

- Is the advice proactive rather than solely reactive?
- Is the advice clear, easy to understand and logical?
- Is it clear how the advice fits in with the Trustee's wider strategic objectives?
- Has the adviser considered the different perspectives of various stakeholders within the Investment Committee and Sponsor?
- Is the advice comprehensive, covering the pros and cons, the additional benefits to the overall policy and does it include a clear recommendation?

Principle 6a Cont...

- Has the advice considered any relevant ESG and stewardship considerations?
- Is the advice delivered in a timely manner?
- Does the advice and service represent value for money?

These criteria help us maintain high service standards and ensure our advice meets our clients' evolving needs.

Additionally, we are typically remunerated on the basis of a fixed annual fee for the provision of our advice and services. However, for several of our clients, part of our remuneration includes a discretionary performance-related fee. Clients can decide to award this fee based on their assessment of whether we have gone "above and beyond" in the services they would typically expect over a given year. We are pleased to have been awarded this fee in most years, which is a testament to our clients' assessment of the quality of our services.

We are fortunate to have built close relationships with our clients and view ourselves as an extension of their teams. Outside of the formal annual review described above, we have regular and open discussions with our clients about the quality of the advice and services we provide.

Internal Assurance

We have several internal programmes and controls in place to ensure every team member has the appropriate knowledge and skills to support our clients' stewardship and ESG requirements. These measures also allow us to assess whether our clients' stewardship and ESG goals are being met.

Internal audit

In conjunction with our compliance procedures, we undertake regular internal audits of all our processes to ensure we can deliver effective stewardship for our clients. The most recent audit, carried out in 2023, included a review of our client reporting, including Climate reporting and Annual Implementation Statements. The audit concluded that we met the standards set out in our policies. While our policies and approach were well understood by the team, the audit identified several areas where our policies should be better documented. Consequently, we have expanded our policy documentation to address this, and this documentation is reviewed at least annually.

Quantitative assessment

We monitor the progress of our clients' strategic asset allocation against their objectives on a quarterly basis, seeking to quantify and explain any deviations from their target objectives. Over the long term, the ultimate measure of quality regarding our strategic asset allocation advice is whether it has achieved the client's objectives.

Regarding ESG and Stewardship, there is an increasing amount of quantitative data that we can collate and assess. As described in Principle 5a, we use this data to inform the investment manager scorecard included in our annual Stewardship & Engagement reporting to our clients.

Training

Our ongoing training programme, repeated annually, ensures that all team members are up to date with relevant ESG and sustainability regulations and disclosure requirements. In addition, the team receives ad-hoc training from Gordian Advice to stay abreast of regulatory changes relevant to our institutional clients and to stay informed on industry-wide ESG initiatives that we can bring to our clients.

Peer review

To maintain high-quality reporting and ensure appropriate advice, all our client reports and advice papers go through a rigorous, "Do, Check, Review and Peer Review" process. The "Check and Review" process ensures that the data is accurate and reliable, and that the advice is clear. The purpose of the "Peer Review" process challenges whether the advice is appropriate. All peer reviews are conducted by consultants or senior consultants in the MISC team with the appropriate level of knowledge and experience. Through this process we constantly review the quality and effectiveness of our activities and reporting to our clients.

Rationale for review and assurance measures

The rationale behind our review and assurance measures (both external and internal) is to ensure that our reporting and advice are not only accurate and clear but also appropriate and aligned with our clients' needs. By involving experienced consultants in the peer review process, we ensure that the advice provided is thoroughly vetted and meets high standards of quality and relevance. We believe this method is appropriate as it leverages the expertise within our team to maintain and enhance the quality of our services.

ESG and Stewardship Reporting

Each year, we strive to improve our ESG and stewardship reporting to provide our clients meaningful data for their investment decisions. During reporting year, we have continued to enhance our assessment of investment managers' stewardship activities on behalf of our clients. Specifically, we have focused more on assessing the type and level of engagement that our clients' investment managers are undertaking with issuers assigned higher ESG risk scores. This ensures that engagements align with our clients' stewardship priorities. We view the enhancement of our ESG and stewardship reporting as an ongoing process and we intend to continue refining our approach in the coming year.

Improvement of stewardship practices

Stewardship is a broad topic, and the data available from investment managers is evolving over time. As members of the UK Investment Consultants Sustainability Working Group (ICSWG), MISC has provided input into the formulation of templates to improve the quality of data and ultimately enhance our clients' understanding of the efficacy of stewardship activities undertaken by their appointed investment managers. We use the latest templates from the ICSWG and other bodies such as the Pension & Lifetime Savings Association (PLSA) when requesting stewardship data from investment managers, which is then consolidated in our reporting to our clients. Better standardisation of data will make it simpler for our clients to compare stewardship activities across different investment management firms and to challenge those firms that appear to be lagging in their approach.

We have helped our clients establish key stewardship priorities to simplify the assessment of whether the activities undertaken by their appointed investment managers align with their priorities. We have communicated these priorities to the investment managers, and our annual stewardship and engagement reporting will be updated to report more explicitly against these priorities. We have been actively challenging investment managers that are not engaging on these priorities and expect this to improve stewardship practices over time.

Principle 6 - Client & Beneficiary Needs

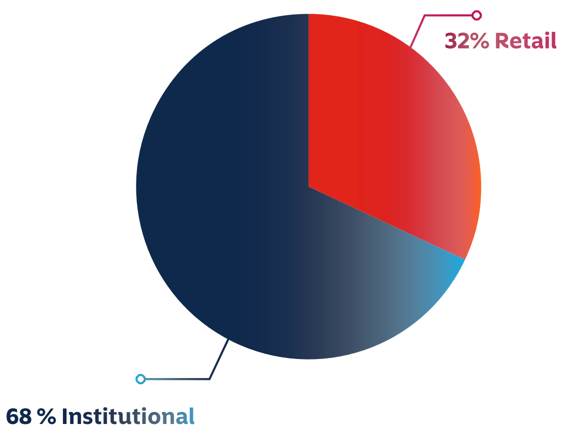
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

We act as the stewards of our clients' and beneficiaries' investment success and financial legacy by delivering strong returns and managing risk effectively, backed by exceptional research, experience and economic views. Our motto, "Stewards of Your Investment Success", reflects our commitment. We focus on understanding and delivering on our clients' and beneficiaries' needs. To that end, our mandates are personalised, with different portfolios targeting different investment time horizons, risk and return objectives, and social and environmental goals.

The information provided below refers to MGIM (excluding MISC, covered in section 5a).

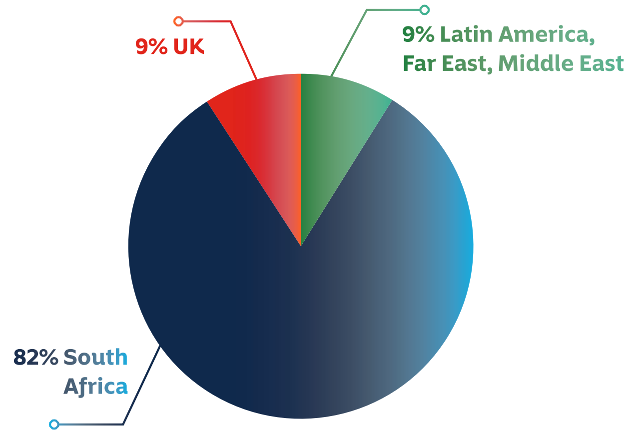
MGIM's client base is primarily institutional investors, with most representing Group assets from South Africa. The majority of third-party assets under management and approximately one-third of total assets are from retail investors intermediated through financial advisers, as shown below in Figure 1.

Figure 1. Institutional/Retail Split



Due to MGIM supporting the advice process, many of our clients are financial advisers who recommend our products via life-insurance companies and platforms. Consequently, we don't hold precise data on where underlying beneficiaries reside. Therefore, our assets under management (AUM) are split geographically based on where clients are headquartered, as shown in Figure 2.

Figure 2. Geographical Split



MGIM's Portfolios

We design portfolios to match our clients' different investment time horizons. A portfolio's time horizon is one of four key elements in our initial design process, alongside the real return objective, attitudes towards risk (defined as the potential for shorter-term and longer-term drawdowns), and any asset class exclusions or other constraints. MGIM's offering includes accumulating and income-paying portfolios and share classes to cater for the needs of different clients.

MGIM has AUM of £4.9bn (as of 31/12/2024), approximately split between 78% equity, 15% fixed income, 3% real assets, 2% multi-asset, 2% cash and derivatives, and less than 1% in commodities and alternatives, as shown in Figure 3. We invest our clients' capital via third parties in segregated mandates and pooled investment vehicles, as well as in direct equities, investment trusts and direct fixed income, as shown in Figure 4.

Figure 3. AUM Split between asset class

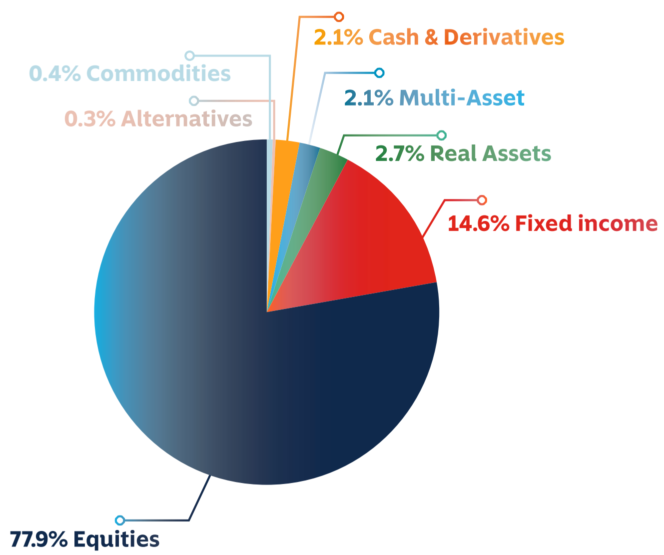
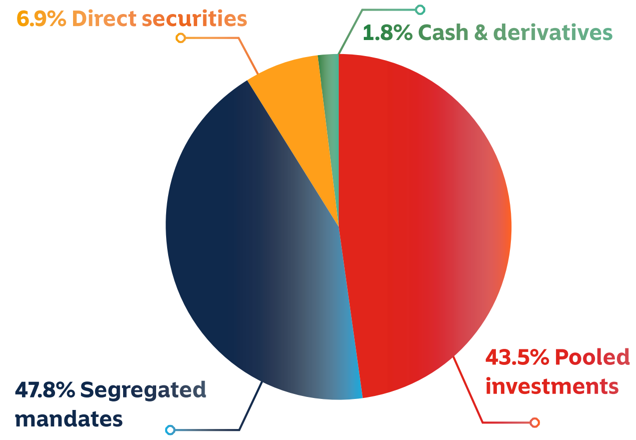


Figure 4. Asset class split between Pooled Investments/Segregated mandates/Direct securities



Principle 6 Cont...

Portfolio construction at the outset

The four key elements of a portfolio's initial design, as mentioned above, are agreed through discussions with the client prior to the start of the relationship and then revisited at regular intervals throughout the relationship. We educate clients on the range of return profiles that we believe can be achieved over different investment time horizons, incorporating social and environmental goals where relevant, using history as an objective guide.

Monitoring our portfolios

All MGIM strategies go through an initial product governance review prior to launch as well as ongoing reviews to ensure they meet clients' and beneficiaries' needs. Product governance reviews address all significant product management matters, including financial, reputational or brand value risk related to the marketing, client positioning, pricing, tax treatment, and market conduct of the products distributed or manufactured by the firm, to ensure that end recipients are treated fairly. Product governance meetings are held quarterly and are attended by senior staff from across MGIM's business.

MGIM's internal systems and controls monitor portfolios' alignment with their mandates. The Group risk team oversees the system and risk control environment, reporting directly to the Management team's Audit and Risk Committee as well as reporting directly to the UK Board.

MGIM's Management Committee also reviews investment performance and delivery versus objectives. However, monitoring our third-party managers is primarily the responsibility of the primary and secondary analysts within the investment team assigned to cover that manager/investment. Members of the investment team meet with managers regularly to discuss portfolio performance, positioning, trading activity, liquidity, ESG integration and active management. MGIM places significant importance on the quality of research undertaken, which is monitored by peers in the day-to-day course of business, and formally by executive and non-executive directors.

Additionally, we manage 18 risk-rated portfolios serving the UK retail market. The risk rating of each portfolio is outsourced to Dynamic Planner, a leading risk profiling solutions business in the UK. Portfolios are monitored by Dynamic Planner on a quarterly basis to ensure they remain within their specific risk band. There is a regular dialogue between Dynamic Planner and members of MGIM, including the investment team, to discuss portfolio positioning.

Portfolio management review

Each of our quarterly product governance review meetings focused on a different portfolio range. From these meetings, we concluded that portfolios were being managed in line with clients' stewardship and investment policies.

Based on regular review meetings with our third-party managers, we concluded that they were also acting in line with our expectations over this latest reporting period. We scrutinise our managers' activities, including those related to stewardship.

Our Responsible Investment (RI) due diligence process enables us to better understand the ESG characteristics of our investments. This process includes, but is not limited to, analysis of the framework, policies, and processes our third-party managers use in their ESG factor evaluation. The team monitors third-party manager ESG processes on an ongoing basis in conjunction with our regular update meetings. For our direct equity investments, we are continually developing a framework that enables us to track how our investments score on an ESG basis over time, using data supplied by Bloomberg and Morningstar (Sustainalytics). This will aid our engagement efforts with our investments and actively encourage positive change.

To act in the best interests of clients, the investment team efficiently allocates resources to voting on resolutions within our direct investments while monitoring our third-party managers voting records. During 2024, MGIM cast a total of 1,150 votes, which is around 55% of total resolutions, for our direct investments, in compliance with our voting policy. This is discussed in more detail under principle 12.

Providing feedback to clients

We provide feedback on various topics including performance, portfolios and our activities, through written format, videos, and face-to-face meetings with clients. Our regular reporting includes monthly factsheets, quarterly reports, annual reports with accounts, and ad-hoc reporting. These reports cover asset class returns, economic and market commentary, investment returns, and investment commentary, including a review of the activity of our third-party managers. We also provide insights on current investment trends via weekly articles, market summaries and ad-hoc thought leadership pieces. All this reporting is public and can be found on our website.

Permanent resources for clients and beneficiaries on our approach to sustainability include the Responsible Investing section on our website. Answers to ESG-related questions in our standard Request for Proposal are available upon request. Our Stewardship report, published on our website, also serves to update clients on our stewardship approach, recent activity, and that of our third-party managers.

Our business development team regularly engages with intermediaries of our retail investor base to communicate our philosophy, process, and activities. Feedback from advisers and the views of their clients is received during these engagements and relayed to the investment team as necessary.

We use various methods to keep clients updated, catering to their different preferences. We welcome feedback from our clients on all the content we create, which is always accompanied by information on ways to contact us. Face-to-face meetings allow for more timely client feedback.

Currently, we provide reporting and updates on various ESG metrics for portfolios we manage with specific sustainable objectives (Curate Global Sustainable Equity fund and Sustainable MPS). We do not provide this for other portfolios unless requested by a client, although to-date this has not been frequent.

Feedback from our clients

Our dedicated MGIM Annual Client Survey was not conducted in 2024 as we are in the process of aligning MGIM's survey with our South African business. As mentioned in the Foreword, we have been seeking greater collaboration between our UK and South African operations to streamline our processes and pool knowledge and experience from both regions.

Over the past two years, we have taken proactive steps to embed the principles of the UK Consumer Duty across our business. While this is a regulatory requirement introduced by the FCA, it also aligns closely with our core values and purpose–to serve our clients with integrity, transparency, and fairness. We view Consumer Duty not simply as compliance, but as an opportunity to enhance outcomes for clients and ensure their needs are placed at the heart of our decision-making.

Investment Approach

Principle 6 Cont...

Key achievements

Product Comparisons: Our UK Funds and Managed Portfolio Service have been extensively reviewed using a customer-centric lens to confirm they provide genuine value and align with clients' financial goals. We have undertaken targeted market research and gathered feedback from advisers to ensure our products remain aligned with client needs and expectations.

Fair Value Assessment: We have implemented robust fair value assessment processes, benchmarking our offerings against comparable market alternatives. These assessments have informed a detailed review of our pricing strategy, reinforcing our commitment to delivering fair value across our product range. These reports are available on our website **here.**

Enhanced Consumer Understanding: We have refined our communication materials and digital channels to enhance clarity, accessibility, and transparency. This includes simplifying product literature and improving website navigation to help retail clients access key information more easily and make well-informed decisions. Feedback gathered through adviser interactions highlighted a demand for increased transparency around portfolio positioning and performance attribution. In response, we enhanced our client reporting templates and introduced more detailed commentary to improve understanding.

While we are proud of the progress made, we recognise that fully embedding Consumer Duty is an ongoing journey. Over the coming year, we will further enhance our approach by leveraging data analytics and client feedback to refine product design, improve cost efficiency, enhance investment performance monitoring, and strengthen our training and development programmes.

"MGIM will continue to evidence our compliance with the Duty by conducting regular audits and assessments of internal processes and customer interactions"

Principle 5a - Supporting Clients' Stewardship

Service Providers: Signatories support clients' integration of stewardship and investment, taking into account material environmental, social and governance issues, and communicating what activities they have undertaken.

The Momentum Investment Solutions & Consulting (MISC) team is the institutional advisory team of Momentum Global Investment Management (MGIM).

MISC at a glance

- Established in 2014 to provide tailored investment advice via any governance model to UK institutional investors.
- £6bn assets under advice (as of 2024).
- 8 advisory client accounts (as of 2024).
- 9 dedicated advisory employees.

Our goal is to provide UK institutional clients with truly bespoke strategies, exceptional service, and independent advice through various governance models, including:

- Traditional Advisory
- Outsourced Chief Investment Officer (OCIO)
- Fiduciary Management

Within this team, our clients are predominantly trustees of large defined benefit corporate pension schemes.

We typically advise clients on investment portfolios that aim to outperform a gilt-based measure of their liabilities by 1% to 3% per annum. Our clients are long-term investors with time horizons of 5-10 years or more.

Clients at 31 December 2024	UK pension schemes	UK endowments
> £1bn	2	0
£500m - £1bn	3	0
< £500m	2	1
TOTAL	7	1

Understanding our clients' stewardship needs and objectives

Our clients each have diverse investment objectives, time horizons, governance structures and investment beliefs, including in relation to environmental, social and governance (ESG) factors. It is our responsibility to thoroughly understand our clients' requirements to ensure our advice is appropriate and impactful.

At the start of any client relationship, we typically conduct an in-depth review of the investment strategy and investment beliefs to develop mutually agreed policies and investment objectives. This includes a detailed review of ESG and stewardship policies and how they are integrated into our clients' investment decisions.

