COHEN & STEERS

UK Stewardship Code

Contents

Opening statement

Jon Cheigh
Chief Investment Officer

As an industry leader in real assets and alternative income, our commitment to clients and our mission remains steadfast. Cohen & Steers UK Limited, together with its affiliates ("Cohen & Steers"), work together every day to help our clients achieve the financial security they need to fulfill their missions through the pursuit of excellence in everything we do, relentlessly focused on delivering superior investment results.

This pursuit of investment excellence is founded on a culture of continuous improvement and a passion for innovation. We are industry pioneers who strive to meet our clients' needs today and anticipate their challenges tomorrow. At the core of our investment ethos lies a deep-seated commitment to investment excellence, which includes the incorporation of environmental, social, and governance ("ESG") factors into our active fundamental investment approach. While this has historically been an inherent part of our investment philosophy, we acknowledge the significance of adopting a financial materiality approach to ESG integration. The assessment of financial materiality is pivotal in generating investment returns and mitigating risk for our clients.

Over the past years, we have taken a more systematic and deeper approach to ESG, integrating it across all our listed equity and fixed income investment strategies. This approach includes enhancing our proprietary ESG integration framework and engagement practices, as well as increasing our active ownership activities through proxy voting and direct engagement with portfolio companies. As responsible stewards of our clients' capital, we are committed to continuously improving our ESG practices in order to deliver superior risk-adjusted returns.

Our approach to ESG integration is multifaceted and driven by several factors, with our primary focus to align it with our investment objectives. We also prioritise meeting the evolving expectations of our clients and responding to regulatory requirements in the industry. In addition, we must navigate the complex macroeconomic landscape, which has presented a range of risks and opportunities in recent years, including the impacts of COVID-19 and elevated inflationary risks, and continued geopolitical uncertainty.

We recognise that ESG is an ever-evolving landscape, and we are constantly striving to innovate our approach. Our vision and strategy for ESG involve a holistic approach that permeates many aspects of our business. We have developed a dynamic three-year ESG Roadmap that focuses on cross-cutting strategic elements, investment integration, product development, regulatory compliance, and corporate responsibility. Our roadmap is not set in stone, but rather allows for flexibility to adjust and pivot as needed to respond to changing circumstances and seize emerging opportunities.

To actualise our strategic goals, we have made substantial investments in our ESG capabilities. This includes acquiring a wealth of additional data related to transition risks, physical risks, and regulatory factors. Additionally, after hiring a Head of ESG in 2021, we expanded our dedicated ESG team thereafter, with the addition of two accomplished professionals during the current reporting period. These team members have been intentionally placed within our investments division, ensuring that their efforts are guided by an investment-driven perspective and can have a meaningful impact. At the same time, our ESG team remains fully integrated into the broader fabric of our organisation, collaborating closely with colleagues across a range of departments to advance our ESG goals.

By fortifying our ESG capabilities and investment strategies, we have made important strides towards our objectives. Our strengthened ESG Team leads with a proactive approach to track evolving ESG standards and frameworks and deliver on, and adjust when appropriate, our strategic objectives.

Staying consistent with our investment ethos, we are actively innovating to keep up with the ESG landscape. We refreshed our engagement and global proxy voting policies and updated our integration statement to reflect the enhancements we made to our ESG integration process. We created dedicated climate working groups and advanced research which will contribute to the improvement of our proprietary ESG scorecards and models, enabling us to better identify investment opportunities and manage ESG risks for improved client outcomes.

Our product achievements are also notable. We successfully transitioned four SICAV sub-funds to be classified under Article 8 of the Sustainable Finance Disclosure Regulation ("SFDR"), meeting the growing demand for products with ESG characteristics while delivering risk-adjusted returns. We have also established an ESG product roadmap which lays out our vision for delivering ESG solutions to our clients.

As part of our corporate responsibility initiatives, we are actively researching ways to improve this strategy by aligning key elements with our business goals. Our recent release of diversity and inclusion statistics on our website is a transparent demonstration of our ongoing efforts to create a diverse and inclusive workplace.

All these achievements are aligned with the 12 principles of the UK Stewardship Code, which we detail in our report. Through specific case studies and examples of our stewardship in action, we will bring this concept to life and demonstrate its broader application to our business operating model. More broadly, we will endeavor to advance ESG and stewardship principles throughout our work and report on these activities and outcomes in the future.

Jon Cheigh
Chief Investment Officer
April 2023

PRINCIPLE 01

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

Dedicated to the pursuit of excellence in everything we do, Cohen & Steers is a leading global investment manager specialising in real assets and alternative income, focused on delivering attractive returns, income and diversification.

