

Implementation Statement

The First Bus Retirement Savings Plan (“the Plan”)

Purpose of this statement

This Implementation Statement has been prepared by the Trustee (“the Trustee”) of the First Bus Retirement Savings Plan (“the Plan”). It covers the Plan year to 5 April 2024 and sets out the following information:

- how the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year;
- the voting activity undertaken by the Plan’s investment managers on behalf of the Trustee over the year, including information regarding the most significant votes;
- A summary of any changes to the Statement of Investment Principles (SIP) over the period; and
- A description of how the Trustee’s policies, included in their SIP, have been followed over the year.

The voting behaviour is not given over the Plan year end to 5 April 2024 because investment managers only report on this data quarterly, we have therefore given the information over the year to 31 March 2024.

Conclusions

In reviewing the activities of the past year, we believe that the policies set out in the Statement of Investment Principles (SIP) have been effectively implemented. A significant proportion of the Plan’s investment managers have demonstrated transparency in their voting and engagement activities. The Trustee has taken actions to improve the alignment of these with the stewardship priorities of the Plan.

Not all managers were able to provide all the voting and engagement information at the requested dates. We will continue to engage with the managers to encourage them to improve the availability and quality of data.

Stewardship policy

The Trustee’s Statement of Investment Principles (SIP) in force at 5 April 2024 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in January 2024 and has been made available online below:

<https://firstbuspensionschemetrustee.co.uk>

Over the period the Trustee set the following stewardship priorities for the Plan:

- Climate change;
- Diversify, Equity & Inclusion.

The Trustee expects managers to be able to evidence their stewardship activity in these areas.

How voting and engagement policies have been followed

The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers.

The Trustee's policy on voting and engagement is set out in the Plan's ESG and Stewardship Policy, which forms part of the Statement of Investment Principles. The Trustee expects all managers to;

1. Exercise voting powers with the objective of preserving and enhancing long-term shareholder value;
2. Engage with stakeholders relating to its investments in order to:
 - a. improve corporate behaviours and governance;
 - b. improve performance, and social and environmental impact; and
 - c. mitigate financial risks.

The Trustee periodically reviews engagement activity undertaken by its underlying investment managers to ensure that the policies outlined above are being met. In addition to this, the Trustee considers it to be a part of its investment managers' role to assess and monitor how the companies in which they are investing are managing developments in ESG-related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the manager invests on behalf of the Plan.

To ensure that the investment policies set out in the SIP are taken by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates certain responsibilities to its bundled pension provider, Aegon – the Plan's default investment option is structured as a 'governed' investment solution, which is designed and implemented by Aegon. Aegon is responsible for the selection and deselection of the underlying investment managers used through the default investment option as well as the ongoing relationships with the investment managers.

The Trustee undertook an initial review of the stewardship and engagement activities of the current managers when the Plan inherited the investment strategy, and were satisfied that their policies were reasonable, and no immediate remedial action was required at that time. The Trustee carries out a strategy review at least every three years where it assesses the continuing relevance of the strategy in the context of the Plan's membership and its aims, beliefs and constraints. Annually the Trustee receives and reviews voting information and engagement policies from the asset managers, which it reviews to ensure alignment with its own policies.

The Trustee takes time to ensure it has obtained training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Plan and its investments. The Plan was set up during the reporting period. The Trustee arranged for a training session on stewardship priorities and subsequently implemented a set of stewardship policies for then Plan detailed above. As part of ongoing monitoring of the Plan's investment managers, the Trustee uses ESG ratings information provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues.

BlackRock (the underlying fund manager used by Aegon) provided 70 significant votes on the default fund over the accounting year. The Trustee has reviewed these votes (some of which are detailed below) against their stewardship priorities. While the Trustee observes that a notable proportion of significant climate votes made do not completely align with their communicated priorities, the Trustee notes that the responsibility to engage

further with BlackRock lies with Aegon in the first instance. The Trustee has communicated this observation to Aegon who provided the following statement:

“Alignment of BlackRock’s voting with our own expectations and for the best interests of our members has been, and still is, one of our key engagement objectives with BlackRock. In 2023 we engaged with Blackrock’s senior management on multiple occasions to understand their low level of alignment with our Expression of Wish (EoW) voting approach. Key discussions points have been their views on the impact of the quality and prescriptiveness of several shareholder resolutions and concerns on negative impacts on financial returns, which impacted their support on these, and providing us with alternative evidence of their engagement and voting to support climate change issues as well as our social priority engagement themes of DEI and Human Rights.