We provide our clients with training and advice to inform their ESG and stewardship policies which are typically set out in a Statement of Investment Principles. Our advice on ESG and stewardship matters varies for each client depending on their context and the level of expertise they already have "in-house" or through other appointments.

For UK pension schemes, there has been several new regulations regarding ESG and stewardship in recent years. We have provided regular training and advice to ensure our clients are compliant with relevant regulations (as a minimum) and to challenge whether their existing beliefs and approach remain appropriate. Continuous training will remain essential as beliefs, regulations, and market products evolve over time.

To challenge and enhance our own knowledge in this area, we employ the services of Gordian Advice, a leading specialist responsible investment advisory firm. The MISC team receives training from Gordian Advice to stay updated on regulatory changes relevant to our institutional clients and remain informed on industry-wide ESG initiatives that we can present to our clients.

We also work with other specialist firms to support our clients' needs in technical areas. For example, we use Ortec Finance, a leading climate scenario modelling firm, to support our clients in conducting climate scenario modelling on their investment portfolios. Our clients have provided feedback indicating that this analysis has been well received and has significantly aided their decision-making process.

Any recommendations we make regarding ESG and stewardship matters are tailored to each client's beliefs, objectives and governance budgets. However, in the absence of any strong views from our clients, we have adopted the following ESG beliefs that our clients can choose to adopt, when setting their ESG strategy. This approach has been adopted by several of our clients and has helped them to define their ESG and stewardship policies.

Principle 5a Cont...

01 **ESG factors can be financially material to security prices.**

We believe that ESG factors such as environmental disasters, poor labour practices and accounting failures can lead to poor performance. Therefore, active managers conducting security level research should consider ESG factors in their investment research process.

02 **Good active managers have considered how to best incorporate ESG factors into their investment process.**

ESG factors can be financially material so good active managers will consider them. An active manager's approach to ESG factors should be understood. Material weaknesses in their approach would count against their selection and retention.

03 **Active ownership can improve investment returns.**

We prefer managers with clear stewardship policies and approaches and prefer effecting change through engagement over divestment.

04 **Investment teams are likely to have stronger ESG analysis if the importance of ESG is recognised by their broader organisation.**

Stronger investment team approaches to ESG are likely to be found when the broader organisation shows strong ESG commitment. This can often be seen through broader resources and better internal discussion and debate. More detailed diligence on the strength of a manager's ESG approach may be required where their broader organisation does not show strong ESG alignment.

05 **The impact of, and responses to, climate change creates a material financial risk.**

There is a wide range of uncertainty in both the future climate scenarios and the timing and choice of policy responses. A carbon tax, as just one example, could have financial implications for the profitability and competitive position of companies that are impacted. Climate change risks should be considered in the selection of individual investments by investment managers.

Reporting

We provide regular reporting to our clients, tailored to meet their specific requirements. In recent years, we have developed several reports specifically to support our clients' assessment of ESG and stewardship matters and to help them evaluate the performance of appointed investment managers, particularly in areas where ESG integration and stewardship responsibilities have been delegated. A high-level summary of these reports is set out below:

Quarterly strategic monitoring reports	Annual climate metrics report	Annual Stewardship and engagement report
These reports demonstrate progress against the key investment objectives for each client and include a review of key risks, manager performance and any relevant manager updates. ESG or stewardship issues identified as part of our manager monitoring on behalf of our clients will be flagged in these reports. Where clients find it useful, we include a dashboard which summarises the key ESG exclusions applied at a firm and strategy level by the investment managers as well as the SFDR[1] classification of the funds invested in.	This report includes a detailed assessment of climate emissions metrics and tracks progress against specific targets that clients have set. The report allows clients to assess any changes in the total carbon emissions and carbon intensity of their portfolios due to changes within each mandate and as a result of changes to the overall asset allocation mix. Data coverage remains an important issue for many of our clients. This report covers this issue, enabling our clients to assess the progress the investment managers and underlying entities are making in improving their climate metrics disclosures.	Includes a detailed review of voting and engagement activity on ESG matters undertaken by our clients' investment managers. We use the PLSA[2] voting template as well as the ICSWG[3] engagement reporting guide to collate data from the investment managers. We score the investment managers as "leading", "catching-up" or "behind", as detailed in the section on Assessing and Monitoring Investment Managers on page 57. This report enables our clients to assess the frequency, breadth and outcomes of engagements being undertaken by the investment managers and the extent to which the topics that are being engaged on align with the ESG themes that our clients have identified as being of greatest importance.

[1]The EU Sustainable Finance Disclosure Requirements

[2]The Pension & Lifetime Savings Association (PLSA)

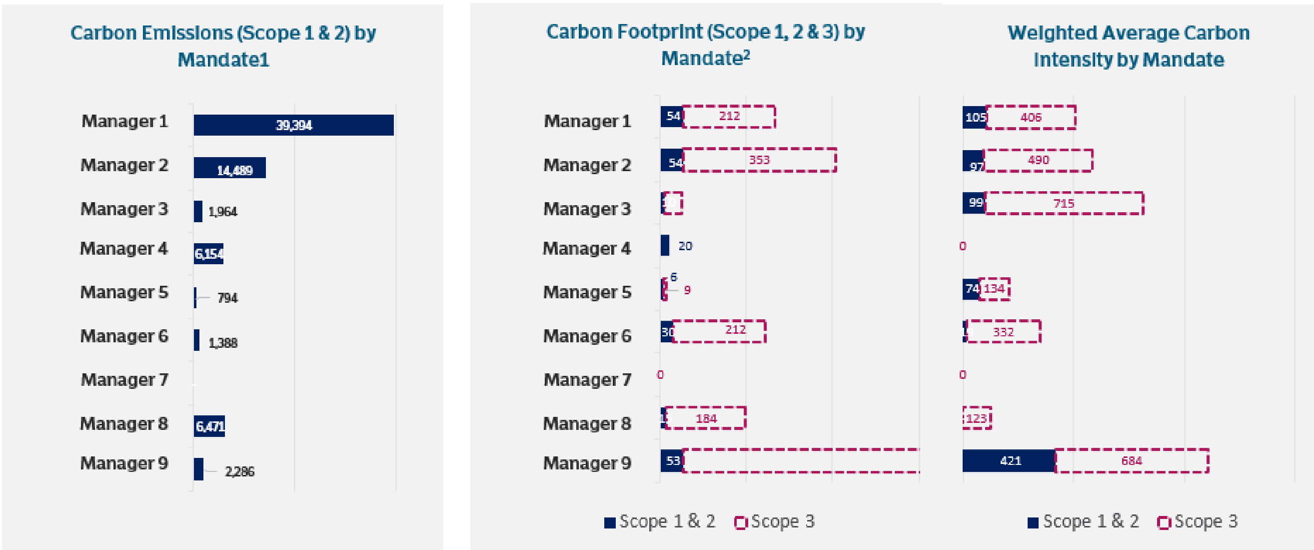
[3]The UK Investment Consultants Sustainability Working Group (ICSWG) – leading UK investment consulting firms that aim to improve sustainability investment practices across the industry.

Principle 5a Cont...

Examples of our reporting on climate emissions metrics and on ESG and engagement activities are included below. We advise clients to consider:

1. Whether the current target remains appropriate or should be changed. We believe that data coverage continues to be a critical metric to focus on and that the target remains achievable given the anticipated changes to the policy over the next few years.
2. More direct engagement with a Scheme's managers that are not able to report data.

Data for Carbon Metrics



Manager	Timeline
Manager 10	Able to report WACI but no other metrics.
Manager 11	No response yet, previously have stated that carbon data would be available for the more recent funds (with Article 8 designation). No timeline was given for older vintages.
Manager 12	Not responded despite several requests.
Manager 13	Emissions data is only available for funds launched post 2013.
Manager 14	Expect to be able to provide direct emissions data for private credit within the next few years. Were able to provide industry data which could be used for estimation.
Manager 15	Were able to provide industry data which could be used for estimation.
Manager 16	Data will be available in May.
Manager 17	No response, previously stated that they have no timeline for reporting this information.
Manager 18	Were able to provide industry data which could be used for estimation.

The following table reflects the assessment criteria used to score managers according to whether they are "Leading", Catching-up" or "Behind" with respect to the quantity and variety of their engagements and quality of reporting

	Quantity of Engagement	Variety of Engagement	Quality of Reporting
Assessment Criteria	Average of the percentage of entities engaged with, and total weight of the portfolio engaged with over the calendar year.	The number of engagements in each factor will then be grouped according to whether it is E, S, G or Business Strategy.	**High-Level Statistics** 1. Number of engagements. 2. Number of entities engaged with. 3. Percentage of entities engaged with. 4. Percentage of portfolio engaged with. **Distribution** 1. Number of engagements for each ESG factor. 2. Number of substantial engagements for each ESG factor. **Supplementary** 1. Engagement outcomes. 2. Case studies.
Leading	Greater than 66%	Where relevant the manager has engaged across each of E, S, & G with no more than 50% engagements in any one category. This assessment criteria is overlayed with a quantitative judgement.	The manager has provided us with most, if not all, of the above, with the exception of engagement outcomes (hard for the majority of managers to report on) and a number of substantial engagements for each ESG factor (very subjective and hard to track).
Catching-up	Between 33% and 66%	Where relevant the manager has engaged across each of E, S, & G with no more than 75 % engagements in any one category. This assessment criteria is overlayed with a quantitative judgement.	The manager has been able to provide the relevant high-level statistics, and ideally some (but not all) of the others.
Behind	Less than 33%	Where relevant the manager has engaged across only one or two of E, S, & G with more than 75% engagements in any one category. This assessment criteria is overlayed with a quantitative judgement.	The manager has not been able to provide high-level statistics.

Principle 5a Cont...

Figure 1

Engagement Observations & Next Steps

Observations: We have set out below our key observations based on the responses we received from the managers:

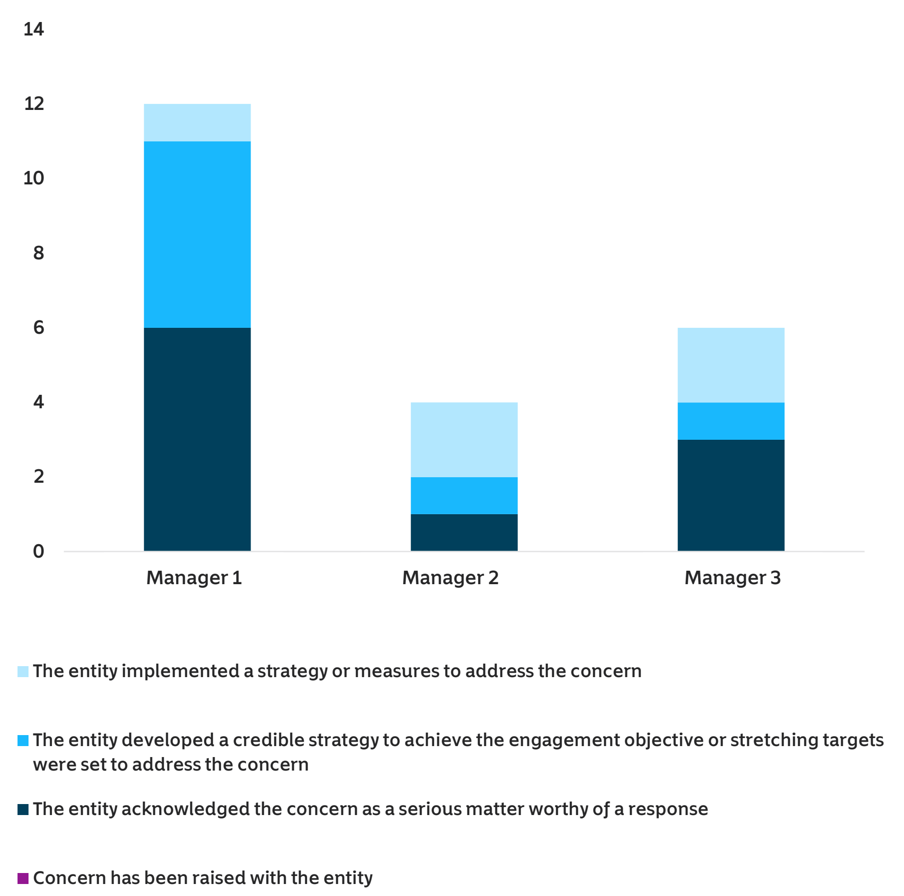
Quality of reporting:
The engagement questionnaires were generally completed to a high standard. Reporting amongst corporate mandates was of notably higher quality than non-corporate, albeit this was expected. Reporting from the non-corporate mandates was often incomplete, although, some managers have made progress this year.

Variety of Engagement:
For those managers that have provided data, engagement generally covered a meaningful proportion of the portfolio. Engagement was often focused on environment or business strategy, but there was typically a sufficient variety of topics covered. Some managers did not engage on any governance issues.

Key areas of engagement:
The key areas of engagement have been in relation to the climate change, strategy and financial reporting and risk management. Engagement with areas identified as key priorities was generally present, although there remains room for improvement with respect to greater engagement on Modern Slavery and Diversity and Inclusion.

Engagement Outcomes:
Only managers 1 - 3 were able to provide outcomes of engagement. This metric remains an area where managers can make improvements.

Outcomes of Engagement



In the chart, we have summarised the outcomes of the engagements made over the year. Only Managers 1 - 3 were able to provide this. Most managers are not able to disclose this information as their systems do not record outcomes.

In summary, we are pleased to see that there have been examples of engagements which have resulted in the entity implementing a strategy or measure to address the concern. However, we note that only Managers 1 - 3 were able to provide a breakdown into the outcomes described above.

Mandates which did not report outcomes of engagements have been omitted entirely.

Figure 2

Manager	Quality of Engagement	Variety of Engagement topics	Quality of reporting
Manager 1 - MAC[1]	↑	↑	-
Manager 2 - Private Debt	↑	↓	-
Manager 3 - Private Debt	-	-	-
Manager 4 - Private Debt	-	-	-
Manager 5 - Private Debt[2]	*	*	*
Manager 6 - Private Debt	●	*	●
Manager 7 - Private Debt[2]	*	*	*
Manager 8 - IG Credit	-	↑	-

*Insufficient information has been provided by the investment manager to properly assess this category.

[1]Mandate terminated during the calendar year. Only engagements for this mandate prior to termination are counted throughout the report.

[2]Further information on Stewardship and Engagement policy for these mandates is included in the supplementary information section.

↑ Score has improved since last year ↓ Score has worsened from last year - Score remains unchanged from last year

Overall, the number of reported engagements in relation to the corporate mandates has decreased since last year (from 1,485 to 997), largely as a result of several corporate mandates being terminated during the prior year.

The quality of reporting has been consistent with last year. In particular, managers were mostly able to produce data of similar quality, if not better. For instance, Manager 6 were able to provide details on the sustainability linked loans held in BSLP IV, which they were not able to provide last year.

Engagements have spanned a broad range of ESG topics. However, as with the previous year, Manager 3 did not engage on Governance issues in 2023, concentrating instead on Business Strategy and Environmental matters.

When assessing the managers' variety of engagement, scores were generally higher, although they are not directly comparable to last year as we have refined the scoring criteria for this metric.

Principle 5a Cont...

Assessing and monitoring investment managers

The MISC team brings over 20 years of experience in advising on the selection of investment managers across a wide range of asset classes. Within the MISC team, we believe that allocating to the right asset classes, and structuring mandates correctly will have a greater impact on outcomes than the selection of the investment managers used to implement each mandate. **However, the selection of an investment manager significantly influences how ESG and stewardship are integrated into client portfolios, as the day-to-day assessment of ESG risks and engagement with underlying issuers is typically delegated to the selected investment managers.**

As a result, a significant part of the assessment and monitoring of investment managers that we undertake on behalf of our clients focuses on how the investment managers have integrated ESG and stewardship.

The MISC research team meet regularly to review our approach, incorporating feedback from our clients. As a result of this ongoing review, in 2024 we enhanced the data we collect to improve our ability to determine whether the managers' stewardship activities are prioritising engaging with the correct entities and are achieving positive outcomes for clients.

ESG factors

We believe that ESG factors are an important component of long-term risk management and are therefore integral considerations for any long-term investor. As part of our manager research process in the MISC team, we seek to understand how ESG issues are incorporated into the manager's investment process and the relative importance placed on ESG issues when selecting or exiting individual investments. We also review the following for each manager:

- Manager' s ESG policy;
- How ESG issues are incorporated within the investment process;
- Responsibility for ESG issues, resources dedicated and experience of the team;
- Integration of ESG resources within the portfolio management team;
- Manager's voting policy, including disclosure of voting to clients and whether ESG activities have influenced company behaviour; and
- Manager's conflicts of interest policy, including how conflicts are identified and managed.

To test a manager's stated policy, we ask managers to provide specific case studies to highlight how ESG factors have been incorporated and where these have impacted an investment thesis, both positively and negatively. We also request detailed investment research notes for select investments, allowing us to verify all stages of due diligence, including the incorporation of ESG factors. Where we identify areas where a manager is lacking, we follow up accordingly. ***A key focus of our engagement with investment managers, on behalf of our clients, has been climate emissions reporting***. Where managers have not been able to provide data, we challenge them to understand what actions they are taking to be able to provide reliable estimates and the timescales for delivering this information. ***For example, throughout the year, we maintained regular communication via emails and calls with a US private lending manager overseeing several mandates for our clients advised by the MISC team. Historically, this manager had provided very limited carbon emissions data for their funds. We engaged with the manager, strongly encouraging them to supply emissions data for their portfolios, especially since some of our Trustee clients have set specific data coverage targets. We were pleased to learn that their data team had made significant investments in enhancing their ESG and sustainability data aggregation and reporting capabilities. However, they faced challenges related to the availability, quality and timeliness of emissions data from borrowers in the relevant strategies. In 2024, the manager began calculating emissions across all relevant funds. Despite some delays, they successfully provided us with the requested Scope 1, 2, and 3 emissions data.***

Overall, we observed significant improvements in climate data availability for our MISC clients, particularly for private market assets such as Private Credit, Property and Infrastructure. We believe these advancements are crucial for setting realistic reduction targets and monitoring progress.

Our dedicated ESG team members, including one who is part of the Responsible Investment Group mentioned elsewhere in this report, along with other team members, frequently attend industry events like the MSCI Sustainability and Climate Trends to Watch event in December 2024. This keeps us informed about market developments and helps us assess their implications for our clients.

As part of our collaboration with the ICSWG, we have fully supported the roll-out of the Engagement Reporting Guide across the investment managers that we monitor on behalf of our clients.