Who we are

In 1986, Marty Cohen and Bob Steers set out to help investors capitalise on the emerging opportunity they saw in publicly traded real estate investment trusts, or REITs. They believed that access to professionally managed, institutional quality real estate should be democratised and accessible even to individual investors. Until then, access to such investments was restricted to large institutions and wealthy families and individuals. So they founded Cohen & Steers as a pioneer of U.S. REIT investing.

Over the years, our firm has evolved to become a leader in real assets and alternative income investing. We have expanded our capabilities by continuously focusing on investment excellence and innovation to deliver attractive returns, income and diversification. As our firm and culture have evolved, our core values have remained consistent and have guided our decisions and helped deliver strong and consistent results for our clients, shareholders and employees. As of December 31, 2022, we managed $80.4 billion of our client's assets. This includes $58.5 billion in Listed Real Assets, $19.8 billion in Alternative Income Solutions and $2.1 billion in other portfolios. We invest on behalf of a variety of clients across open-end funds, advisory, closed-end funds and sub-advisory. Our strategies continue to outperform their benchmarks. This is exemplified by our receipt of the Refinitiv Lipper Fund Awards in early April 2023, recognising the strong performance of some of our real estate mutual funds over both the 5- and 10-year periods.

We continue to be an educational authority for real assets and alternative income. Our culture of excellence and inclusion creates an environment for employees to make better decisions and helps us develop our next generation of leaders and investment professionals.

2022 marked one of the biggest macroeconomic regime shifts the firm has seen in 36 years of investing. The Federal Reserve and other central banks responded to the spike in inflation that began in 2021 by raising interest rates and moving from quantitative easing to quantitative tightening. Listed real estate, our largest asset class, fell 24.9% in 2022, as measured by the FTSE Nareit All Equity REITs index. More recently, some U.S. regional banks have faced investment portfolio losses and liquidity challenges, leading to a takeover by banking regulators.

While change can be challenging, we have learned that change creates opportunity. Since the start of 2023, financial asset prices have corrected, and the end of rate hikes appears to be on the horizon. Market uncertainty is elevated, and we believe we may be somewhere around the middle of the current macroeconomic cycle.

Based on our interactions with investors, we believe investors continue to be under-allocated to real assets and allocations in portfolios are increasing on a secular basis, particularly to U.S. and global real estate, global listed infrastructure and multi-strategy real assets. The regime shift is providing an additional opportunity for investors to increase allocations to real assets and alternative income.

Our evolution

■ Corporate milestone ■ New strategies

1986

Founding

- First investment manager dedicated to listed real estate
- U.S. real estate

1991

First Cohen & Steers REIT fund

- Launched Cohen & Steers Realty Shares, our flagship open-end U.S. REIT mutual fund
- Shaped modern REIT era

2003

Strategy innovation

- Global real estate
- Global listed infrastructure
- Preferred securities

2004

Public listing

- Traded on the New York Stock Exchange (ticker: CNS)

2009

Industry leadership

- Led initiative to recapitalize REITs in financial crisis

2011–2018

Expanding real assets

- Added Macro Strategy and Asset Allocation teams
- Real assets multi-strategy
- Commodities
- Natural resource equities
- Low duration preferreds
- Digital infrastructure

2019–2020

Going deeper

- Expanded Quantitative Analysis team
- Alternative income
- Next generation real estate
- REIT completion

2021

New initiatives

- Built private real estate team
- Built multi-asset solutions team
- Created ESG team
- Shariah global real estate

2022

Positioned for growth

- Created a new function, Head of Real Estate Strategy & Research, to support portfolio optimization
- Launched private real estate fund

Assets under management (AUM)[1]

$80.4 billion

Total AUM

Investment strategy ($ billions)

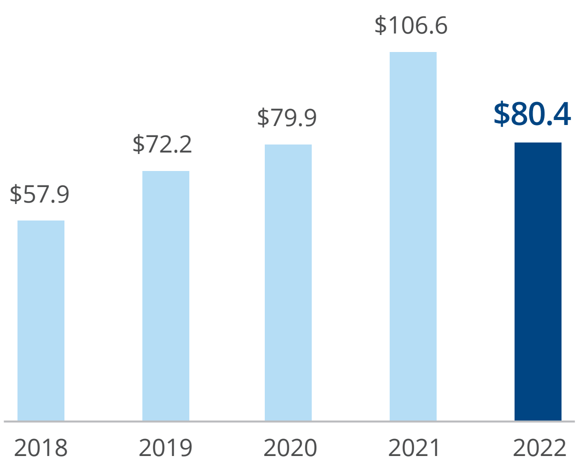
Listed real assets	
U.S. real estate	$35.1
Global/non-U.S. real estate securities	$14.8
Global listed infrastructure & MLPs	$8.6
Alternative income solutions	
Preferred and income securities	$19.8
Other portfolios	$2.1