Whilst we are encouraged by this alternative evidence, we continue to closely monitor BlackRock’s voting activity through our expanded EoW approach for 2024, with a wider subset of companies and monitoring alignment against our detailed voting guidelines). More recently, we welcome the publication of BlackRock’s new decarbonisation stewardship policy, of which we have contributed to its development, which has the potential to further align BlackRock’s voting in line with our own climate expectations from Q4 2024.”

The Trustee has reviewed this statement and is reassured that Aegon are looking to address this through their expanded EoW approach. The Trustee will, however, continue to monitor progress and alignment with their own stewardship priorities.

How the SIP has been followed over the year

In the Trustee’s opinion, the SIP has been followed over the year in the following ways:

- **The Plan offers a suitable default investment option for members.** The Plan was setup during the reporting period and the default strategy was imported from another Scheme. The Trustee undertook suitable due diligence, and took ‘day-one’ advice, on the default investment strategy during the setup period and remains comfortable with the strategy and delegation of responsibility to Aegon. The Trustee, supported by the Trustee’s professional advisers, will review the strategy suitability in due course. The Trustee has made no new manager appointments over the year.
- **An appropriate range of self-select options is made available.** The Plan was setup during the reporting period and the self-select strategy was imported from another Scheme. The Trustee undertook suitable due diligence, and took ‘day-one’ advice, on the self-select investment options during the setup period and remains comfortable with the strategy and delegation of responsibility to Aegon. The Trustee, supported by the Trustee’s professional advisers, is currently reviewing the suitability of the self-select strategy and will make any updates in due course. The Trustee has made no new manager appointments over the year.
- **Quarterly monitoring of the managers’ ESG capabilities did not identify any issues.** The Trustee, supported by its professional advisers, monitor ESG characteristics of the Plan’s default investment option quarterly. The default has seen a number of positive changes enacted which reflect the Trustee’s beliefs regarding ESG considerations. Aegon also provides quarterly investment performance reporting to support the Trustee with this review. There were no instances where the performance of the Plan’s investment funds deviated from the performance of their stated benchmarks such that remedial action was necessary.

- **Ongoing review of the investment managers’ policies on ESG, stewardship and engagement.** The Plan invests entirely in pooled funds via the Aegon platform, and as such, the responsibility for carrying out voting and engagement activities has been delegated to the Plan’s fund managers. The Trustee, completed suitable due diligence, and took ‘day-one’ advice, during the setup period and remains comfortable with the Environmental, Social and Governance (ESG) and stewardship policies of Aegon and the Plan’s pooled fund managers. As such, no immediate action has been taken. The Trustee will further assess the ESG and stewardship policies of Aegon and the Plan’s pooled fund managers as part of any updates to the investment strategy.
- **Non-financial matters did not influence the investment strategy over the Plan year.** The Trustee did not make any allowance for non-financial matters and did not consider any member views for incorporation into its ESG policy over the Plan year.
- **Communicating ESG and stewardship with Plan members.** The Trustee expects that the annual communication to members regarding ESG and stewardship will be addressed in this annual Implementation Statement. This document is a statutory report and will continue to be produced on an annual basis alongside the Plan’s Annual Report and Accounts.

**Prepared by the Trustee of the First Bus Retirement Savings Plan
June 2024**

Voting Data

Investment managers report voting data on a quarterly basis. As a result, the information included in this section covers the year to 31 March 2024.

The equity allocation for the LifePath Flexi, LifePath Capital and LifePath Retirement lifestyle funds is the same in terms of the underlying funds used. As such the voting data and significant votes will be identical for these lifestyle funds. Fund's underlying the LifePath default target date funds (such as the iShares Global Property Securities Equity Fund (UK)) that include voting rights are included within the LifePath voting data. The underlying funds with no voting rights (held in commodity swap, corporate bonds, government bonds, emerging market debt and cash asset classes) are not included here.