We collect this data annually, and it is used to assess whether an investment manager is "leading", "catching-up" or "behind" the curve in three areas:

- Quality of reporting on engagements and stewardship
- Quality of engagement activities and outcomes
- Variety of ESG topics that issuers are engaging on

Where appropriate, we provide our clients with an annual Stewardship & Engagement report, which covers the activities of the appointed investment managers over the period. Our clients find this information helpful when challenging investment managers on their engagement activities or commending them for engagement that has resulted in a positive impact.

A key focus in preparing these reports has been on the quality of data and reporting from investment managers, particularly for non-traditional asset classes like private credit and real estate. We are encouraged by the ongoing improvements in the quality of information on engagements. However, we continue to challenge our clients' investment managers to make further improvements and raise the bar in this important area.

One example of a recent engagement with our clients' investment managers to "raise the bar" is included below:

During our review of the stewardship activities for the investment managers employed by our clients, we found that a number of managers were not engaging with entities in their portfolios in line with our client's stewardship priorities. We raised this issue with our clients as part of our stewardship and engagement activities review.

Each year, we communicate our clients' stewardship priorities (e.g. modern slavery, climate change etc.) through our ESG and engagement data requests. While we expect managers to focus on these priorities moving forward, we recognise that this is a gradual process and is not always possible, depending on the asset class or investment. We are now in the process of engaging with the managers to encourage more frequent engagement on topics identified as priorities by our clients.

Principle 5a Cont...

Meeting our clients' requirements

There are several ways in which we assess whether we are meeting our clients' overall requirements, including supporting the integration of stewardship and ESG issues:

- Formal annual reviews: Our pension scheme clients undertake a formal annual review of our broader performance against the objectives they have set for us. This includes the quality of advice and support that we have provided on ESG and stewardship matters. This ongoing review ensures that we continue to meet our clients' requirements and that they are happy with the service we provide.
- Informal review meetings: We hold informal review meetings with the relevant Board Chair or Chief Investment Officer to discuss feedback after the quarterly investment meetings. Follow-up actions from these meetings have led to further engagement with managers and increased awareness of probing managers on their ESG commitments.
- Third-party surveys: Ratings and feedback from surveys carried out by third parties also help us assess our performance. Two of our clients participate in the annual Greenwich Survey. We continue to achieve top scores in client service and understanding our clients' goals. Our scores in ESG and stewardship further emphasise that these areas remain a key focus for us.

Examples of key topics that we supported our clients on over 2024 include:

Stewardship Priorities - We worked with our clients to select and adopt a set of key ESG topics as priorities, which were communicated to their investment managers. Our annual stewardship and engagement reporting focused on the activities and outcomes achieved in these areas, highlighting several follow-up areas for further improvement.

Climate Reporting - We supported our pension scheme clients in drafting climate reports in line with the latest climate reporting standards and recommendations. Our short-term focus is to work with investment managers to improve the availability and quality of emissions data. We challenge the level of engagement with the highest emitters across client portfolios to better understand their position and closely monitor their progress. As members of the UK Investment Consultants Sustainability Working Group (ICSWG), we regularly meet with other members to discuss ways to improve sustainable investment practices across the investment industry. This includes collaborating with the Department for Work and Pensions (DWP) to review climate reporting, ensuring it is fit for purpose for our clients, particularly in the area of climate scenario modelling.

Enhanced Stewardship and Engagement Reporting - We have refined our quantitative scorecard to rank managers' stewardship activities and engagement reporting. We now collect additional data from managers on engagements by ESG score, expecting higher levels of engagement for entities with lower ESG scores. This improvement, partly based on client feedback, has led us to update our scoring methodology to weigh this additional data more heavily, rather than simply considering the aggregate proportion of entities engaged with. While we have developed a framework for this, the overall assessment of managers' efforts remains largely subjective. This enhancement has been beneficial for our clients in understanding which managers are performing well. During client meetings, we discuss potential next steps if improvements are necessary.

Impact Listed Equity – We are currently in the initial phase of advising a client on a new allocation to an impact-listed strategy. We will continue to provide guidance on the overall portfolio impact of this allocation and refine the shortlist of investment managers for consideration.

Service Provider

Assessing effectiveness of our client communication

The effectiveness of our client reporting and feedback can be gauged during regular contact with our clients and by analysing the positive outcomes that we have achieved on their behalf.

The effectiveness of our communication to our clients and how advice is presented and explained at client meetings is also assessed as part of the formal annual review that our clients undertake. We have consistently received positive feedback from our clients on the quality and clarity of our communication with them.

Principle 7 - Stewardship, Investment & ESG Integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

This section is applicable to MGIM only (excluding MISC).

At MGIM, we believe in detailed analysis of the third-party managers we partner with and the issuers we invest in. As such, we incorporate ESG factors into our analysis in the same way that we analyse all other material aspects of the investments we make.

Exclusions

MGIM's beliefs around responsible investment are centred around remaining invested and engaging for change. Therefore, we do not seek to apply extensive exclusions that limit the investment universe. Instead, we review the active ownership practices of our third-party managers and engage with direct issuers in instances of material issues where we think we can make a difference.

All of our portfolios exclude investments in businesses that are involved (directly or indirectly) with the production or distribution of cluster munitions. Before investing in a fund managed by a third-party, MGIM's compliance team will obtain written confirmation of this from the provider. We also receive holdings from our third-party managers periodically, allowing us to monitor them using Sustainalytics (via Morningstar) in the same way.

For our direct investments, we analyse and monitor this primarily through scrutiny of a company's pro forma accounts, familiarity with their management teams and directors, and using data from Sustainalytics and Bloomberg.

As at the end of December 2024, MGIM managed two portfolios with underlying sustainable objectives, each with additional exclusion criteria:

- Curate Global Sustainable Equity Fund: This pure equities fund adheres to the exclusion policy of Robeco Asset Management (level 2 exclusions), which can be found here: docu-exclusion-policy.pdf (robeco.com). An additional exclusion to help the fund meet its sustainable objectives, is the exclusion of metallurgical coal.
- Harmony Portfolios Sustainable Growth Fund: This multi-asset fund-of-funds excludes tobacco, coal and weapons (subject to revenue thresholds).

In 2024, we enhanced our Investment Management Agreements (IMAs) with newly appointed third-party managers by incorporating a Responsible Investment clause. For more information, refer to the next section titled "How we influence third-party managers". This clause requires managers to strive to meet the objective of applying the exclusions detailed in the following table. We believe it is crucial for our third-party managers to adhere to these exclusions to promote better Environmental, Social, and Governance (ESG) practices. By doing so, we can ensure that our investments align with our commitment to sustainability, ethical standards, and social responsibility.

	Exclusion category	Screening measure	Revenue threshold
Weapons	Cluster munitions	Any direct involvement in production or distribution	>= 0%
	Controversial weapons*	Revenue from production or services	>= 0%
Fossil fuels	Coal (Thermal & Metallurgical)	Revenue from extraction/ mining Revenue from power generation	>=10% >= 15%
	Arctic drilling	Revenue from extraction	>= 5%
	Oil sands	Revenue from extraction	>= 10%
Other products	Palm oil	Producers not subscribed to the RSPO (Roundtable on Sustainable Palm Oil), with all production certified	>= 20%
	Tobacco	Revenue from production Revenue from retail	>= 0% >= 10%
Norms-based	UN Global Compact breaches	Issuers in violation	N/A

*Controversial weapons include anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, depleted uranium weapons, incendiary weapons, and non-detectable fragments.

ESG Integration

Beyond the exclusions listed above, we follow an integrated approach to responsible investment across our business. Different industries are exposed to different ESG risks and some of these risks are unavoidable because globally we are on a journey towards improvement, and there is a long way to go before many environmental, social and governance objectives are met.

In terms of our due diligence of third-party funds and investment trusts, we begin by sending our managers a responsible investment questionnaire. This questionnaire focuses on the key areas of resourcing, ESG integration, tools and stewardship. The responses help us identify areas that need further review in a follow-up meeting with the relevant team members. The follow-up meeting is our opportunity to learn about their ESG framework and how it is implemented. It may

Principle 7 Cont...

result in further engagement on areas of concern, but it is also used in future meetings with the fund manager to ensure the process is being applied and progress is being made towards their goals.

An example is provided below; we have purposefully not provided the name of the manager given the sensitive content.

Example – Japanese Equity Fund

Our initial due diligence highlighted that this fund not only incorporates ESG into its process but also influences its valuation methodology. Given our focus on valuation, we explored this further with the portfolio manager. Their ESG considerations are directly integrated into the investment decision-making process through a proprietary ESG Quality Level framework. Each company is assigned an ESG Quality Level, ranging from 1 (ESG Leader) to 4 (Improvement Expected), based on a detailed internal assessment conducted by both the company analyst and the ESG team. This rating system influences the discount rate applied in valuation models, directly impacting investment decisions.

Companies rated as ESG Leaders (Level 1) benefit from a lower discount rate (by 50bps in developed markets and 100bps in emerging markets), reflecting their strong governance, competitive ESG advantages, and superior risk mitigation. In contrast, companies with weak ESG characteristics (Level 4) are penalised with a significantly higher discount rate (up to +200bps in developed markets and +300bps in emerging markets), recognising the financial risks associated with poor sustainability practices.

We appreciate this approach as it ensures that ESG factors are quantitatively embedded in investment valuations rather than being treated as a separate qualitative consideration. By adjusting valuation assumptions based on ESG risks and opportunities, they enhance their ability to identify resilient, high-quality businesses while encouraging improved corporate sustainability practices. Any company with a poor ESG framework essentially has a higher hurdle to overcome before getting into the portfolio. This methodology reflects a commitment to responsible investing, aligning long-term financial performance with positive ESG outcomes. The review of this manager's ESG process was part of a full investment due diligence, and the outcome was a recommendation to buy the fund.

We are guided by the UNPRI in determining actions and behaviours that are consistent with an integrated ESG approach, supplemented by research and suggestions from industry-level bodies. We recognise the Sustainable Development Goals (SDGs) and their various underlying targets, as providing a more specific guide to best practice.

In our assessment of environmental factors, we are committed to transitioning to a low-carbon economy. We do not impose actions or limitations on our third-party fund managers or issuers, but we analyse carbon emissions data in our due diligence assessment. We use this data to question managers about high emitters in portfolios (in the case of third-party funds) and to question management about carbon reduction plans (in the case of direct equities).

As a member of the PRI Investor Just Transition Working Group, we support a process that considers the social impact of the transition to a low-carbon economy. We evaluate investments relative to peers in the same industry and relevant benchmarks. Additionally, we also give credit to investees that are making improvements in their sustainability practices.

Data providers

Whenever available, we utilise ESG data from various providers including Sustainalytics (via Morningstar) and Bloomberg, to analyse risks and opportunities arising from ESG factors. This data is referred to when evaluating fund managers' decisions for our indirect investments and forms part of our appraisal of issuers when making direct investments.

We avoid using high-level ratings from data providers due to their limitations when taken at face -value. Instead we rely on underlying information to inform our meeting agendas and guide our line of questioning with third-party fund managers, ESG teams or management/Boards.

How we think about Environmental, Social and Governance factors across our investments

Environmental factors

For our third-party funds, we meet with the portfolio manager and ESG analysts, if applicable, to verify their responsible investment processes. Through meetings supported by quantitative data, we assess the fund manager's capability to achieve their environmental goals. We monitor a fund's progress using Sustainalytics (via Morningstar), and any issues with the process or reporting will result in increased interaction with the portfolio manager.

For direct equity exposure, we prioritise initiatives that mitigate environmental impact, promote sustainable practices, and ensure compliance with relevant regulations. This includes efforts to reduce carbon emissions, conserve natural resources, and foster biodiversity preservation. Through strategic investments and limited engagement, we aim to drive positive environmental outcomes while delivering sustainable returns for our stakeholders.

Social factors

For our third-party funds, we follow a similar process to that described above for environmental factors. However, we also include sections in our research notes that examine firm culture, staff retention and remuneration. High staff turnover can indicative underlying issues within the business, and we aim to assess this. If available, we use the manager's due diligence questionnaire to understand the rationale behind each investment team departure. If the data is not available, we discuss the reasons for staff turnover in a portfolio manager meeting. Unsatisfactory responses may result in lower scores on our investment scorecard, reducing our conviction and the likelihood of investing in the fund.

Regarding equity exposure, we expect companies to act responsibly towards their workforce and the communities they serve. The evolving legal landscape, especially in the UK, increasingly requires companies to support the communities they serve. These developments are particularly evident in the infrastructure and property sectors, where we, as multi-asset investors, have significant investments.

Governance factors

Our process for third-party funds is similar to that described for environmental factors. Governance factors are a key consideration for fund managers as they seek well-managed investments or well-run companies. When issues are identified, fund managers typically either avoid investing or engage with the company, depending on the severity of the issue. As with other ESG factors, MGIM analysts will discuss companies in the portfolio that have governance issues or risks with the portfolio manager and assess the actions being taking.

For direct equities, governance has always been a key focus. We look for evidence that management and the Board of Directors have significant personal investment in the company ("skin in the game"). Regular contact with shareholders is mandatory, and no investment is made unless management has been directly engaged. When companies face operational difficulties, we maintain direct contact with management and their boards, sometimes instructing changes and improvements to governance.

Principle 7 Cont...

How we influence third-party managers

Third-party fund managers who manage mandates on MGIM's behalf sign an Investment Management Agreement (IMAs). These agreements include the same limited exclusion on cluster munitions that apply to all of our portfolios. IMAs also require managers to vote proxies diligently and in accordance with their written proxy voting policies and procedures.

For all new IMA agreements in 2024, we have added Responsible Investment (RI) clauses, requiring managers to:

- Be aware of and compliant with Momentum Group Ltd's Responsible Investment Policy, clearly stating any reasons for non-compliance.
- Have a process for monitoring current or potential investments in relation to the Responsible Investment Policy and report on this quarterly to Momentum Global Investment Management (MGIM).
- Integrate ESG analysis into their investment process in line with their own in-house policies and processes.
- Vote on holdings in accordance with their internal policies, except where MGIM has outlined that we will vote proxies.
- Engage with companies where ESG risks have been identified to encourage positive change.
- Apply the exclusions outlined in the 'Exclusions' table mentioned on page 63.

We chose this approach to further align our Responsible Investment beliefs with those of our third-party fund managers. However, we are also conscious of not restricting them too significantly, as this could alter their investment strategies. By including this clause in the IMAs, we ensure that our RI principles are upheld while allowing fund managers the flexibility to maintain their unique investment approaches.

The objectives outlined above have been included in IMAs for our manager appointments in the recently launched Curate Global Equity funds. These objectives were also introduced to our multi-manager Momentum GF Global Equity Fund and will be incorporated into all new IMAs going forward. In extreme circumstances, our ultimate tool to control the activities of our managers (including those managing third-party pooled investment vehicles in which we invest) is the ability to terminate their services if their actions do not meet our expectations. This is monitored through our manager scorecards and regular update meetings.

RI within MGIM's research reports

To ensure our ESG due diligence is fully integrated into our investment decisions, we use various methods. The research report for a potential investment includes:

- A description of ESG integration within the investment process.
- Details of all resources and active management processes of the underlying manager.
- Quantitative analysis of ESG factors.
- The MGIM analyst's opinion and assessment.

This information is used within the manager scorecard, which assesses over 50 metrics covering people, process, performance etc. We score the fund on ESG integration, ESG resourcing and Active Ownership and all scores feed into a total score for the manager. There is also the ability to raise a "red flag" on the scorecard: there are 11 areas in which a "red flag" can be applied, six of which are ESG-related. These do not automatically exclude the fund from investment but will result in more discussion and potentially heightened due diligence.

Activity

MGIM places significant importance on quality of research undertaken both internally and by third-party fund managers. As a part of this, we analyse ESG risks and opportunities and determine the materiality of ESG factors in our investment areas. Sustainalytics data is used to cross-reference our understanding of a business' risk factors and to flag potential issues in companies we are indirectly exposed to through our sub-investment managers and third-party pooled investment vehicles. Sustainalytics provides aggregate data on numerous third-party pooled investment vehicles, as well as data on certain individual companies.

MGIM's research process is monitored by peers in the day-to-day course of business and is formally reviewed by the management committee and directors. This research must include the formulation of a view of funds' and investee companies' approaches to responsible investment and management of material ESG issues.

Asset classes that we exclude from our ESG analysis

Our approach to integrating ESG is consistent across different geographies but varies by asset class and investment approach, depending on whether security selection is implemented directly, via segregated mandates or via third-party pooled investment vehicles.

To ensure adequate risk management and diversification in our portfolios, we invest in a range of different asset classes. However, it is challenging and often inconclusive to assess the following asset classes against ESG criteria: government bonds, alternative strategies and collective investment schemes investing in commodities.

There are two key practical limitations when it comes to assessing sovereign debt against these criteria:

1. The concentrated nature of sovereign debt markets means that excluding one of the key issuers, such as the United States or Japan, would seriously limit the ability to source bonds, achieve adequate diversification and manage benchmark-relative risk.
2. There is a lack of consistent data on material ESG issues, and limited consensus regarding frameworks and techniques for evaluating ESG risk within sovereign debt.

We periodically review our decision to exclude these asset classes.

Principle 7 Cont...

Case studies

Momentum Africa Real Estate Fund (MAREF)

MAREF is a $205m AUM institutional real estate fund that finances and develops commercial real estate within sub-Saharan Africa excluding South Africa. MAREF benefits from the complementary collaboration between Eris Property Group, a property developer, and the fund management experience of MGIM, both subsidiaries of Momentum Group Ltd.

MAREF is currently finalising the construction of the Rose Serviced Apartments in Nairobi, Kenya. This project aims to achieve a minimum LEED (Leadership in Energy and Environmental Design) Silver certification, surpassing the IFC EDGE (Excellence in Design for Greater Efficiencies) standards previously targeted by MAREF. The LEED certification focuses on efficiencies in energy, water, materials, pollution controls, and land use impact.

Through advanced computer building simulation analysis and energy modelling work, the design team optimised the building's energy performance to consume significantly less energy than a conventional building. Features of this design include:

- Efficient lighting fixtures and controls
- Efficient HVAC (Heating, Ventilation, and Air Conditioning) systems
- External shading to reduce solar gain and therefore cooling loads
- A solar photovoltaic system on all available roof space
- Solar thermal hot water heating
- Smart metering systems and voltage stabilisers.

Additional sustainability features include:

- A wastewater treatment system which recycles wastewater for flushing toilets and irrigation
- Prioritisation of materials with Environmental Product Declarations (EDP) in procurement
- Over 40% of the site area will remain undeveloped and planted with low water-consuming indigenous plants

Employment on-site peaked at 609 staff and 29 consultants in January 2024. As part of the LEED certification process, informal training on 'green jobs' was provided, with teams appraised on the selection, installation, and performance of green materials.