Investment vehicle ($ billions)

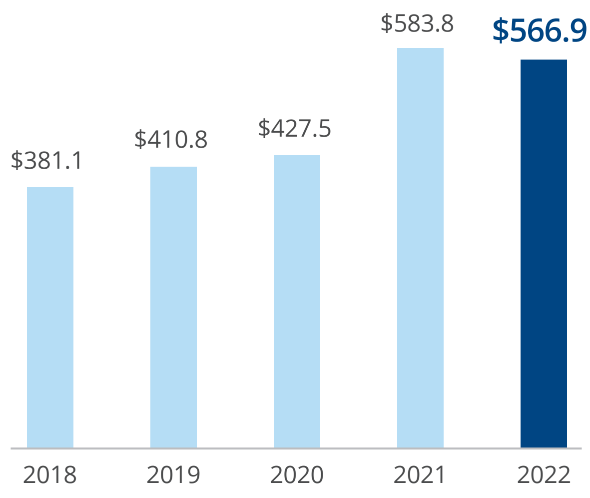
Open-end funds	$36.9
Advisory	$18.6
Closed-end funds	$11.1
Sub-advisory	
Japan sub-advisory	$8.4
Sub-advisory ex-Japan	$5.4

Five-year history

Assets under management
$ billions at December 31



Revenue
$ millions for the years ended December 31



(1) As of December 31, 2022.

Our firm

36
Years of investment innovation

2004
Listed on the NYSE
Ticker: CNS

388
Employees[(1)]

60+
Investment professionals

20+
Years average experience of senior investment professionals

3
Consecutive years named a Best Place to Work by *Pensions & Investments*

(1) As of December 31, 2022.

PRINCIPLE

01

Our Purpose

We work together every day to help our clients achieve the financial security they need to fulfill their missions through the pursuit of excellence in everything we do, relentlessly focused on delivering superior investment results. We are industry pioneers who are passionate about constantly innovating to meet our clients' needs today and anticipate their challenges tomorrow.

We aspire to establish ourselves as a leader over time in ESG investing in real assets and alternative income. We are confident in our method of integrating ESG considerations into our investment approach and believe that our stewardship practices enhance our ability to deliver consistent, attractive, and risk-adjusted returns in a systematic and transparent manner. In addition to our daily investment activities, we actively engage with the companies we invest in to promote business practices that align with shareholder value, leveraging our influence as a thought leader in the industry and using our proxy votes to effect change.

Our principles and values

To deliver on our purpose, we actively follow Cohen & Steers' four values: excellence, innovation, focus and inclusion.

Excellence guides how we deliver superior performance for our clients, fueled by a collaborative spirit and the drive to continually exceed.

Innovation is how we advance, forged by continuous improvement to build investment solutions that provide long-term results.

Focus characterises how we operate, using a disciplined investment approach that leverages our history of specialisation to deliver total returns, outperformance, income and diversification.

Inclusion defines how we foster teamwork and engage with clients, with an entrepreneurial culture that welcomes new ideas and varied perspectives.

Aligning talent and culture to support growth

Continued investment in people and advancing our culture through diversity and inclusion were critical to supporting the firm's strategic priorities. Highlights include:

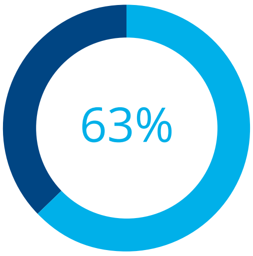
- Eighty-one new employees were hired in 2022, of which 40% were new roles to support growth.
- We hired a new chief human resources officer who will execute strategies that help us attract, develop, engage, and retain great talent.
- For the second consecutive year, over 60% of new hires were diverse.
- *Pensions & Investments* recognised Cohen & Steers as one of the "Best Places to Work in Money Management" for the third consecutive year.
- The firm's diversity and inclusion strategy was advanced through the creation of a new employee resource group, the Diversity Alliance. The Diversity Alliance promotes cultural awareness and inclusion through dedicated forums in which employees are encouraged to share their perspectives and experiences.
- A formal partnership was launched with Girls Who Invest, a nonprofit organisation whose goal is to have 30% of the world's investable capital managed by women by 2030. Our first Girls Who Invest intern worked with the REIT investment team in 2022.

Our culture

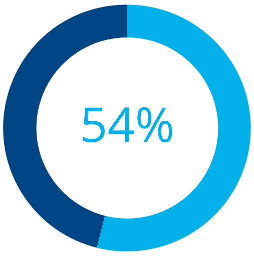
We are committed to a culture of diversity and inclusion where all employees succeed based on merit and every employee fully contributes to our clients' success. Respecting each person's background and life experiences results in our ability to make better investment decisions and achieve stronger outcomes.