The funds that underlie the self-select property fund that are held with Aviva, Columbia Threadneedle, LGIM and Abrdn, the BlackRock cash and government bond funds and the abrdn Standard Life Corporate Bond Fund have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	BlackRock	BlackRock	BlackRock	BlackRock	BlackRock	HSBC	Dimensional
Fund name	LifePath	ACS UK Equity Tracker	ACS World ex UK Equity Tracker	ACS World ESG Equity Tracker	DC Diversified Growth Fund	HSBC CCF Islamic Global Equity Index	Dimensional Emerging Markets Fund
Structure	Pooled						
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.						
No. of eligible meetings	8,082	1,036	1,920	467	579	104	4,009
No. of eligible votes	81,124	14,654	24,856	7,296	7,308	1,702	20,717
% of resolutions voted	96%	96%	97%	98%	94%	96%	51%
% of resolutions abstained¹	1%	1%	0%	0%	1%	0%	0.6%
% of resolutions voted with management¹	90%	96%	93%	97%	94%	76%	81%
% of resolutions voted against management¹	9%	3%	6%	2%	5%	23%	19%

¹ As a percentage of the total number of resolutions voted on Sum's may not total 100% due to rounding.

Manager	BlackRock	BlackRock	BlackRock	BlackRock	BlackRock	HSBC	Dimensional
% of meetings, where they voted and voted at least once against management	36%	21%	30%	17%	26%	82%	50%
Proxy voting advisor employed	Institutional Shareholder Services ("ISS")						
% of resolutions voted against proxy voter recommendation¹	0%	0%	0%	0%	0%	0%	n/a

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a Plan's stewardship priorities. Over the period the Trustee set the following stewardship priorities for the Plan:

- Climate change;
- Diversify, Equity & Inclusion.

BlackRock, HSBC and Dimensional have provided a selection of votes which they believe to be significant. The Trustee selected 3 of the most significant votes for each fund which relate to the stewardship priorities of the Plan, where possible.

Despite continued work with managers to improve reporting standards, BlackRock have failed to provide all details requested on these votes. The manager does however, provide additional detail on engagements and votes made at a firm level. If you would like to review these detailed significant votes then these can be found online: BlackRock 'vote bulletins' - <https://www.blackrock.com/corporate/about-us/investment-stewardship>

A summary of the significant votes provided is set out below.

BlackRock, LifePath Flexi

	Vote 1	Vote 2	Vote 3
Company name	Toyota Motor Corp.	Shell Plc	Phillips 66
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Data not provided	
Summary of the resolution	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Approve the Shell Energy Transition Progress	Publish Audited Report on Impacts of a Significant Reduction in Virgin Plastic Demand
How the manager voted	Against	For	Against

	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	BlackRock voted against the shareholder proposal as they believe the proposal will not serve shareholder's interest.	Data not provided	BlackRock believe the company already has policies in place to address the request being made by the proposal or is already enhancing its relevant policies.
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome		Data not provided	
Criteria on which the vote is considered "significant" (by the manager)		Data not provided	

BlackRock, ACS UK Equity Tracker

	Vote 1	Vote 2	Vote 3
Company name	Exxon Mobil Corporation	The Kraft Heinz Company	Glencore Plc
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Data not provided	
Summary of the resolution	Report on Methane Emission Disclosure Reliability	Report on Supply Chain Water Risk Exposure	Approve 2022 Climate Report
How the manager voted	Against	Against	Against
Rationale for the voting decision	BlackRock believe that the company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.	BlackRock believe the company already provides sufficient disclosure and/or reporting regarding the issue, or is already enhancing its relevant disclosures.	BlackRock believe this proposal is not in the best interest of shareholders.
Outcome of the vote	Fail	Fail	Pass
Implications of the outcome		Data not provided	
Criteria on which the vote is considered "significant" (by the manager)		Data not provided	

BlackRock, ACS World ex UK Equity Tracker

	Vote 1	Vote 2	Vote 3
Company name	Yum! Brands, Inc.	Chubu Electric Power Co., Inc.	Westlake Corporation

	Vote 1	Vote 2	Vote 3
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Data not provided	
Summary of the resolution	Report on Efforts to Reduce Plastic Use	Amend Articles to Decommission Hamaoka Nuclear Power Station	Report on Reducing Plastic Pollution of the Oceans
How the manager voted	Against	Against	For
Rationale for the voting decision	BlackRock believe the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	BlackRock voted against the shareholder proposal as they believe the proposal will not serve shareholder's interest.	BlackRock believe additional information would help shareholders assess investment risks and opportunities related to natural capital, which they deem material to long-term financial results.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome		Data not provided	
Criteria on which the vote is considered "significant" (by the manager)		Data not provided	