The Rose Serviced Apartments exemplify MAREF's commitment to sustainability and responsible investment, setting a high benchmark for future developments.

Curate Global Sustainable Equity Fund

The Curate Global Sustainable Equity Fund is our flagship sustainable equity fund, Robeco Asset Management appointed as the sub-investment manager. The fund aims for consistent outperformance (and hence a high information ratio) versus the MSCI World Index, while simultaneously delivering an improved sustainability profile. It targets a reduced environmental footprint compared to the benchmark, specifically:

- At least 20% lower water usage and waste generation
- At least a 30% reduction in greenhouse gas emissions (scope 1 & 2)

Historically, the fund has achieved even better results than these targets. Additionally, the fund aims for a 10% better ESG score than the benchmark based on Sustainalytics ratings, indicating lower ESG risk.

The fund achieves these goals by:

- Excluding stocks with exposure to sectors such as coal, tobacco, palm oil, firearms, arctic drilling and oil sands
- Integrating ESG and SDG factors in the investment process and portfolio construction
- Allocating higher investments to companies scoring better on a range of ESG metrics
- Excluding all companies that have a strongly or moderately negative impact on any of the 17 UN Sustainable Development Goals, as measured according to a proprietary Robeco framework.

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

Principle 7 Cont…

Examples of how our service providers have incorporated ESG considerations into their investment decisions

We held over 350 meetings with our third-party managers and direct investment managers over the period. Our monitoring process revealed the following regarding their stewardship activities. The managers referenced in each example are accessed through segregated mandates within our Momentum GF Global Equity Fund, which is a core developed market equity holding across most of our multi-asset portfolios.

Example: Artisan Global Value Fund

Artisan Global Value Fund integrates ESG considerations into its investment process through a fundamental, long-term investment philosophy focused on undervaluation, financial strength, and responsible corporate governance. Rather than applying exclusionary screens, the team incorporates ESG factors into their intrinsic value assessments, treating them as fundamental risks or opportunities that can impact long-term returns.

The investment process includes a thorough ESG risk evaluation tailored to each company's industry. For instance, environmental risks such as regulatory pressures on carbon emissions may affect energy companies, while governance concerns such as weak shareholder rights may impact financial institutions. These risks are analysed alongside traditional financial metrics, and their potential financial, legal, or regulatory consequences are reflected in valuation models. If ESG risks present an unacceptable long-term impairment to value, an investment may not proceed.

Active ownership plays a crucial role in the firm's ESG approach. The investment team regularly engages with company management and boards on key issues such as executive compensation, capital allocation, and sustainability initiatives. Proxy voting decisions are made on a case-by-case basis to align with the firm's long-term investment objectives. To enhance its research, the firm also leverages external ESG data from Sustainalytics, complementing its proprietary analysis. This integrated ESG approach ensures that sustainability risks and opportunities are considered in every investment decision, reinforcing a responsible and value-driven investment strategy.

Example: Addressing child labour allegations in supply chains

In 2024, we evaluated how well our current managers had integrated ESG considerations into their investment decisions by discussing their handling of ESG controversies. In May 2024, a BBC documentary revealed the use of child labour in the supply chains for perfumes produced by L'Oreal and Estee Lauder. These allegations, specifically related to jasmine picking, posed significant reputational risks for these companies, especially given their commitments to modern slavery statements.

At MGIM, we recognised the gravity of these issues and took immediate steps to engage with our investment funds. We screened all our fund positions to identify which funds had exposure. We found exposure to L'Oreal through our third-party funds Jennison, Robeco, and a third manager, but no exposure to Estee Lauder. We asked these managers to comment on how the news would affect their decision to hold the stock. Their responses provided valuable insights into the different ways the managers interpreted the news and demonstrated their ESG integration in investment decisions.

- Jennison: The manager acknowledged the controversy but did not view it as material, citing L'Oreal's proactive measures and comprehensive controls. They highlighted that L'Oreal had identified the issue before the documentary aired and had already implemented corrective actions.
- Robeco: They had been engaging with L'Oreal on this issue for some time. They emphasised the importance of monitoring and due diligence in supply chains and called for practical actions to improve transparency and worker livelihoods. Robeco also stressed the need for responsible purchasing practices to ensure fair wages and eliminate child labour.
- Third Manager (name anonymised): Their response was less satisfactory, hence why we are not naming them. They initially requested the documentary article and took a week to respond, indicating that the issue was not on their radar. However, they acknowledged the complexity of global supply chains and the importance of strong monitoring and remediation practices.

Through these engagements, MGIM demonstrated a commitment to responsible investing by addressing child labour allegations and ensuring that our investment funds take appropriate actions to mitigate such risks.

Principle 7 Cont...

Case studies

Example: How MGIM's quantitative analysis has guided our monitoring of RI practices

We review the following key ESG indicators that are provided by Sustainalytics, as a reasonably objective assessment of the risks that investments are exposed to:

» Sustainability Score (rank in global category and absolute score)

» Product involvement Percentage in certain controversial or excluded activities / product lines

» Percent of AUM with high/severe ESG risk scores

Through manager discussions we have found that Sustainalytics' data can sometimes paint an incomplete picture. However, it is still helpful in guiding our discussion and often enables us to challenge managers effectively on how well they live up to their stated ESG integration approach, as the following example serves to illustrate. Should we see a deterioration in the quality of Sustainalytics' data, we will revisit our original selection process and re-examine alternatives.

Example: Japanese Growth Equity Fund (Potential investment rather than a current holding)

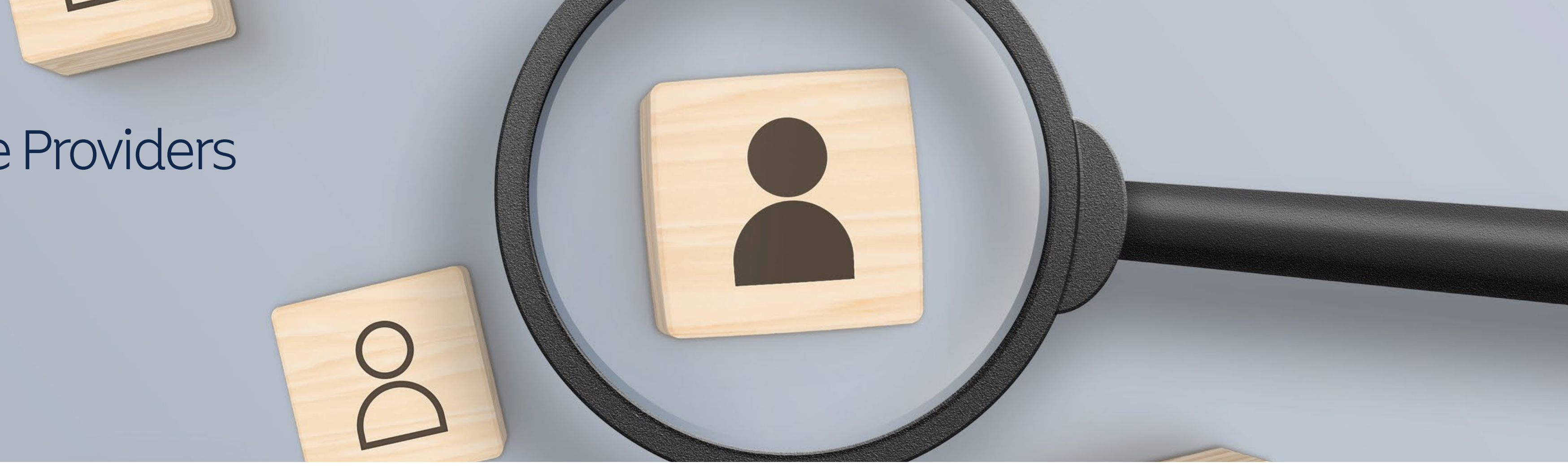
During the initial due diligence of a potential investment into a Japanese Equity Growth Fund, Sustainalytics data highlighted exposure to coal, tobacco and weapons. We asked the fund managers to explain these exposures and how they fit into their exclusions policy. Their response is below, and we are comfortable that they are operating within their exclusions policy.

» Weapons: The one company with defense and weapons revenues is Mitsubishi Heavy Industries (MHI). Although the exact number is not disclosed, we estimate it to be less than 5% of total revenues. (Our exclusion policy for conventional weapons has a 10% revenue threshold.)

» Coal: The only company exposed to coal power generation is Orix, with less than 1% of its revenues coming from this source. The exclusion policy limit is 20% based on production or revenue, and this threshold will be progressively lowered to reach a coal phase-out by 2030.

» Tobacco: Three companies have some tobacco exposure: Orix (less than 0.01% of revenues), Japan Airport Terminal, and Pan Pacific International Holdings (both with less than 3% of revenues). (Our exclusion policy for tobacco sets a 0% revenue threshold on production, and a 5% threshold for retail.)

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12



Principle 8 - Monitoring Managers & Service Providers

Signatories monitor and hold to account managers and/or service providers.

This section is applicable to MGIM only (excluding MISC).

MGIM selectively invests in issuers directly, but the vast majority of our assets are invested via third-party investment managers, who are appointed on a segregated basis or accessed through pooled investment vehicles.

We use third-party service providers to aid the screening, in-depth analysis and monitoring of all our investments. Our approach to selecting service providers is strategic and collaborative. The CIO and Responsible Investment Working Group, with additional input from the wider team, determine the data providers for ESG information and data. The ongoing suitability of these providers is reviewed regularly.

Service providers:

To enhance our investment process, we utilise various sources of information and analysis:

- Morningstar: Research tool used mainly for fund analysis and ESG data from Sustainalytics
- Bloomberg: Research tool predominantly for direct equities and ESG data for direct equities
- FactSet: Research tool used mainly for fund analysis and performance
- Clarity AI: SFDR reporting
- Company Reports: Meetings with management and boards
- Russell Investments' Enhanced Portfolio Implementation (EPI)
- Specialist and Independent Research Services: Shore Capital, Numis, Jefferies
- Gordian, Ortec, and Financial Canvas: Used exclusively by MISC

While the vast majority of research is undertaken internally, we do also procure research services from several external providers to complement our own fundamental analysis at competitive rates using our own financial resources without recharging clients. Regular communication with numerous research providers aids in the price discovery process. MGIM Portfolio managers and analysts are the main consumers of research and continually appraise the quality and usefulness of the research received. The fee for research services is agreed and reviewed annually, with agreements structured with to allow short notice periods for cancellation.

The interaction with research providers extends beyond data acquisition. We engage in discussions on methodologies between their analysis and our own. If expectations are not met, we escalate our level of service monitoring and bring ongoing concerns to the relevant group for review and potential action. We maintain close relationships with Morningstar to understand the methodologies behind the various sustainability and ESG data points incorporated into our standardised reports, as well as any additional data points that we are considering adding. As a result of our interactions, we decided against using overall fund-level Morningstar ESG scores because they do not provide a clear, comparable and easily defined rating.

MGIM's engagement with external providers extends beyond traditional research domains. We increasingly find that providers of non-ESG specific research are incorporating ESG commentary and data within company research. For example, Shore Capital provides daily equity trading comments along with an ESG weekly digest, which occasionally touches on company-specific ESG news and updates. Some providers are also organising ESG-themed events and webinars.

ESG research on direct UK equities involves leveraging Bloomberg data for our current UK equity holdings, which captures key data points and monitors their progress over time. Should any issues arise, such as lack of progress or a decline in metrics, they are flagged and addressed in subsequent meetings. We opted to use Bloomberg over Morningstar's Sustainalytics data in this space due to Bloomberg's more extensive coverage of mid-cap equities and the ability to analyse trends in companies over time.

Our key service providers with respect to stewardship are therefore our third-party investment managers and Sustainalytics (via Morningstar).

In 2024, we began using Russell's Enhanced Portfolio Implementation (EPI) service after over a year of discussions and planning. During this period, we conducted numerous due diligence meetings and spoke with two of their reference clients to assess the benefits and drawbacks of the service. Additionally, we ran a one-month test applying the EPI to a dummy version of our global equity fund. We formally adopted the service in Q3 2024 and continue to closely monitor the performance of Russell's models versus the manager's models. The implementation of EPI has resulted in substantial cost savings, including operational efficiencies from consolidating custody accounts and leveraging Russell's platform for lower fees. If successful, this approach could be expanded to other areas of the business, potentially delivering significant cost savings for our clients in the future.

We use Clarity AI for SFDR (Luxembourg) reporting, as well as analysis provided by Robeco (as manager of one of our Article 8 funds) who use Sustainalytics data.

Our team have tested Clarity AI for SDR (UK) reporting. However, we have since decided to take an unlabelled approach for our UK portfolios, while our Luxembourg funds remaining out of scope for SDR, so we do not currently need to expand the scope of our ongoing analysis.

We have also considered using Clarity AI or MSCI for carbon emissions reporting, engaging with them multiple times to assess their data coverage and potential integration into our investment process. Simultaneously, we are evaluating similar options with our current service providers.

Monitoring of third-party managers

We conduct proprietary research into third-party investment managers to ensure they integrate ESG criteria in their investment processes in a manner that is consistent with our own approach.

Principle 8 Cont...

Our manager research process integrates both quantitative and qualitative analysis. In 2023, we formalised our approach to responsible investment by introducing an asset-class-specific RI questionnaire, now a standard part of our due diligence. This questionnaire is sent to all third-party fund managers and investment trusts, with follow-up discussions held with portfolio managers and ESG teams as needed. The insights gained are embedded into our fund scorecards, which assess five key areas of each strategy and over 40 subfields, including ESG considerations such as firm-level commitment and the strategy's exposure to excluded activities or product lines.

Specifically regarding ESG, we address the following aspects of a candidate fund in our scorecards: governance, environmental policy, social policy, ESG integration, ESG resources, and active ownership.

We also review the following key ESG indicators that are provided by Sustainalytics (via Morningstar), as a reasonably objective assessment of the risks which investments are exposed to:

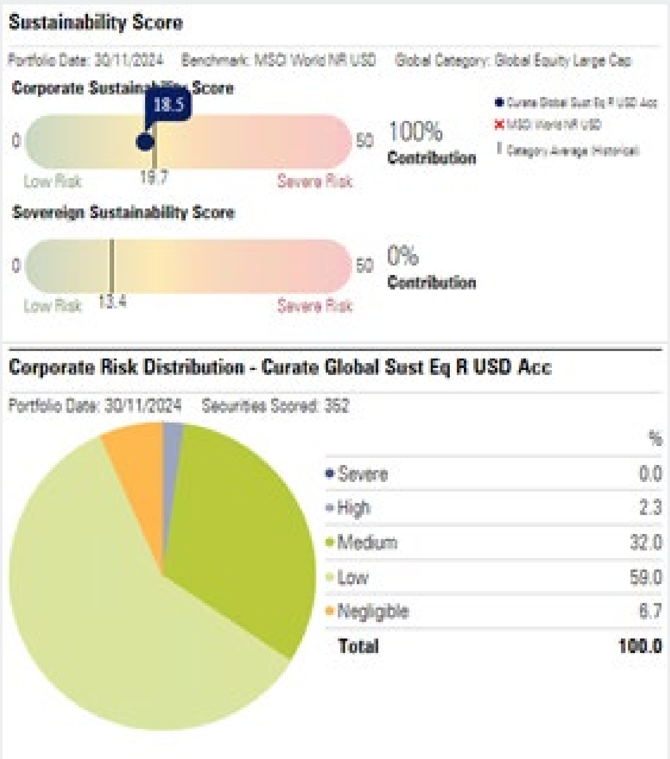
- » Sustainability Score: Rank in global category and absolute score
- » Product Involvement: Percentage in certain controversial or excluded activities/product lines
- » Percent of AUM: With high/severe ESG risk scores

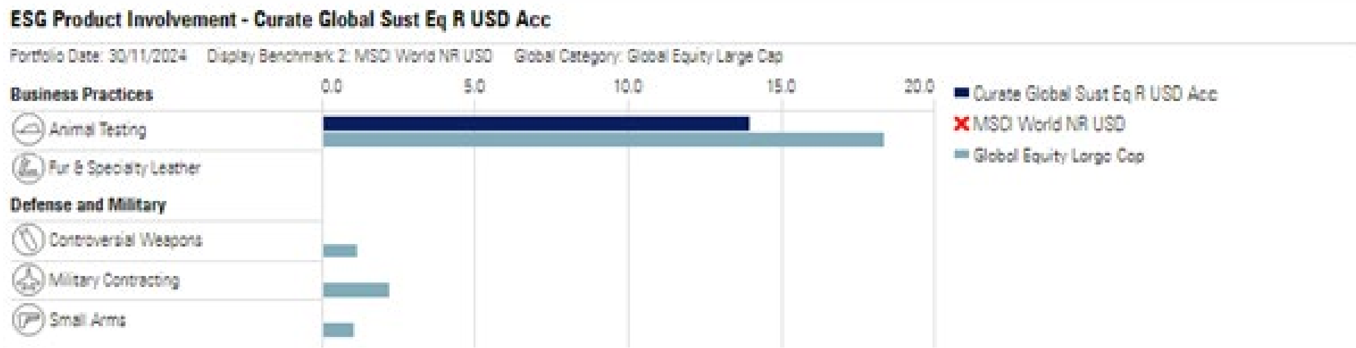
We have developed a standardised report template within Morningstar to facilitate quantitative analysis of funds from an ESG perspective compared to a selected benchmark. This template is accessible to all team members and covers various aspects including sustainability scores, breakdown of ESG risks, in-depth analysis of major holdings and those with the highest and lowest ESG scores, as well as those with the best and worst controversy levels. Additionally, it looks at average product revenue as a percentage of UN SDG involvement and carbon footprint. This template ensures consistency in our analysis across the team. Should disparities arise between our manager's evaluations of ESG metrics and those provided by external service providers, we engage in further discussions with the service provider to better understand these differences. Extracts from this report are shown below:

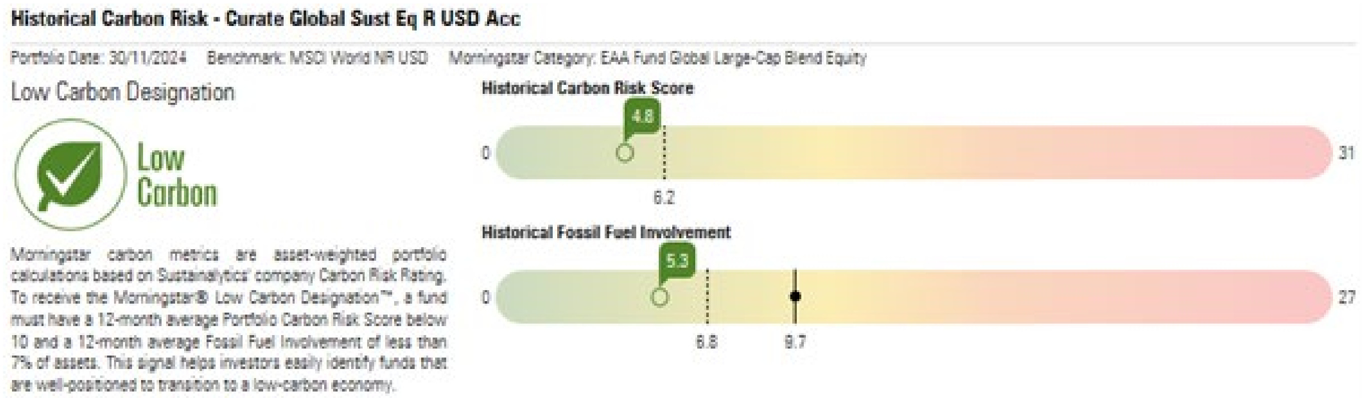
Holdings Highest/Lowest - Curate Global Sust Eq R USD Acc

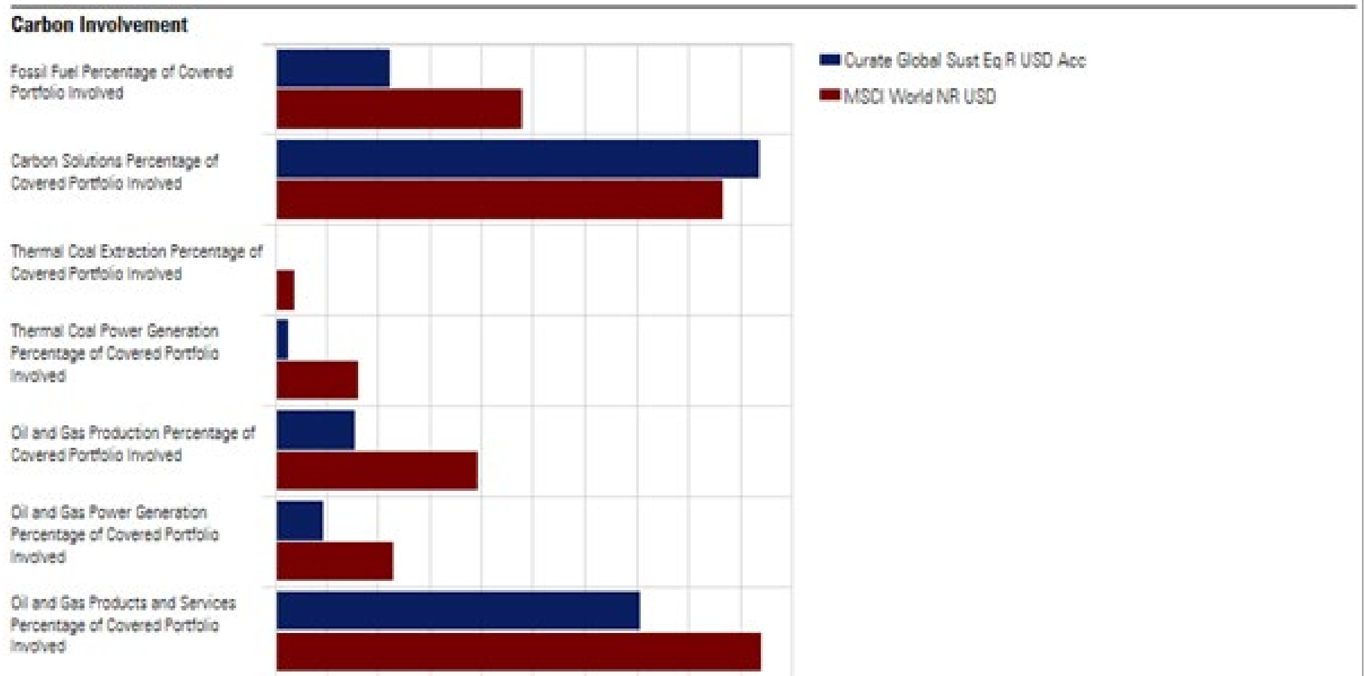
Portfolio Date: 31/12/2024

	Portfolio Weighting %	Sustainalytics ESG Risk Score
Largest Holdings		
NVIDIA Corp	4.98	12.23
Apple Inc	4.94	16.79
Microsoft Corp	3.80	14.23
Amazon.com Inc	3.00	26.10
Meta Platforms Inc Class A	1.98	32.73
Highest(Worst) ESG Risk Scores		
Nippon Steel Corp	0.02	38.41
Ovintiv Inc	0.15	37.30
Rio Tinto Ltd	0.03	33.99
Meta Platforms Inc Class A	1.98	32.73
Targa Resources Corp	0.30	31.82
Lowest(Best) ESG Risk Scores		
Covivio SA	0.23	5.03
Dai Nippon Printing Co Ltd	0.30	6.05
CBRE Group Inc Class A	0.34	6.31
Ackermans & Van Haaren NV	0.11	7.16
Hasbro Inc	0.27	7.28
Worst Controversy Levels		
Meta Platforms Inc Class A	1.98	32.73
Alphabet Inc Class A	1.88	24.89
Alphabet Inc Class C	1.36	24.89
UBS Group AG	0.33	26.78
UnitedHealth Group Inc	0.27	16.54









Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

Principle 8 Cont...

Regardless of specific ESG requirements in a portfolio mandate, we give detailed consideration to any investment that is assessed as being below average on any key indicators. In such cases, we obtain additional information on the underlying drivers and, if appropriate, engage with the investment manager to incorporate that information into our assessment of the additional risks involved.

We address engagement, escalation, and collaboration practices during our due diligence process and ongoing monitoring meetings with third-party managers. While we assess and rate managers based on their approaches to these areas, we do not prescribe specific expectations but instead evaluate their processes as part of our overall assessment.

Use of proxy advisers

We do not use default recommendations of proxy advisers. We are notified of upcoming votes via the proxy voting services provided by our custodians. Primary analysts monitor each investment closely to ensure that we receive notification of all meetings and votes are cast in accordance with our Proxy Voting Policy.

As part of Russell's Enhanced Portfolio Implementation (EPI) service, we have also explored their proxy voting service to bolster our stewardship resources and efforts, as mentioned in more detail in Principle 2. Russell provides us with a quarterly proxy voting summary, detailing significant votes, how they voted, the outcomes, and the rationale behind each decision, along with an overview of engagement activities throughout the quarter. While we have yet to receive the first voting summary, our process will involve reviewing the report to ensure alignment with our views and assessing consistency with how the fund manager has voted.

The next step is to establish channels for sub-investment advisers to provide input to Russell's responsible investment team on proxies where they hold particularly strong or informed views.

Example: Evenlode's Engagement with Russell's Proxy Voting Process

Evenlode, one of our third-party fund managers, has expressed a keen interest in this process due to its strong focus on stewardship. If a manager can effectively present their perspective to Russell's team, Russell will be required to vote the same way across all accounts. This creates an opportunity for our managers to influence a significantly larger number of voting shares than they could on their own.

The investment team's activity during the period

Manager meetings

Frequent engagement with our third-party managers is integral to our investment process. During a manager review meeting, the primary analyst typically reviews the following:

- Performance-based analysis
- Holdings-based analysis
- Trading analysis
- Liquidity analysis
- Proxy voting decisions
- Areas of ESG risk identified by Sustainalytics or other research sources

We believe in fostering a close relationship with our managers, viewing engagement as an ongoing dialogue. This collaborative approach enables us to establish rapport and a deeper understanding of their investment strategies. We see engagement as a means to exert influence, addressing concerns or material issues directly with our managers as our preferred course of action. We recognise the importance of addressing ESG-related issues through active engagement rather than solely through divestment or exclusionary measures.

Regular meetings with managers alongside desk-based analysis, helps primary and secondary analysts to complete manager scorecards. Asset class sub-teams meet regularly to discuss existing third-party managers and potential additions to coverage, and within this assessment ESG factors will be considered. Regular reviews of our existing providers ensure the quality of their services aligns with the investment team's requirements, while also considering alternative or new providers.

- MGIM held over 358 manager and company review meetings during 2024. Of these, 216 meetings were with existing holdings and 142 meetings focused on potential new holdings. MISC held around 56 manager meetings during the period. This demonstrates our commitment to both exploring new opportunities and maintaining active dialogue with existing investments.
- Regular meetings with third-party managers remain a core part of our process, allowing us to assess and monitor their performance including their RI and stewardship practices. In 2024, we strengthened our oversight by requesting quarterly voting and engagement reports from our largest fund managers by AUM, where these were not already provided. Additionally, we introduced a quarterly voting and engagement summary for our Responsible Investment Committee (RIC), ensuring ongoing transparency and accountability.

Review of Sustainalytics data

We access Sustainalytics' ESG data via our Morningstar Direct license. This followed a thorough review process in 2020 of several ESG data providers: Sustainalytics, MSCI, RobecoSAM, FTSE Russell, RepRisk and ISS. We have also had subsequent meetings with FactSet and Bloomberg to explore their ESG data add-ons. Among these providers, Sustainalytics were deemed most suitable for our needs across coverage; scope; data sources; and analysis and output. Sustainalytics, owned by Morningstar, is an ESG research, ratings and analytics firm. Our prior familiarity with Sustainalytics data through Morningstar Direct access informed our decision.

- To ensure data accuracy and consistency, members of our investment team maintain constructive two-way relationships with providers. Sustainalytics data is used to supplement analysts' research, with ongoing conversations with managers providing a real-time review of this data.
- In the event of a decline in the quality of Sustainalytics data, we will reassess our original selection process and explore alternative options. Various team members regularly discuss and receive demonstrations of other service provider's tools to assess if there are better options that could supplement our existing offering, such as Clarity AI's carbon emissions analytics tool or Bloomberg's ESG data points for companies/equities.
- This commitment to continuous evaluation and trialling of additional service providers ensures that we maintain the integrity and reliability of our ESG data sources.

Our process

- We have developed an in-house proprietary research database, Momentum Analysis Database ('MAD'), to serve as a central location for all our research. This aims to boost efficiency across the team and streamline sharing of information with other teams within the business. As part of this effort, our engagement spreadsheet has been integrated into MAD which records all interactions with our managers and companies, prompting members of the team to schedule meetings at least annually or semi-annually.
- In addition, we conduct weekly investment research meetings attended by the entire team. These meetings serve as a platform to discuss relevant news related to existing portfolio holdings. We also allocate half of each meeting to delve deeper into different asset classes, with topics rotated weekly. This structured approach ensures comprehensive coverage and promotes informed decision-making across our investment strategies.

Principle 9 - Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

This section is applicable to MGIM only (excluding MISC).

For ease, all the documents referenced in the following sections covering Principles 9 – 12 can be accessed on our **Responsible Investing webpage.**

MGIM's philosophy centres around helping clients achieve their investment goals through the Momentum Outcome-Based Investing approach. Following an investment philosophy that is outcome-based ensures that we focus on delivering investor outcomes and being stewards of our clients' capital. This is why, alongside the integration of ESG factors within our investment process, stewardship is a key pillar of MGIM's responsible investment approach. We recognise that while ESG leaders can have a place in portfolios, many organisations require capital to adapt and improve their environmental, social, and/or corporate governance practices, and this can take time. Therefore, in many cases, remaining invested and engaging with companies to improve on material ESG metrics is our preferred approach to exclusions and divestment.

MGIM, and the wider Momentum Group Ltd, have been signatories of the UN Principles for Responsible Investment since 2006, and as a result we have committed to the six core principles, including Principle 2: *"We will be active owners and incorporate ESG issues into our ownership policies and practices".*

Our approach to engagement

Within our Responsible Investment policy, we outline 'goal posts' which help to focus our approach to responsible investment. One of these goal posts is 'active ownership' which includes voting and engagement. Our engagement policy outlines Momentum Investments' approach to active ownership although there are nuances between different business units due to differing locations, country-centric codes and policies, or for other business-related reasons, which are discussed below.

MGIM's approach to engagement differs by type of investment and asset class. The whole investment team are responsible for reviewing and monitoring engagement processes of third-party fund managers within their area of coverage and engaging directly with direct equity and investment trust boards/management teams where relevant. The information provided in the following sections of this report relates to MGIM's voting and engagement processes and activities.

Note that when referencing 'analysts' in the text below this is anyone in the investment team, including portfolio managers, whom also have analyst coverage.

Third-party funds

The majority of MGIM's assets under management are managed by third-party fund managers. The investment team are responsible for researching, selecting and monitoring these funds and segregated accounts. MGIM's fund research due diligence has included analysis of ESG integration and active ownership for many years. However, in recent years, we have further formalised this part of the process which is discussed below.

Initial Process

The initial process begins with a responsible investment (RI) questionnaire tailored to each asset class. This questionnaire includes an assessment of active management processes at both fund and company level. Once completed, these responses guide our questioning when meeting with the fund manager and RI specialist if relevant.

In our assessment of active ownership, we consider:

- » Whether the fund manager/RI team engages
- » How they identify material issues and candidates for engagement
- » Whether they set timelines and targets for engagements with companies
- » Their process for escalation and whether they divest if a lack of progress is being made on key issues
- » Whether they engage collectively with other investors

Active Ownership Score

Once we have a clear picture of the third-party's active ownership processes, we use this information to devise an 'active ownership' score on the overall fund scorecard. A low score in this area will impact the overall score of the fund and be highlighted for information; however, it would not preclude us from investing in the fund. Each analyst in the MGIM team monitors engagement activity for the funds that they cover. As a part of this process, we check for any changes to the engagement process and, if relevant, discuss engagement examples with the fund manager and team.

Ongoing Monitoring

We address expectations around engagement, escalation, and collaboration with third-party managers during our due diligence process and ongoing monitoring meetings. While we do not set explicit, predefined expectations, we evaluate and rate their processes to ensure they align with our standards. This continuous assessment helps us maintain effective partnerships and address any issues proactively.

Example: Engaging with Robeco on "Social Impact of Gaming"

We engaged with Robeco to discuss their three-year engagement theme, "Social Impact of Gaming," which includes child protection measures. Robeco engaged with six of the world's largest listed video game publishers. However, we noted that Nintendo was not included in this engagement theme, despite being held in Robeco's portfolios. Additionally, we observed that Christian Brothers Investment Services (CBIS) and a coalition of investors, actively involved with the UN PRI, were leading a new engagement with Nintendo to better protect children from online sexual exploitation.

Given Robeco's exclusion of Nintendo from their engagement theme and the focus on this company by other investors, we sought to understand Robeco's rationale. We challenged Robeco on why they chose not to engage with Nintendo while engaging with its competitors. Through a series of emails and meetings with the portfolio managers and the stewardship team, we sought to comprehend Robeco's reasoning.

Robeco explained that Nintendo was not included because it was not a significant holding at the time. Additionally, they believed other gaming companies produced more violent games than Nintendo, which contributed to their exclusion. They also noted improvements at Nintendo, such as increased parental controls. We conducted our independent analysis of Nintendo and found a low-risk score and moderate controversy risk on Sustainalytics. From an SDG perspective, Robeco scored Nintendo neutrally. We did not identify any issues that would impact Nintendo's performance.

Principle 9 Cont...

Although we did not request any changes to Robeco's process, these discussions clarified our expectations and reinforced our commitment to thorough and thoughtful engagement. We were satisfied with Robeco's responses, and no further actions were taken.

Improvements in 2024

In 2024, we identified several areas of potential improvement in the RI processes for our third-party managers. To address these, we initiated targeted engagements where we could make the most impact. Our primary focus has been on funds with segregated accounts and substantial asset investments, as we believe these areas offer the greatest potential for positive change.

Quarterly reporting

In 2024 we requested our largest third-party fund managers to systematically provide quarterly voting and engagement reports. We review and compile this data into a comprehensive voting and engagement summary, which is then presented to our Responsible Investment Committee for discussion. This quarterly process not only ensures transparency but also fosters meaningful debate and continuous improvement in our RI practices.

Investment Management Agreements (IMAs)

As referenced in previous sections, we engaged with several third-party managers who manage mandates on our behalf and successfully integrated:

- A responsible investment clause into our IMAs with three managers, representing over $400m (c.7% of MGIM AUM). This clause outlines exclusions (see Principle 7 for the full list), encourages ESG integration within the investment process and requests adherence to Momentum's Responsible Investment policy. Our goal is to align their practices with ours wherever possible, demonstrating our ongoing commitment to integrating these principles across our investments.
- Several ESG targets into the IMA for a new fund launched in 2024, the Momentum Global Systematic Equity (GSEF) fund, managed by Robeco. These targets include a 50% reduction in carbon emissions, a 20% reduction in waste/water usage, the exclusion of companies with negative impacts on SDG 5 (Gender Equality), specifically those with scores of -3/-2 or -1 as assessed by Robeco, and a 10% improvement in Sustainalytics ESG risk (all compared to the benchmark).

Investment trusts (Investment Companies/ICs)

MGIM portfolios in aggregate have modest allocations to alternative investments including property, infrastructure, private equity, and diversified financials. Most of this allocation (around 1.7% of MGIM's total AUM) is made via ICs. Investment trusts are UK equities listed on the London Stock Exchange with independent boards overseeing the companies and appointed investment advisers managing the underlying assets. This means our engagement process is somewhere between that of direct equities and third-party funds. Our analysts, who analyse and monitor these ICs, have regular contact with the management teams. Engagement activity includes:

- Bi-annual meetings when interim and annual results are published
- Quarterly contact with management, as many ICs update NAVs (net asset values) quarterly
- Ad hoc updates throughout the year, particularly if there is a corporate action (e.g. an acquisition) or shareholder vote

Meetings primarily focus on financial performance and portfolio/asset management i.e. whether the assets are performing operationally and being managed by the investment adviser in line with expectations. However, during these regular interactions, MGIM analysts will engage with IC management teams if a material issue is identified. The depth of these engagements differs on a case-by-case basis but there is some level of engagement at most meetings because the analysts know these portfolios and teams very well, meaning some level of feedback is usually provided. More in-depth and ongoing engagements also take place if the analyst deems it necessary and beneficial.

MGIM analysts don't set specific targets for ICs on ESG matters because ICs set their own objectives according to the sustainability policies established by their respective Boards' Audit Committees and asset managers. Instead, we review ESG performance in the reports and accounts and look for improved outcome scores based on the various measures reported. If there is a deterioration in the scores, then the MGIM analyst will discuss this with the IC's management.

Direct equities

MGIM equity analysts research and monitor around 36 UK companies, which comprises only 0.3% of MGIMs total assets under management. There are other companies monitored but not invested in, so they are not considered candidates for engagement.