BlackRock, ACS World ESG Equity Tracker

	Vote 1	Vote 2	Vote 3
Company name	The Goldman Sachs Group, Inc.	Woodside Energy Group Ltd.	Mitsubishi UFJ Financial Group, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Data not provided	
Summary of the resolution	Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development	Approve the Amendments to the Company's Constitution	Amend Articles to Disclose Transition Plan to Align Lending and Investment Portfolios with Goals of Paris Agreement
How the manager voted	Against	Against	Against
Rationale for the voting decision	BlackRock believe the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	BlackRock believe the shareholder proposals are best facilitated through regulatory changes.	BlackRock believe the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome		Data not provided	

	Vote 1	Vote 2	Vote 3
Criteria on which the vote is considered "significant" (by the manager)		Data not provided	

BlackRock, DC Diversified Growth

	Vote 1	Vote 2	Vote 3
Company name	Santos Limited	Amazon.com, Inc.	Alphabet Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)		Data not provided	
Summary of the resolution	Approve the Amendments to the Company's Constitution	Report on Efforts to Reduce Plastic Use	Approve Recapitalization Plan for all Stock to Have One-vote per Share
How the manager voted	For	Against	For
Rationale for the voting decision	BlackRock believe the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	BlackRock believe the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	BlackRock believe that one vote per share is in the best interest of long term shareholders.
Outcome of the vote	Fail	Fail	Fail
Implications of the outcome		Data not provided	
Criteria on which the vote is considered "significant" (by the manager)		Data not provided	

HSBC, CCF Islamic Global Equity Index

	Vote 1	Vote 2	Vote 3
Company name	Novartis AG	Applied Materials, Inc.	Apple Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.73%	0.63%	7.88%
Summary of the resolution	Re-elect Patrice Bula as Director	Elect Director Judy Bruner	Report on Median Gender/Racial Pay Gap
How the manager voted	Against	Against	Against

	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	HSBC voted against this Nomination Committee Chair as they have concerns about insufficient gender diversity of the board.	HSBC voted against this Nomination Committee Chair as they have concerns about insufficient gender diversity of the board.	HSBC believe that the proposal would contribute to improving gender inequality.
Outcome of the vote	Pass	Pass	Fail
Implications of the outcome	HSBC will likely vote against a similar proposal should they see insufficient improvements.		
Criteria on which the vote is considered "significant" (by the manager)	The company has a significant weight in the portfolio and HSBC voted against management.		

Dimensional, Emerging Markets Fund

	Vote 1	Vote 2	Vote 3
Company name	Dis-Chem Pharmacies Ltd.	Pick N Pay Stores Limited	RCL Foods Limited
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.014%	0.026%	0.003%
Summary of the resolution	Ratify Auditors	Elect Members of Audit Committee	Elect Members of Audit Committee
How the manager voted	Against	Against	Against
Rationale for the voting decision	Dimensional voted against this proposal because the fees paid to external auditors in respect of the year under review is not disclosed.	Dimensional voted against non-independent members of the Audit Committee because market best practice is for members of the Audit Committee to be independent.	
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	Dimensional will continue to monitor the company and may continue to vote against similar proposals if disclosure remains lacking.	Dimensional will continue to monitor the independence of the Audit Committee and may continue to vote against directors if the members of the committee remain non-independent.	
Criteria on which the vote is considered "significant" (by the manager)	The Audit Committee is responsible for ensuring that policies and procedures are followed and overseeing the financial reporting and disclosure process. The external auditor is hired by the Audit Committee to ensure the Company has executed these policies and procedures and presented its financial	Director elections are one of the key areas of focus for Dimensional globally. Shareholders elect the board of a Portfolio Company to represent their interests and oversee management and expect boards to adopt policies and practices that align the interests of the board and management with those of shareholders and limit the potential for conflicts of interest.	

Vote 1

Vote 2

Vote 3

statements in accordance with the applicable accounting standards.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. Data for BlackRock, HSBC and LGIM is given over the year to 31 March 2024, however as a result of data limitations, data for Dimensional Fund Advisors is given over the year to 30 June 2023 whereas Abrdn and Columbia Threadneedle are given over 31 December 2023.

At the time of writing, some of the managers were unable to provide specific engagement data.