The level of active engagement by the direct equities team with Boards or other stakeholders depends on several factors, including:

- Size of investment within our portfolios and assets invested
- Performance of the investment (underperformance will typically attract closer attention)
- Time constraints and other portfolio demands requiring action at the time
- Likelihood of success

Our engagement with larger companies is conducted on a best-efforts basis. Due to the relatively small size of our holdings, direct dialogue with Chief Executives, Finance Directors and Chairpersons, may not be feasible for "large-cap" or FTSE-100 companies. Therefore, our investment focus is mainly (but not exclusively) on "mid-cap" companies where executives are more accessible and less beholden to the mainstream large-scale institutional investors.

In conducting due diligence on any direct investment, our analysts perform in-depth analyses on companies, identifying material ESG issues. They review all shareholder communications, including reports and accounts, presentations, ESG reports, interim or final results, and other news flow. One-on-one meetings (face-to-face or virtual) are a key component of the process; analysts do not usually attend General Meetings, finding private meetings more productive. Our analysts also consult sell-side analysts/brokers, especially when they are less familiar with the industry.

Governance is a key component of our direct equities research, evaluating the quality of a management team and executing a business' strategy, both at initiation and during ongoing monitoring. Analysts assess the track record of the CEO/CFO and the Chair of the board. In meetings with management teams, analysts question any vague or incorrect reporting, usually following up with the CFO if the query relates to the accounts. This part of the process is where material issues are highlighted for engagement.

The team evaluates each company's sustainability/ESG report to assess environmental and social (E and S) factors. Generally, the team is comfortable with achievable targets (i.e., in line with or better than industry average). If E and S targets are unrealistic or lacking, MGIM analysts discuss this with management to gain a deeper understanding. As target setting is relatively new for many companies under coverage, there have not been any cases for engagement to date, although the team has discussed improvements in ESG reporting with some smaller companies.

Our analysts aim to identify problems early, regularly monitoring company performance and activity through their due diligence process. Engagements are tracked in a central database, where analysts outline any discussed environmental, social, and/or governance topics for reference before future interactions. Analysts do not set specific targets for engagements, but the engagement monitoring database enables them to track progress over time. Ultimately, they can choose to exit the shareholding, if necessary, albeit in extreme cases.

Principle 9 Cont...

Direct fixed income holdings

MGIM has a small allocation to direct government and corporate bonds, but engagement is not part of our investment process for these assets. We only invest in developed government bonds, predominantly US Treasuries and UK Gilts, where engagement prospects are extremely limited.

We do not purchase corporate bonds in the primary market but in the secondary market instead, meaning the terms have already been agreed upon, thus limiting our potential to engage.

Other asset classes

We have minimal investments in other asset classes such as alternatives via third-party funds, and therefore we do not allocate engagement resources in this area where the impact would be limited.

Monitoring engagements

At MGIM, engagements are monitored in various ways:

- Meeting notes: All analysts take notes at every meeting, including those involving engagements or discussions on engagement activity, particularly with third-party funds. These meeting notes are stored on a central, cloud-based database (Momentum Analyst Database: 'MAD') accessible to the entire team. Analysts refer back to these notes when planning future meetings.
- Meeting summaries: Analysts send summaries of meetings conducted with third-party fund managers, investment trusts or direct equity holdings via Microsoft Teams. The whole team receives an alert when there is an update.
- Engagement spreadsheet: On MAD, there is an engagement spreadsheet detailing when a meeting was conducted, who attended, any E, S or G issues discussed, including outcomes, whether there was any escalation or collaboration, and a link to the full research note. This monitoring is fully utilised by the direct equities, investment trust and fund analysts.

Policies

Our Responsible Investment Policy and Engagement policies, available on our website, guide our analysts during engagements.

Examples

Robeco – Systematic Equities (various strategies)

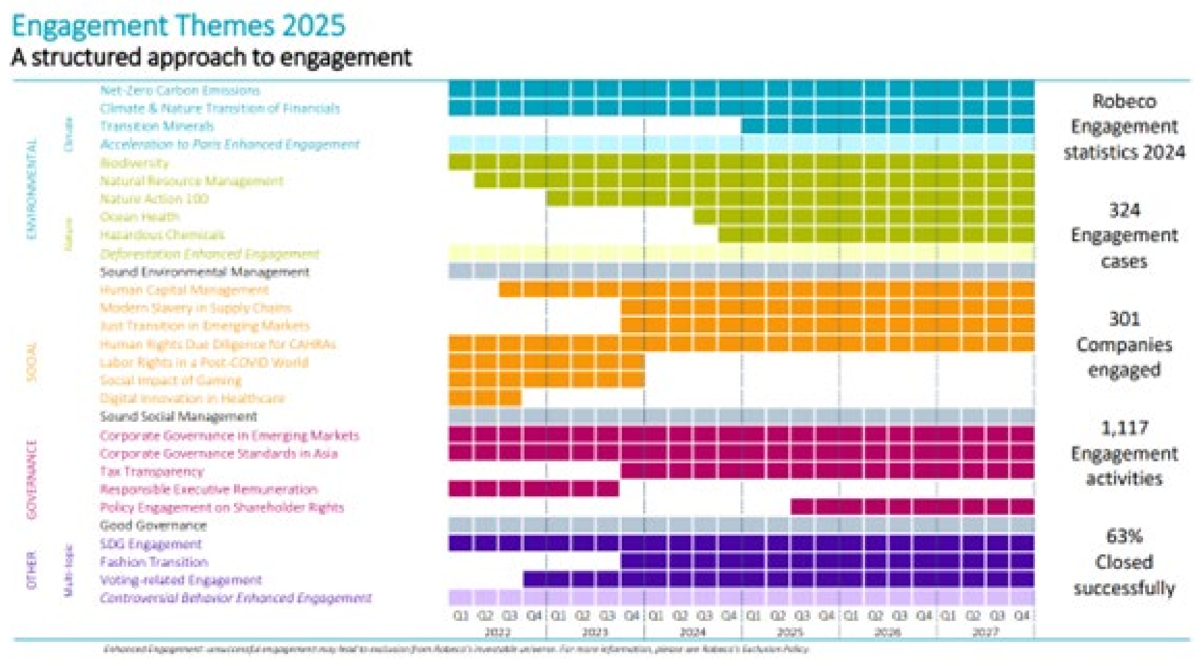
Momentum has partnered with Robeco, a systematic, third-party manager, that integrates ESG analysis across its investments and leads a longstanding, effective engagement effort. Robeco manages a substantial portion of MGIM's AUM across various equities products, totalling just under $2bn. This represents approximately one-third of MGIM's total AUM, making Robeco our largest third-party manager by far.

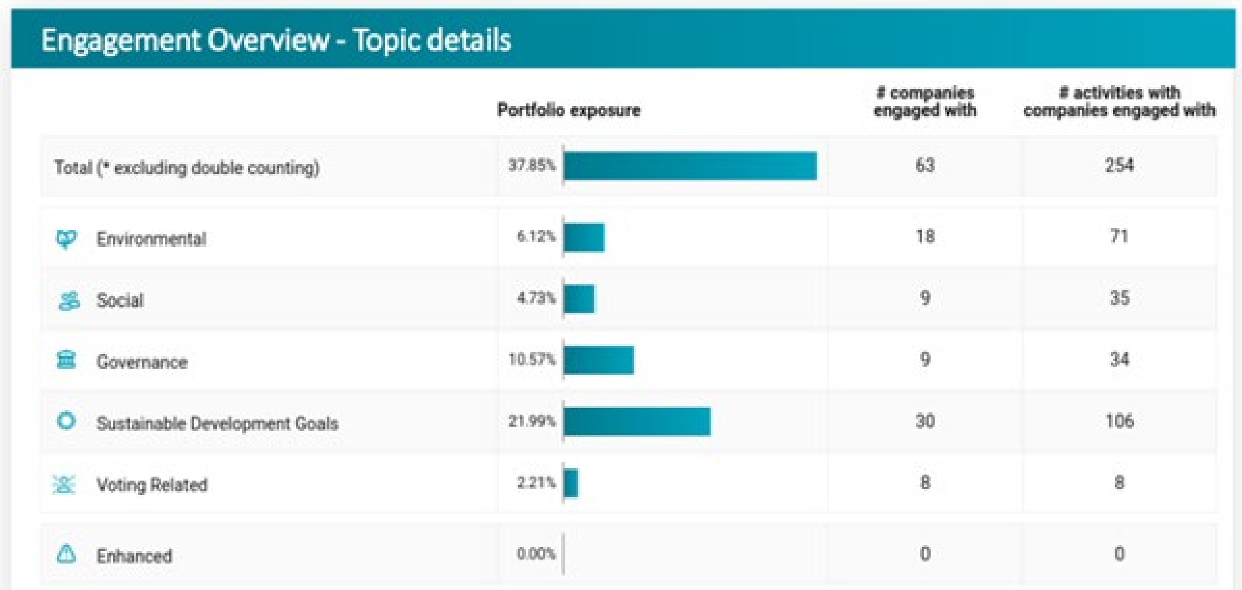
Various members of the investment team maintain regular contact with Robeco, and discussions regarding their engagement activity are a key part of these meetings. Engagement is a core element of Robeco's responsible investment philosophy, which strongly aligns with MGIM's values. Robeco emphasises the quality of engagement, considering it meaningful only when it involves multiple touchpoints and layers of interaction with a company.

Robeco identifies key themes for engagement across environmental, social and governance (ESG) topics and works with companies over time to strive for change. This process often starts with setting targets and timelines, followed with initial written communication with company management, face-to-face meetings, and in-depth monitoring of progress as the engagement progresses. This process is driven by Robeco's ESG/sustainability team although portfolio managers have varying levels of involvement and are kept informed via a central database throughout the process.

Robeco reviews these key engagement themes on an annual basis, consulting investors and responsible investment teams to ensure relevance. They proactively engage with companies and, in some cases, reactively address severe and structural breaches of behavioural norms in areas such as human rights, labour, environment, biodiversity and business ethics, as defined by the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises. If engagement does not yield the desired change within two to three years, exclusion from the investment universe may be considered by Robeco.

Robeco provides us with sustainability (and voting) reports on a quarterly basis for mandates managed on our behalf. Below is an excerpt of the engagement data that Robeco provides within the quarterly sustainability reports; note that this information is not portfolio specific as engagements are conducted at company level on behalf of all portfolios.





Engagement Overview - Topic details

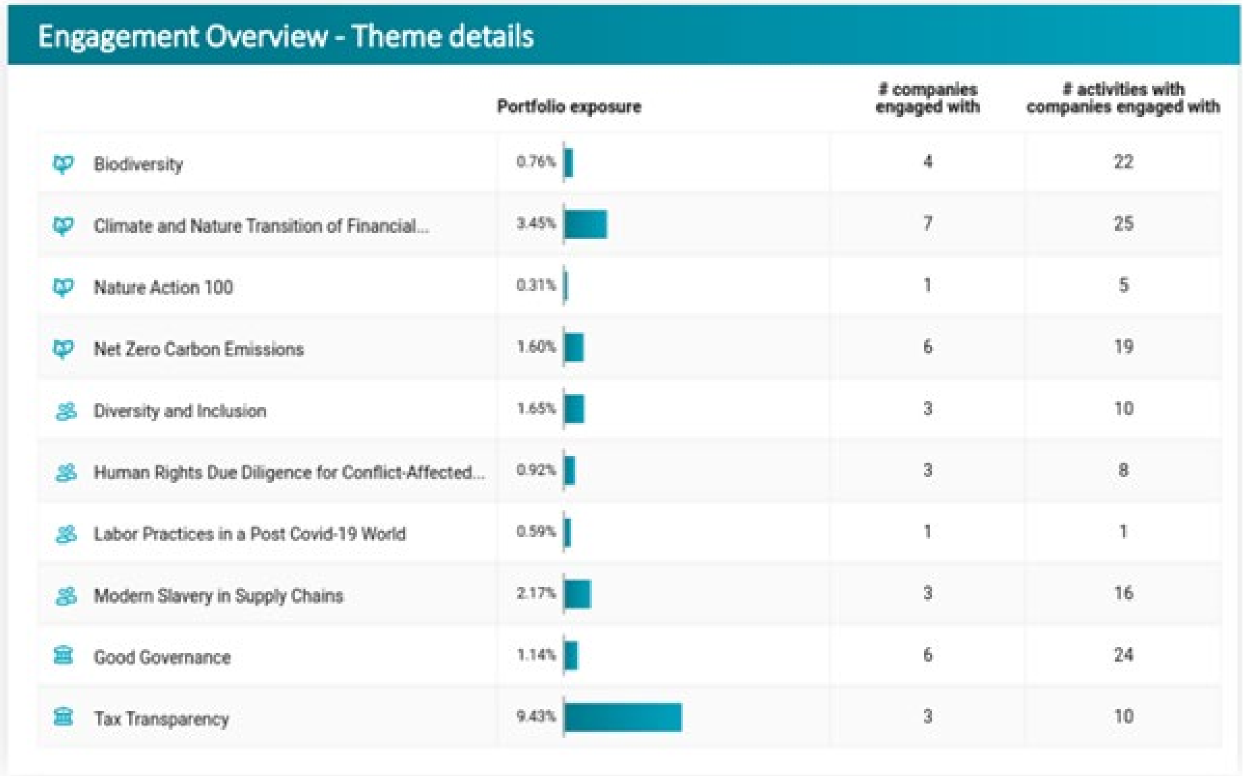
	Portfolio exposure	# companies engaged with	# activities with companies engaged with
Total (* excluding double counting)	37.85%	63	254
Environmental	6.12%	18	71
Social	4.73%	9	35
Governance	10.57%	9	34
Sustainable Development Goals	21.99%	30	106
Voting Related	2.21%	8	8
Enhanced	0.00%	0	0

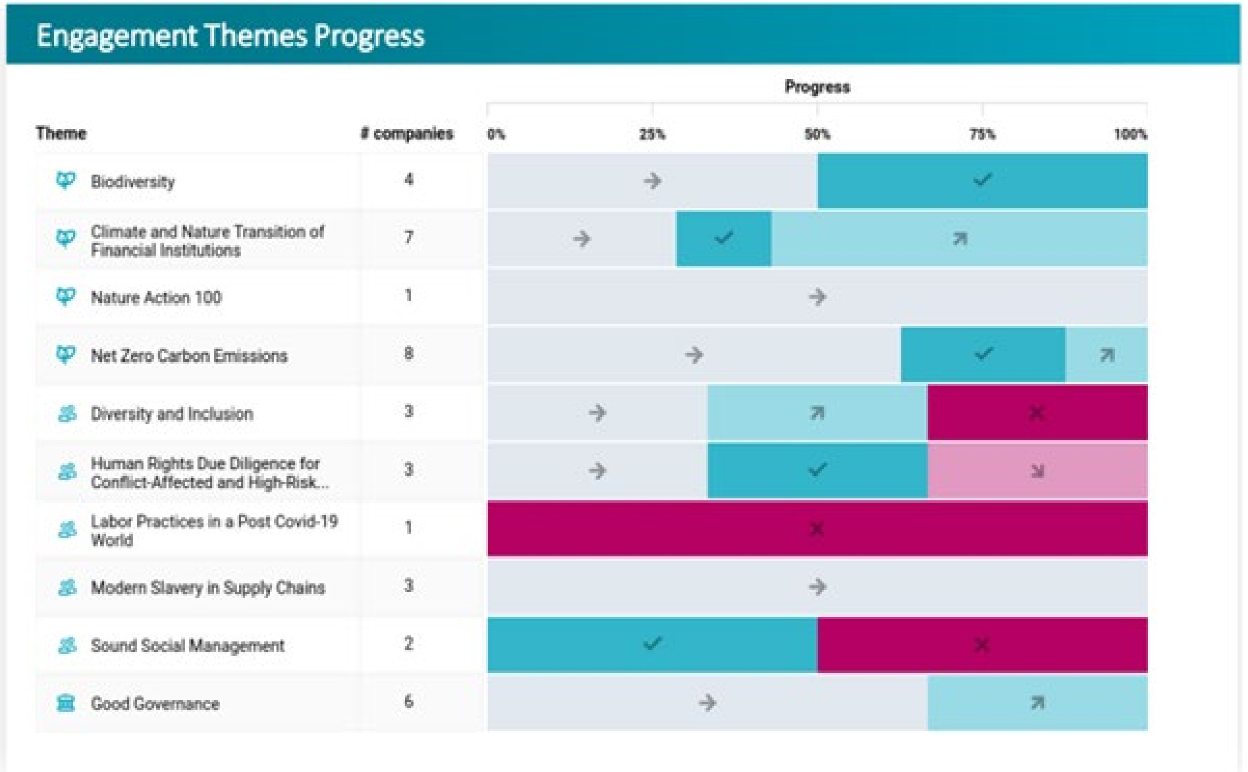
Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

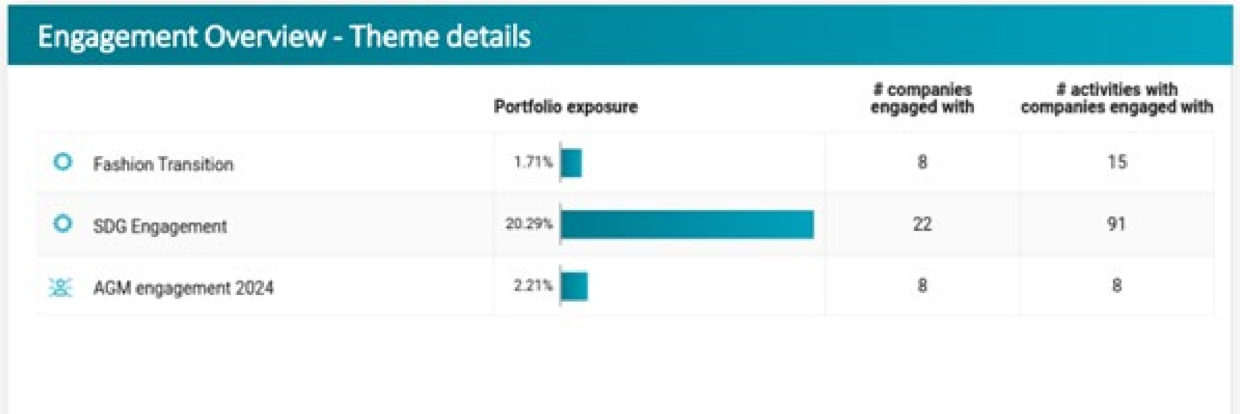
Engagement

Principle 9 Cont...

The following charts are from Robeco's engagement overview presentation. Note that the below shows four charts out of a presentation of around 28 slides, providing an in-depth analysis of engagement activity and progress over a specific time period (in this case, the full year 2024).







Principle 9 Cont...

Below, we present notable examples of Robeco's engagements and the status of these engagements as at end 2024.

Robeco Systematic Equities (various strategies)

Companies	Six companies including Ganfeng Lithium Group (China), Impala Platinum (South Africa), Reliance Industries (India), Tenaga Nasional (Malaysia)
Engagement Topic	Just Transition in Emerging Markets
Contact Dates	Multiple since 2023
Background and Actions	» A three-year engagement programme with six mining and energy companies across Africa and Asia, focusing on emerging markets due to their reliance on high-emission industries. » Key objectives include companies committing to targets, implementing risk management policies, and monitoring and disclosing progress in line with global benchmarks such as the Task Force on Climate-related Financial Disclosures (TCFD). » Robeco has been in dialogue with these companies, who acknowledge the novelty of the concept but show interest in learning more. While many have made explicit commitments, translating these into concrete actions remains a challenge.
Outcome and Next Steps	» The engagement is ongoing. » Although progress has been slower than expected, Robeco will continue to engage with these companies, expecting them to adopt a structured approach to ensure meaningful progress. In 2025, Robeco plans to expand the engagement programme to the financial sector, to further promote sustainable practices and ensure that financial institutions play a pivotal role in supporting equitable transitions globally.

Companies	18 companies including Rio Tinto (US/UK)
Engagement Topic	Sustainable Development Goals (SDG)
Contact Dates	Multiple since 2023
Background and Actions	» In 2021, Robeco began engaging with a number of companies in its portfolios to improve their impact on at least one of the Sustainable Development Goals (SDGs). The goal is to assess how companies' products and services contribute to sustainable development, develop new business models, expand into underserved markets, or adjust existing processes to advance industry best practices. » One such company is Rio Tinto, a leading iron ore producer in Robeco's portfolio, committed to disclosing plans and progress to reduce Scope 3 emissions from iron ore processing for steel production (65% of its total footprint). » Robeco found Rio Tinto's disclosure lacking, hindering its ability to assess efforts to mitigate its largest footprint segment. They addressed this through constructive engagement as a co-leading investor in the Climate Action 100+ collaboration.
Outcome and Next Steps	» The engagement is ongoing. » Rio Tinto has pledged to detail its expenditure on steel decarbonisation, including capital expenditure and potential abatement opportunities. Robeco welcomes this positive outcome and is pleased it has been highlighted as a Climate Action 100+ case study. Balancing the need to mitigate high Scope 3 emissions, the demand for steel in the energy transition, and Rio Tinto's limited control over clients' steelmaking processes has been crucial in their engagement. » Overall, all 18 companies which formed part of this engagement theme have met at least one of their objectives.

Principle 9 Cont...

Company	ING Groep NV (Netherlands)
Engagement Topic	Climate and Nature Transition of Financial Institutions
Contact Dates	Eight engagements between April 2021 and October 2024
Background and Actions	» Robeco began engaging with ING in April 2021 as part of a wider engagement initiative with 27 other global banks. The aim of this engagement theme was to develop a framework that banks can use to demonstrate their alignment with the Paris Goals. » Robeco collaborated with the Institutional Investors Group on Climate Change (IIGC), collectively representing $10 trn AUM. They initiated contact with the company's management and ESG teams through a letter, followed by multiple calls and emails. » In 2024, Robeco had several engagements calls with the company and attended the shareholder meeting. » ING has implemented strict processes to ensure clients commit to climate targets and demonstrate progress. They are gradually rolling out KPIs and metrics for both clients and internal remuneration criteria in the nature field. Despite the ambitious goal to phase out Oil & Gas financing by 2040, ING is on track with several policies to progressively reduce its exposure to this sector.
Outcome and Next Steps	» The engagement is ongoing (positive progress). » Robeco will continue engaging with the company, particularly on how they can improve their Transition Pathway Initiative scoring.

Company	Booking Holdings Inc. (US)
Engagement Topic	Human Rights Due Diligence for Conflict-Affected and High-Risk Areas
Contact Dates	Seven engagements between December 2021 and November 2024
Background and Actions	» Booking Holdings lists accommodations in several occupied territories worldwide. Robeco started engaging with them in 2021 to seek disclosures related to their labelling practices and the changes they have implemented since the 2019 publication of the Amnesty International report. » Robeco had several calls with the company in 2024 particularly discussing the human rights due diligence processes of the company. » The company is developing a model to evaluate properties based on safety, security, and conflict dynamics and is in the process of developing a regional mitigation plan for the Occupied Palestinian Territories.
Outcome and Next Steps	» Significant improvements were made since the engagement began in 2021 on managing human rights risks in conflict-affected and high-risk areas. » Robeco closed the overall engagement as effective.

The following engagement examples are sourced from various third-party fund managers across multiple regions, encompassing both equities and fixed income. These funds have been chosen due to their significant presence in our multi-asset portfolios, either through segregated mandates or open-ended funds. Our selection aims to provide a comprehensive overview of our stewardship activities, representative of our assets under management (AUM). The examples span diverse asset classes and geographies, highlighting the breadth of our portfolio.

We have included successful engagements that have concluded, highlighting the ability of our third-party managers (or our team, in the case of Investment Trusts and Direct Equities) to drive positive change. Additionally, we have noted several ongoing engagements, as it is uncommon for our managers (or ourselves) to resort to disinvestment. This approach aligns with our engagement philosophy, which prioritises active engagement over disinvestment to foster long-term improvements. The ongoing engagements demonstrate our continuous efforts to enhance corporate behaviour, while the escalation and collaboration cases in the next section, emphasise our proactive stance on addressing systemic issues through collective action.

Aikya - Emerging Market equities

Company	AVI (South Africa)
Engagement Topic	Carbon Footprint
Contact Dates	Various, including in Q1 2024
Background and Actions	» AVI has one of the highest carbon footprints within the Aikya Portfolio, largely due to its manufacturing operations in South Africa, which relies heavily on thermal energy. » Engagements with AVI's top management have focused on managing expectations regarding progress in reducing their carbon footprint. » Off-grid and rooftop solar solutions can only meet about 20% of AVI's electricity needs due to load limitations. » The government needs to address the issues with load shedding (electricity blackouts) and consider alternative energy sources to support a transition away from carbon.
Outcome and Next Steps	» The engagement is ongoing. » AVI continues to work on managing its carbon footprint, with significant reliance on government intervention to improve the energy infrastructure. » Future engagements will focus on monitoring progress and advocating for the adoption of alternative energy sources.

Principle 9 Cont...

Evenlode - Global Equities

Company	London Stock Exchange Group (UK)
Engagement Topic	Remuneration Policy
Contact Dates	Various during 2024
Background and Actions	» Discussed new remuneration policy with shareholders. » The Chair of LSEG's Remuneration Committee proposed changes due to pay levels not matching LSEG's growth. » Proposed changes included increasing the CEO salary and raise the annual bonus opportunity. » Evenlode supported the salary and bonus increases but preferred additional long-term incentive plan (LTIP) metrics beyond earning per share (EPS) & total shareholder return (TSR), suggesting organic revenue growth. Evenlode also recommended clearer short-term incentive plan (STIP) metrics and emphasised the importance of stretching targets and specific metrics for customer retention or supplier engagement. The increased shareholding requirement was welcomed.
Outcome and Next Steps	» The engagement is closed with ongoing monitoring. » Evenlode reiterated the preference for diverse LTIP metrics. Going forward, Evenlode will continue to engage with LSEG and will not support the remuneration policy as long as it relies solely on EPS and TSR.

Candriam - Global High Yield Debt

Company	Teva Pharmaceuticals (Israel)
Engagement Topic	Governance Controversies
Contact Dates	Multiple since September 2022
Background and Actions	» Candriam appreciated Teva but they believe it is still too weak from a responsible investment perspective to be included in their sustainable strategies. » Teva faced multiple governance controversies, including opioid cases, and price-fixing in 2022. Candriam began engaging with Teva to understand how the company is addressing these challenges and the requirements to enhance their ESG credentials. » An initial call in 2022 addressed the litigations through an open discussion, where Candriam noted progress in governance procedures. » Candriam closely monitored the legal developments, with several settlements reached in the US, including c.$523m for a national opioid settlement. Despite ongoing investigations, Candriam had another call with Teva's executives in 2024. » Clear efforts towards better ethics, compliance and sustainability are being made, however, other litigations remain. The European Commission fined Teva €462m for hindering competition for one of its medicines. Teva are appealing the decision. » The latest engagement was positive on business ethics and sustainability issues.
Outcome and Next Steps	» The engagement is closed. » Candriam remains cautious on governance and human rights issues and will continue to monitor the company closely.

Principle 1 | Principle 2 | Principle 3 | Principle 4 | Principle 5 | Principle 6a | Principle 6 | Principle 5a | Principle 7 | Principle 8 | Principle 9 | Principles 10 & 11 | Principle 12

Principle 9 Cont...

Lyrical – Global Impact Equities

Company	Wesco International (US)
Engagement Topic	Net Zero
Contact Dates	Various during 2024
Background and Actions	» Lyrical engaged with the US-based electrical and industrial distributor Wesco due to the lack of Science Based Target initiatives (SBTi) approved targets. » In 2024, Lyrical met with the company twice to discuss Scope 3 measurement and disclosure, the main barrier to setting these targets. » In May 2024, Wesco hired a carbon accounting software for a Scope 3 assessment, aiming to complete it by the end of 2024. The company also committed to adding three more Scope 3 categories to its 2024 Sustainability Report, largely due to Lyrical's influence. » A follow-up meeting in November 2024 provided updates on Wesco's Scope 3 inventory analysis. Wesco plans to disclose Scope 3 emissions by 2027, following a 2025 analysis to ensure data accuracy. Currently, 80% of the portfolio companies report at least one Scope 3 category, compared to 42% of MSCI-surveyed companies.
Outcome and Next Steps	» The engagement in ongoing. » Lyrical continues to monitor Wesco's Scope 3 progress.

Impax – Emerging Markets Corporate Debt

Company	Stillwater (South Africa)
Engagement Topic	Biodiversity, Climate Change and Transition Risk
Contact Dates	Various during 2024
Background and Actions	» The first engagement meeting with this mining and metals processing company aimed to improve understanding of risks and opportunities in sustainability risk management. Focused on the company's climate and nature strategies, discussing board oversight and resource stewardship, particularly the circular economy and its promotion. » Targets are set, with plans to engage with suppliers on upstream Scope 3 emissions. » The company is developing a portfolio of green metals and secondary mining initiatives to extract value from remnant critical metals. Also working on setting biodiversity targets although has expressed difficulty in pinpointing the most accurate targets and working on the nature-climate nexus.
Outcome and Next Steps	» The engagement is ongoing. » Beneficial engagement with the company which demonstrated strong commitment to sustainability with advanced risk management processes.

Principle 9 Cont...

The following engagement examples are from MGIM's internal analysts / portfolio managers who research and monitor investment trusts and equities. One example from each area is provided below as these investments comprise a smaller part of MGIM's total assets under management.

MGIM - Investment Trust

Company	A listed Real Estate Investment Trust (REIT)
Engagement Topic	Excessive Share Price Discount to Net Asset Value (NAV)
Contact Dates	Various during 2024
Background and Actions	» Impressed upon the Manager and Chair that the prevailing share price discount and resultant size of the REIT was unsustainable and prejudicial to a controlled application of the investment process in the sub-sector of property the REIT is active in. » Highlighted the need for more evidence of successful new tenancies on development properties and urged the Board to escalate the priority of a "Plan B" for the REIT to be sold or merged with another vehicle in order to prevent an opportunistic bid from a third-party that under-rewards shareholders. » Set out MGIM's expectation of a timeline of events, which will be monitored and reviewed in 2025.
Outcome and Next Steps	» Open situation that will require a resolution in 2025 with further engagement following a review of FY24 results.

MGIM – Direct Equity

Company	Accrol Group
Engagement Topic	Recommended Offer for Company
Contact Dates	Various during 2024
Background and Actions	» Wrote to Board and Corporate Advisers expressing disagreement with recommended offer by Navigator Paper, stating that the Board has not acted in the best interest of all shareholders. » Email contact and meetings with all major shareholders explaining Accrol's standalone growth prospects and the ability for future shareholder value creation.
Outcome and Next Steps	» A small, improved final offer was made by Navigator Paper. However, we still felt this significantly undervalued the business. The bid received shareholder approval. » We voted against the resolution put forward to shareholders, and subsequently sold our entire holding prior to completion of the deal.

Principles 10 & 11 - Collaboration & Escalation

Signatories, where necessary, participate in collaborative engagement to influence issuers.

This section is applicable to MGIM only (excluding MISC).

We have opted to cover collaboration and escalation of engagements in tandem as much of the information is the same for both aspects within our investment process.

We have focused on collaboration and escalation of engagements by our third-party fund managers as well as internally by our equity and investment trust analysts at MGIM.

Third-party funds

As part of MGIM's responsible investment due diligence process, there are specific questions within the questionnaire regarding the process followed by fund managers and teams with regards to collaboration and escalation. During follow-up meetings, once we have received these completed questionnaires, we will discuss how managers implement these processes including relevant examples of how they have done so. We find that discussing examples with management teams not only brings the full engagement process to life but also helps in identifying where fund managers both understand and also truly follow the process that they have outlined in the questionnaire. At regular monitoring meetings, we will discuss ongoing engagements, escalations and collaborations with management teams where relevant.

Throughout the initial research and monitoring process we outline MGIM's beliefs and expectations surrounding engagement, including collaboration and escalation. We do not endeavour to tell third-party fund managers how to engage with their underlying investment companies, but we will assess their practices which feed into our rating sheet for each fund. Upon assessment of their practices, we will evaluate if their processes align with our beliefs and expectations, which feeds into the broader investment rationale. Additionally, where we feel there are weaknesses in processes, we will highlight these in our research notes.

Our engagement policy, available on our website, guides our processes and serves as a valuable resource for third-party managers, outlining our approach. As mentioned earlier in this report, we have incorporated a responsible investment clause in some of our IMAs with third-party managers where feasible. This clause aims to align their practices with ours, reinforcing our commitment to integrating these principles across our investments.

Investment trusts (ICs) & Direct equities

Our policy of intervention will always be considered on a case-by-case basis, with reference to the size of our investment, the scope to cooperate with other shareholders, if necessary, the likelihood of success and whether a successful outcome would give suitable reward to our investors. Our analysts will escalate engagement topics and collaborate with other stakeholders in certain circumstances although this tends to be relatively infrequent. This is partly due to us predominantly holding relatively small stakes in companies and, in the case of collaboration, because coordinating shareholder action takes time. We believe that an effective active ownership strategy must ensure resources are allocated effectively, ensuring that we spend resource on the most value-adding activities for clients as stewards of their capital.

Circumstances where we have collaborated with other shareholders has usually been when we have been approached by a larger shareholder who wishes to lead in taking a course of action.

Additionally, collaboration with other shareholders will only be undertaken if we are satisfied that such collective engagement will not contravene any of our regulatory or legal obligations and on the basis that we shall maintain proper standards of market conduct. We have, on occasion, worked with other institutions where we have felt that there may be a requirement to call a General Meeting (GM) or vote against stated policy or reappointment of directors. We would only requisition a GM in very extreme circumstances when other dialogue has been exhausted or where we felt immediate action was required to protect shareholder (and our clients') interests.

The MGIM analyst's first step in escalation is to identify a material issue, which may come to their attention via poor performance, the Board/directors not acting in the best interests of shareholders or when a conflict of interest arises. If the initial steps of engagement and use of our voting rights prove unsuccessful, the MGIM analyst will first speak to company management, then the company advisers, and finally address the matter with the Board if concerns remain unresolved.

It is unusual for us to meet with the Board unless we have serious reservations about the competence of senior managers or wish to express views directly on matters of corporate strategy. Whilst it is uncommon for us to intervene, we may also discuss our concerns with major shareholders to gauge how much influence we may be able to exert.

If we remain unsatisfied or need to escalate further, we will follow our formal escalation process. This includes the possibility of withholding support at a proxy vote or, in extreme cases, divesting. Our escalation policy is detailed in our **Engagement Policy, available on our RI webpage here.**

Principles 10 & 11 Cont...

Here we provide various examples of our managers' collaborative engagement and escalation, as well as one significant area where our team was directly involved in collaborative engagement and escalation.

Aikya Emerging Market equities (third-party fund)

Company	Marico (India)
Engagement Topic	Collaborative Engagement: Nutrition and Health
Contact Dates	Various engagements including in Q2 2024
Background and Actions	» Aikya has been collaborating with the NGO Access to Nutrition (ATNI) for several years, leading engagements with Marico's management on their behalf. » This engagement is linked to ATNI's 'India Index,' which evaluates numerous food and beverage manufacturers in India. » Marico's management has shown transparency and embraced the findings, which previously led to the introduction of their first public nutrition policy. » Marico's strategy for its edible oils and food business has consistently prioritised health and nutrition. » There is potential for Marico to improve its ATNI score, primarily through greater disclosure. Aikya understands the challenges, as many of Marico's food products are in early stages and the information is sensitive. » The current methodology does not favour edible oils, which are essential for cooking. However, Aikya anticipates Marico's score will improve as their food business grows faster than the traditional edible oils segment.
Outcome and Next Steps	» The engagement is ongoing. » Aikya expects Marico's ATNI score to improve in the coming years as they continue to expand their healthier food product offerings. » Aikya is encouraged by Marico's openness in sharing their nutrition strategy with long-term shareholders and will continue to support their efforts in this area.

Impax - Emerging Markets Corporate Debt (third-party fund)

Company	Meituan (China)
Engagement topic	Collaborative Engagement: Corporate Governance, Diversity and Inclusion
Contact dates	October 2024
Background and actions	» Impax, in collaboration with the Asian Corporate Governance Association (ACGA), has engaged with Meituan, a prominent Chinese shopping platform, to enhance its understanding of the platform's risks and opportunities. This collaborative effort has primarily focused on several key areas: delivery drivers' safety and wellbeing, responsible sourcing, governance, and the application of Artificial Intelligence (AI).
Outcome and next steps	» Through this engagement, Impax has gained valuable insights into Meituan's approach to sustainability. » Since ACGA began its engagement in 2020, Meituan has significantly increased its focus on the safety and wellbeing of its delivery drivers. » The company is also actively seeking to appoint female independent directors, reflecting its commitment to diversity and inclusion.