Manager	BlackRock	BlackRock	BlackRock	BlackRock	BlackRock	HSBC
Fund name	LifePath	ACS UK Equity Tracker	ACS World Ex UK Equity Tracker	ACS World ESG Equity Tracker	DC Diversified Growth Fund	HSBC CCF Islamic Global Equity Index
Number of engagements undertaken on behalf of the holdings in this fund in the year	1,989	795	1,429	564	323	63
Number of entities engaged on behalf of the holdings in this fund in the year	1,396	445	896	305	187	34
Number of engagements undertaken at a firm level in the year	3,696	3,696	3,696	3,696	3,696	2,070

Manager	Dimensional	Abrdn	Abrdn	LGIM	Columbia Threadneedle	Aviva
Fund name	Dimensional Emerging Markets Fund	Standard Life Corporate Bond Fund	Standard Life Property Fund	LGIM Managed Property Fund	Aegon Threadneedle Pensions Property	Aviva Pensions Property Fund

Manager	Dimensional	Abrdn	Abrdn	LGIM	Columbia Threadneedle	Aviva
Number of engagements undertaken on behalf of the holdings in this fund in the year	n/a	n/a	n/a	n/a	n/a	n/a
Number of entities engaged on behalf of the holdings in this fund in the year	n/a	n/a	n/a	n/a	n/a	n/a
Number of engagements undertaken at a firm level in the year	936*	2,008**	2,008**	2,144	1,424**	n/a

*For period 1 July 2022 – June 2023

**For period 1 January 2023 – 31 December 2023

Aviva no longer provide engagement data on this fund.

Examples of firm level engagement activity undertaken

BlackRock

Chevron Corporation

BlackRock reviewed a shareholder proposal at Chevron's May 2023 annual general meeting that sought to rescind a 2021 non-binding proposal asking Chevron to reduce its Scope 3 emissions in the medium- and long-term. Chevron's board recommended voting against this new proposal.

The 2021 proposal had passed with 61% support, leading Chevron to include Scope 3 greenhouse gas (GHG) emissions in some of their metrics. BlackRock views this as a responsible response to shareholder feedback.

BlackRock found Chevron's method of incorporating Scope 3 GHG emissions into their Portfolio Carbon Intensity (PCI) targets to be a meaningful way to reduce GHG emissions while maintaining core business integrity. Chevron's approach allows growth in its Upstream and Downstream businesses, provided they remain increasingly carbon-efficient.

BlackRock believes that reducing product sales is not the only way to achieve significant Scope 3 reductions. Therefore, the request to rescind the 2021 proposal, which Chevron has already acted upon, would not represent good corporate governance and would not be in the best financial interests of BlackRock's clients.

HSBC

Apple Inc.

HSBC have been engaging with Apple in line with their stewardship asks, as well as to address ad-hoc concerns. For example, throughout the year, HSBC had concerns about ongoing reported incidents around human rights violations that could pose significant risks to the company.

HSBC have engaged with an investor relations representative of the company numerous times over the past couple of years, so as to continue to share their views on what they believe to be important issues, and to learn about updates from the company. HSBC have also discussed AGM matters with the company to share their views. As part of a collaborative initiative, HSBC wrote to the company requesting additional reporting on key environmental areas such as water.

The company puts out examples of progress around climate every year. The company also continues to address e-waste, by promoting trade in opportunities, options to repair, building products for longevity as examples. They continue to work on solutions for this challenging area. The company continues to investigate allegations when they arise, and assess their auditing of supply chains and transparency around that. They have also conducted independent unannounced audits and assessments as part of a scaled-up programme.

HSBC believe that the company must enhance their transparency in reporting and during engagements, and will continue to push on these and other issues. HSBC will also continue to vote at AGMs in accordance with their principles on respective issues.

Dimensional

Ascent Industries Co.

In October 2020, Dimensional sent letters to portfolio companies that were operating in industries where SASB (Sustainability Accounting Standards Board) Standards identified climate change as a material risk but, in Dimensional's view, were not disclosing adequate board oversight policies and procedures related to climate change risk. The letters requested disclosure of each company's board oversight and the responsibilities of board committees related to oversight of material climate change risk, as Dimensional believes that shareholders would benefit from increased disclosures regarding oversight of material climate change risks.

Ascent Industries Co. were sent a letter as a part of this climate risk letter campaign. Dimensional also engaged with Ascent Industries in 2021 and 2022, and when the company provided no additional disclosure or publicly stated intention to improve disclosure related to climate risks, Dimensional escalated the matter and voted against the Ascent directors.

In June 2023, Dimensional reviewed the Ascent Industries public disclosures ahead of the company's annual shareholder meeting and again did not observe any improvement in disclosure of board oversight of climate risk. Dimensional subsequently engaged with the company to understand why this information had not been disclosed. Company representatives stated that the board had reviewed the letter and did not intend to respond to the letter or amend its disclosures.

Dimensional voted against all incumbent directors standing for re-election at the June 2023 annual shareholder meeting. Despite this, all directors were ultimately re-elected, receiving between 79% and 91% support.

Abrdn

Thungela Resources Ltd

In 2023 abrdn continued prior engagements with Thungela Resources, a leading South African thermal coal producer and exporter. Abdrn recognised the need for the company to address its environmental, social, and governance (ESG) strategy, targets, and disclosures in light of the global transition towards cleaner energy sources. Abdrn have engaged with Thungela multiple times in the past and view their continuing commitment to ESG as encouraging.

Abdrn's engagements began in early 2022 and continued throughout 2023 where they met with Thungela's management. The engagement focus with Thungela has evolved over time, with increasing focus on climate change and energy transition. Abdrn used their position as shareholders to urge Thungela to set more ambitious sustainability goals and enhance transparency. As part of this engagement, they provided Thungela with recommendations on industry best practices on ESG strategy, targets and disclosures as they seek to support the company's growth in this area. Thungela also shared details of their significant strides in enhancing health and safety measures, and they were proud to report that they achieved zero fatalities throughout 2022. This accomplishment reflects the company's commitment to ensuring the well-being of its employees and maintaining a safe working environment. Overall, abdrn believe it is evident that Thungela places a strong emphasis on ESG, as it is one of their four key pillars in their strategic approach. The company make significant contributions in both the climate and social space which is encouraging for abdrn to see.

Abdrn were pleased to see that in February 2023 Thungela published new targets to reduce Scope 1 and 2 GHG emissions by 30% by 2030, followed by its first dedicated climate change report in April 2023. They believe these new targets and disclosures help both investors and the company assess the risks and opportunities for Thungela which, as a coal miner, must address the fact that while coal remains an essential part of the energy system for many parts of the world, especially in lower income countries, in the coming decades coal's role is likely to fade as policy measures to fight climate change grow. Abdrn therefore continue to engage with Thungela, focussing on the implementation of the decarbonisation targets and the company's scenario planning for different energy transition scenarios.

LGIM

Mediobanca

At the 28 October 2023 AGM, there was a tightly contested proxy fight for director appointments to the board of Mediobanca. Investors had to choose between three slates of directors: the incumbent board proposed by management, the Assogestioni slate, and a slate by dissident shareholder Delfin. The majority winner would secure key strategic roles on the board.

After internal review and considering external sources, the LGIM Stewardship team concluded that the Delfin slate would negatively impact Mediobanca's minority shareholders. Therefore, LGIM decided to support the management-proposed slate.

To ensure full voting power, LGIM recalled all Mediobanca shares under their control from loan before the AGM voting deadline. This involved coordinating with various teams, confirming settlement dates, voting cut-offs, and evaluating potential earnings lost from recalling the shares.

LGIM successfully recalled all loaned shares and voted in favour of the management slate. The result was a narrow win for the management slate with 52.6% of the vote, with LGIM's shares contributing just under 1%. LGIM believes recalling their shares was the right decision given the tight margins of this crucial vote.

Columbia Threadneedle

CoStar Group Inc

CoStar, a US-based professional services company, was approached by Columbia Threadneedle before the AGM regarding its board composition and tenure, which averaged 16 years compared to their 13-year threshold. They also discussed a shareholder proposal for GHG emissions reduction targets aligned with the Paris Agreement.

CoStar plans to add new directors and update the Governance Committee's responsibilities, including a skills gap analysis for board quality assessment. Although CoStar began climate risk mitigation efforts, including its first emissions report and adding ESG responsibilities, they lacked reduction targets, falling behind peers. Columbia Threadneedle stressed the need for better public disclosure and climate strategy and indicated likely support for the proposal.

Two days after the engagement, CoStar committed to setting science-based GHG reduction targets with SBTi. Columbia Threadneedle viewed this as a positive response to their feedback. Following their discussion, Columbia Threadneedle voted against two long-tenured directors and will continue monitoring board composition and the governance Committee's mandates.