Robeco -Systematic Equities (third-party funds and segregated mandates)

Company	Berkshire Hathaway (BKR)
Engagement Topic	Engagement Escalation: Net Zero
Contact Dates	Various since 2023
Background and Actions	» Robeco began engaging with the company in June 2023 as the company continued to be a laggard in Robeco's traffic light framework which is used to assess the climate performance of its companies. » BRK remained unresponsive to the engagement and in November 2023, Robeco co-filled a shareholder resolution requesting climate disclosures from BKR. Throughout 2024, and as a co-lead in the engagement with BRK under the Climate Action 100+ initiative, Robeco has been collaborating with other investors to gain access to the subsidiary Berkshire Hathaway Energy (BHE) which contributes to the majority of the parent company's scope 1 and 2 emissions.
Outcome and Next Steps	» The engagement is ongoing. » Several attempts made to initiate a dialogue with the subsidiary BHE have been unsuccessful. However, the latest disclosures show continued investments in renewable energy and battery storage. BHE maintains its climate commitments to halve emissions by 2030 and reach net zero by 2050.

Principles 10 & 11 Cont...

MGIM – Investment trusts

Company	Investment Trust Universe
Engagement Topic	Escalation and Collaborative Engagement with stakeholders, lawmakers, His Majesty's Treasury (HMT) and Financial Conduct Authority (FCA): Campaign to initiate legislative change on cost disclosures.
Contact Dates	Multiple since 2022
Background and Actions	» In 2022, the Investment Association (IA) adopted FCA guidance that implemented the 2013 PRIIPs and AIFMD regulations which resulted in IC fees being treated like funds, although they are traded via a share price which already discounts the operating costs as disclosed in their Report & Accounts. » Resulted in withdrawal of capital by investors. » Arguably in conflict with Consumer Duty which was introduced in 2023. » MGIM liaised with a body of market participants on the buy-side and sell-side ("action group"). » MGIM initially increased awareness by making public statements regarding the risks. » Large investors removed ICs from platforms due to optical costs. » Baroness Bowles, Baroness Altmann and John Baron MP raised the matter in both Houses of Parliament on behalf of the action group which resulted in a Private Members Bill. MGIM have participated in meetings with various stakeholders, including in the House of Lords, to discuss the matter and plan a course of action. » In November 2023 the IA announced reversal of FCA guidance. » HMT tabled two Statutory Instruments that will place the MiFID and PRIIPs regulations onto the FCA rulebook. Consultation finished in January 2024 and MGIM is coordinating a response with the action group. » Numerous meetings and communication with lawmakers throughout 2024 to try and accelerate a solution. » In October 2024 the FCA announced forbearance that meant that investors in Investment Trusts do not have to "pull through" the expenses of such trusts into their own cost calculation, thereby removing the misinformation to Consumers on the costs of Fund of Funds that hold investment trusts. » Further engagement and collaboration is underway to ensure this forbearance is correctly applied by retail platforms.
Outcome and Next Steps	» Ongoing collaborative engagement is being taken in the FCA consultation on Consumer Composite Investment (CCI) regime. » Engagement partially closed (successful).

Principle 12 - Exercising Rights & Responsibilities

Signatories actively exercise their rights and responsibilities.

This section is applicable to MGIM only (excluding MISC).

Our approach to proxy voting varies depending on whether MGIM has directly selected and invested in the security in question, or whether the security is held in a fund or account managed by a third-party manager.

Direct investments

In the case of directly held securities, we will vote on a resolution if:

» MGIM is a top twenty shareholder across all portfolios

» If the investment team deem the subject matter to be material[1]

» When there is a special resolution[2].

[1]Materiality of the subject matter is decided by the lead and secondary analysts who monitor the holding, as they have extensive knowledge of the company.

[2]A special resolution is a company resolution that requires a 75% majority in a vote held with shareholders (whereas an ordinary resolution requires a simple majority of over 50%). Certain important decisions require a company to make a special resolution as outlined in The Companies Act 2006.

MGIM do not commit to voting on all matters arising, do not use default recommendations of proxy advisers and do not lend stock. Clients do not conduct voting activity or instruct us on how to vote for their account, unless it is accommodated within the Investment Management Agreement (IMA) between the client and MGIM.

MGIM have a policy on proxy voting which services as a guideline for the discretionary assets we may vote on directly. It should be noted that this policy will be applied on a best-effort basis. MGIM also have an annual voting summary in relation to its direct equity investments. The key elements of our approach to voting are as follows. We:

01 Ensure adequate notice is given to shareholders ahead of meetings;

02 Review the performance of directors;

03 Review the structure of the board;

04 Ensure separation of key roles on the board;

05 Review the performance, remuneration and rotation of external auditors;

06 Review the remuneration of directors;

07 Review capital structures and other corporate actions;

08 Review economic, social and environmental considerations;

09 Escalate issues in line with our escalation policy.

We are notified of upcoming votes via the proxy voting services provided by our custodians. These services are compliant with the requirements of the Shareholder Rights Directive. Primary analysts monitor each investment closely to ensure that we receive notification of all meetings and votes are cast as deemed appropriate.

Third-party managers

For investments made via third-party managers, voting responsibility resides with that manager. We believe that this is appropriate because these managers, selected by the MGIM team, are closer to the business in question and are therefore best placed to assess matters put forward to shareholders for voting.

We recognise the need to engage with fund managers on a regular and ongoing basis to monitor and increase alignment with our Proxy Voting Policy, although particular country and regional factors may necessarily lead to a degree of variation.

Our third-party managers will typically vote on our behalf, in line with their own proxy voting guidelines, and provide proxy voting reports periodically.

For our multi-manager funds administered by the Russell Investments platform (detailed further in Principles 2 and 8), we adhere to their proxy voting guidelines, which are well aligned with our own proxy voting policy. Russell Investments votes on our behalf for the funds we manage, representing approximately $237 million AUM, or about 4% of MGIM's assets.

A - Segregated mandates

Where our investments are held in a third-party managed segregated account, MGIM can ensure proxy voting decisions are aligned with our Proxy Voting Policy by incorporating an explicit reference to this and other relevant Policies in the IMA between MGIM and the third-party manager. In our previous Stewardship report, we mentioned our intention to make these changes to the relevant IMAs. While this may still happen in some cases, our preferred approach is now to convert these segregated accounts to model portfolios managed through the Russell Investments EPI process.

As detailed in Principle 7, this approach includes incorporating our Responsible Investment clauses into the investment guidelines for each of the third-party managers and Russell taking responsibility for proxy voting. This sets clear expectations around ESG integration and creates greater consistency across different accounts. During 2024, we appointed three managers within our multimanager Momentum GF Global Equity Fund on this basis and have set targets to convert a fourth manager and achieve 80% or more of that portfolio being managed through EPI during 2025.

This fund is our flagship equity fund with over $1bn of assets under management. It is widely held across our multi-asset fund-of-fund portfolios and is the only portfolio where we appoint multiple third-party managers through segregated accounts, making it the key area of focus for this conversion exercise. Until this is achieved across all segregated accounts, MGIM will ensure that detailed reports of voting activity are regularly provided by these managers for review by our relevant analyst or portfolio manager. Any activity or decision that is inconsistent with this or any of our other Responsible Investment Policies will be discussed with the third-party manager. We currently receive proxy voting summary reports on a regular basis from all such third-party managers.

Principle 12 Cont...

B - Pooled investment vehicles

In the case of investments that are held via third-party pooled investment vehicles, there is no bespoke IMA between MGIM and the third-party manager. Any voting activity on the portfolio investments are dictated by the manager's own policies. However, we still monitor the proxy voting activity of each fund individually and engage closely with the managers of those funds, particularly around decisions that are inconsistent with our Policy.

Exerting influence in asset classes outside of equities

We have some direct fixed income investments, but these tend to be seasoned bonds rather than new issues. Therefore, we do not receive reverse inquiries ahead of new issuance, giving our limited ability to influence prospectuses and covenants.

As a result, most of our influence comes through engagement with our third-party managers. Often, those managers will be able to exert additional pressure through equity voting in other parts of their businesses.

Activity

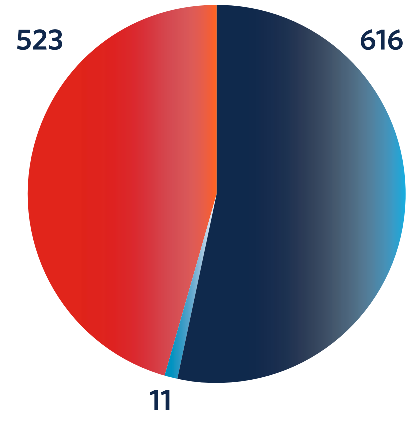
A - Voting on our direct investments

Of the 1,150 resolutions over the period, we voted 627 (55%). This is an increase from the 35% we voted on in 2023, as stated in the previous Stewardship Report.

98% of our votes were 'For' and 2% were 'Against'. In the previous report, we voted 'For' 85% of the resolutions.

The increase and variation in these results demonstrates our continued efforts in improving our voting processes and increasing our voting efforts.

2024 voting summary



● Total For ● Total Against ● Total Abstain

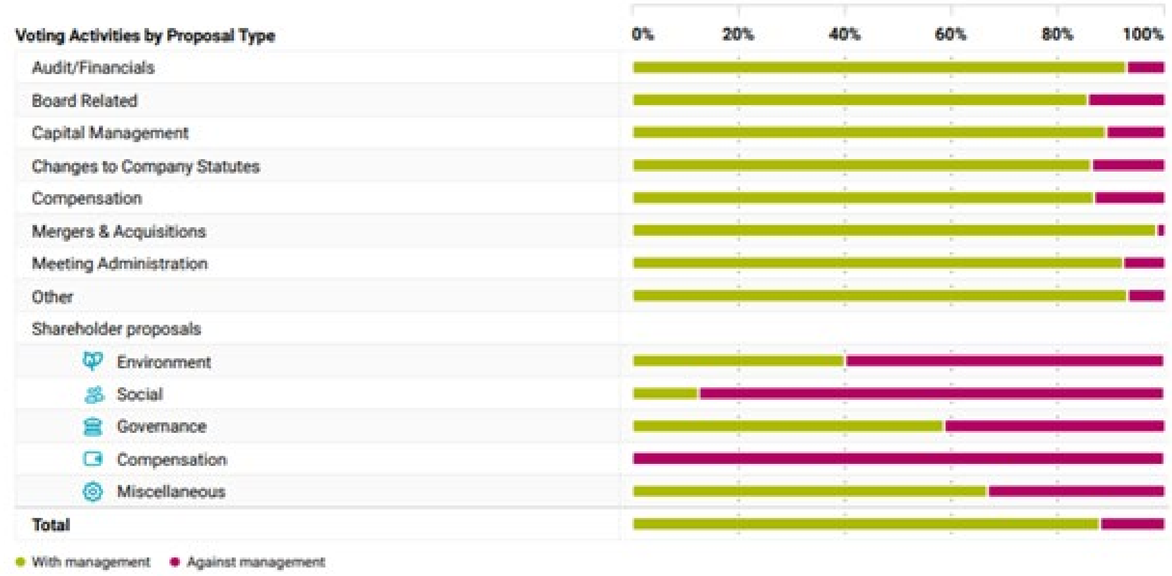
B - Voting by our sub-investment managers

We monitor voting by our sub-investment managers, particularly those where we have significant assets invested. We receive regular voting reports and discuss voting (alongside engagement) in regular update meetings with management.

As previously noted in this report, Robeco manages several mandates on behalf of MGIM, including the Curate Global Sustainable Equity Fund. In 2024, Robeco voted on 6,378 resolutions and participated in 429 meetings to support their voting efforts for the portfolio. Approximately 89% of the votes were in favour, around 10% were against, and the remainder were abstentions.

Robeco manages various other mandates on MGIM's behalf, and therefore, much of the voting they do is applicable to MGIM's holdings. More broadly, Robeco's annual voting summary states that they voted on almost 68,000 resolutions across over 6,000 meetings, split as follows:

Voting overview	Q1	Q2	Q3	Q4	YTD
Number of meetings voted	1,048	3,926	861	821	6,655
Number of proposals voted	8,607	47,497	6,512	5,144	67,757
Meetings with one or more votes cast against management recommendation	57%	63%	45%	37%	56%



Monitoring voting in pooled investment vehicles

As with mandates, we regularly receive voting summaries for pooled investment funds in which we are invested. Primary and secondary analysts discuss these voting records with managers during our regular review meetings. We also discuss these voting records at our quarterly Responsible Investment Committee meetings, especially in relation to our major third-party managers such as Robeco.

The following voting examples are from various third-party fund managers across multiple regions and within the equities space only. These funds have been selected as they are widely held across our multi-asset portfolios via segregated mandates and/or via open-ended funds.

Principle 12 Cont...

Most noteworthy voting examples:

Robeco - Systematic Equities (various third-party funds and segregated mandates)

Company	Microsoft Corporation (US)
Meeting Date	10 December 2024
Proposal	Report on Risks of Providing Artificial Intelligence (AI) to Facilitate New Oil and Gas Development
Vote Instruction	Vote For
Rationale	» The proposal seeks greater transparency on the environmental risks of using AI in the fossil fuel industry, especially concerning scope 3 emissions, highlighted by recent concerns and a whistle-blower complaint.
Outcome	» The proposal received 9.71% support, raising awareness and prompting internal discussions on Microsoft's environmental responsibilities. » Microsoft acknowledged the feedback and is expected to improve its reporting and transparency measures. Continued engagement and support for similar proposals will be necessary if satisfactory improvements are not made.

Company	Oracle Corp (US)
Meeting Date	14 November 2024
Proposal	Advisory Vote on Executive Compensation and Election of Directors
Vote Instruction	Vote Against
Rationale	» The compensation programme shows a disconnect between pay and performance. » Lack of performance-based long-term incentives reduces leadership accountability. » The peer group for benchmarking includes over a third of companies significantly exceeding Oracle's market capitalisation, raising concerns about inflated pay practices. » Despite repeated shareholder dissent, no meaningful changes have been made to the remuneration programme. Robeco also voted against all members of the Remuneration Committee for failing to address these issues.
Outcome	» The Say on Pay proposal received 77% shareholder support.

Company	Autodesk Inc. (US)
Meeting Date	16 July 2024
Proposal	Executive Compensation & Proposals Regarding the Right to Call Special Meetings
Vote Instruction	Vote Against (Executive Compensation), Vote For (Both Proposals on Special Meetings)
Rationale	» The incentive structure has several issues: short one-year performance periods for all LTIP metrics, 60% overlapping metrics between the annual bonus plan and the LTIP, and insufficient disclosure of performance goals. Due to these concerns, Robeco did not support the advisory vote on executive compensation. » For the right to call special meetings, management proposed a 25% ownership threshold, while the shareholder proposal requested 15%. Given the company's size and shareholder base, Robeco believes a 10-15% threshold is appropriate to prevent abuse by minority shareholders and incentivise management to engage with shareholders. To ensure special meeting rights, Robeco voted in favour of both proposals.
Outcome	» Both proposals were approved by shareholders, indicating a preference for a 15% threshold over 25%.

Evenlode - Global Equities (third-party fund)

Company	Medtronic (US)
Meeting Date	October 2024
Proposal	Ratification of PwC as Independent Auditor
Vote Instruction	Vote Against
Rationale	» Opposed PwC's ratification as independent auditor due to their long tenure since 1963, despite annual re-elections and five-year lead-partner rotations. » The lack of plans for tendering every ten years and rotating every twenty, as per UK Corporate Governance Code best practices, influenced the decision.
Outcome	» Engaged with the company about their reasonings. Will continue to engage and may escalate by voting against audit committee chair in the next year.

Principle 12 Cont...

Aikya - Emerging Market Equities (third-party fund)

Company	Foshan Haitian (China)
Meeting Date	Q4 2024
Proposal	Offer H shares and list on the Hong Kong stock exchange
Vote Instruction	Abstained from voting
Rationale	» Abstained from voting on this proposal due to the company's strong balance sheet and focus on mainland China. » Did not have a strong view on the necessity of a secondary listing in Hong Kong and preferred to engage with management on the topic.
Outcome	» Continue to engage with management regarding the necessity and implications of a secondary listing.

MGIM - Direct Equities

Company	BT Group
Meeting Date	Q3 2024
Proposal	Election of Directors
Vote Instruction	Voted against
Rationale	» Voted against the re-election of a director. In his eight years in the role as CFO, we have been disappointed with his communications around capital expenditure guidance, which has materially exceeded expectations.
Outcome	» We continue to monitor communications to investors and will reassess our investment if we see little sign of improvement or any deterioration.

Supporting Documents

For ease, please see links to relevant supporting documents

Momentum Group Ltd Sustainability Report

Momentum Group Ltd Integrated Report

Momentum Metropolitan Life Ltd PRI Assessment Report

Momentum Metropolitan Life Ltd Transparency Report

Momentum Investments Stewardship Report

Momentum Investments Responsible Investment Policy

Momentum Investments Climate Change Policy

Momentum Investments Proxy Voting Policy

Momentum Investments Engagement Policy

Principle 1
Principle 2
Principle 3
Principle 4
Principle 5
Principle 6a
Principle 6
Principle 5a
Principle 7
Principle 8
Principle 9
Principles 10 & 11
Principle 12

Stewardship Signatures

The MGIM annual Stewardship Report for the year ended 31st December 2024 was reviewed and approved by the MGIM Manco who consider it to be a complete and accurate report on how we have applied the principles of the Code over the period.

Jonathan Barnard
Head of Strategic Finance - Multi-Management

Anna Jouneau
Senior Analyst

Andrew Hardy
Managing Director

Philip Woolliscroft
Head of Legal, Risk & Compliance

"At Momentum Global Investment Management our values make us who we are – they strengthen and define our actions in all we do, in how we engage and specifically in our goal and commitment to be a responsible investor"

Momentum Global Investment Management Limited
The Rex Building, 62 Queen Street
London, EC4R 1EB
+44(0)20 7074 3579
www.momentum.co.uk

Important Information

This document is not intended for use or distribution by any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient. The original recipient is solely responsible for any actions in further distributing this document, and in doing so should be satisfied that there is no breach of local legislation or regulation. This document should not be reproduced or distributed except via original recipients acting as professional intermediaries. This document is not for distribution in the United States. Any opinions expressed herein are those at the date this document is issued. Data, models and other statistics are sourced from our own records, unless otherwise stated. We believe that the information contained is from reliable sources, but we do not guarantee the relevance, accuracy or completeness thereof. Unless otherwise provided under UK law, MGIM does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed. The value of investments may fluctuate, and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not indicative of future performance. Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

MGIM (Company Registration No. 3733094) has its registered office at The Rex Building, 62 Queen Street, London EC4R 1EB. Momentum Global Investment Management Limited (MGIM) is authorised and regulated by the Financial Conduct Authority in the United Kingdom, and is exempt from the requirements of section 7(1) of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS) in South Africa, in terms of the FSCA FAIS Notice 141 of 2021 (published 15 December 2021). For complaints relating to MGIM's financial services, please contact distributionservices@momentum.co.uk