Evolution of our people and culture

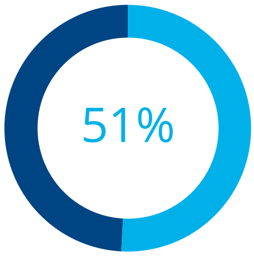
We remain committed to advancing diversity and inclusion at our firm, and we are proud to report that we have made significant progress in this area over the reporting period. By consistently leveraging diversity information to make data-informed decisions and tracking key metrics, we have been able to identify areas for improvement and make meaningful changes within our organisation. Our ongoing efforts in this area demonstrate our continued dedication to creating a workplace that is both diverse and inclusive.



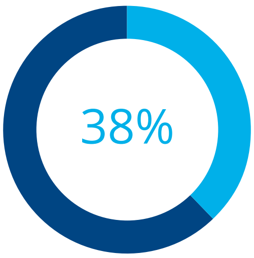
of new hires firmwide in 2022 were either female or racially/ethnically diverse, with **48% female** and **31% racially/ethnically diverse.**



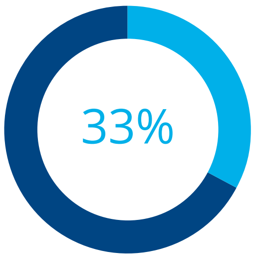
of our Global employees were either female or racially/ethnically diverse



of promotions were either female or racially/ethnically diverse employees



of our global investment team members were either female or racially/ethnically diverse



of independent directors on our Board are female and racially/ethnically diverse

Leadership

↑ 13 percentage points over the past five years

female or racially/ethnically diverse independent directors on our Board

Diverse Talent

Summer Associate Program

2022 consisted of **73% female** and **100% diverse** talent

At December 31, 2022. Source: Cohen & Steers

The views and opinions are as of the date of publication and are subject to change without notice. Additional information can be found on the firm's website at the following link (**https://www.cohenandsteers.com/topics/diversity-inclusion**).

Our governance

We have maintained strong corporate governance since our founding in 1986. We continue to be dedicated to being transparent, managing risk in all aspects of our business, and establishing clear operating procedures to support ethical behaviors and practices. We believe robust governance helps to drive sound environmental and social policies. Cohen & Steers' corporate governance policies are designed to ensure that the leadership of our business meets our stated vision and goals. We seek to align the interests of the firm's board of directors and management with those of our shareholders and clients, while demonstrating the highest levels of ethical conduct.

Cohen & Steers is committed to pursuing excellence that results in responsible corporate practices. As stewards of our clients' capital, responsible corporate practices are critical and they extend to our investment approach, client interactions, culture and day-to-day activities.

Tying our ESG philosophy to our investment beliefs

Aligned with our objective to deliver consistent investment performance, fundamental analysis is the foundation of our investment process, grounded in a combination of a top-down and bottom-up analysis for assessing relative value and total return potential. As part of this analysis, we actively identify ESG risks and opportunities that may impact a company's performance.

We believe companies that integrate ESG considerations into their strategic plans and operations can enhance long-term shareholder value. Our assessment of corporate governance is key to our fundamental analysis. In addition to providing a foundation for value creation and total-return performance, we believe strong governance is critical to driving sound environmental and social practices and achieving sustainable business models.

Our integration of ESG factors into security analysis, which is consistently applied across our listed equity and fixed income strategies, requires that our teams understand not only the opportunities and risks that may impact the value of a company, but also how that firm is responding to these factors. Through this assessment, we can identify areas where we believe engagement can generate advancements and improved outcomes in the companies we invest.

Actions taken to enable effective stewardship

Stewardship is integral to our long-term approach to investing. Our stewardship activities include implementing a long-term vision for ESG across the firm, integrating ESG factors into our listed investments, monitoring and engaging with company boards and management on governance and investment issues.

We hold ourselves accountable for effective internal ESG practices. Cohen & Steers believes such practices are essential to deliver consistent investment performance, attract top talent, build trusted relationships with our clients, and enhance value for shareholders.

In 2022, our Executive Committee approved a three-year ESG roadmap (2022-2024) for our firm-wide ESG efforts. This roadmap provides coherence, direction and scope for our efforts around five key segments deliberately selected to align with our clients' interests and more broadly the landscape of ESG drivers directly affecting us as a firm:

- Strategic cross-cutting issues
- Investments
- Products
- Regulatory issues
- Corporate responsibility

The roadmap outlines themes for each of the three years, priorities within these segments and overall aspirations for the firm's outlook on ESG and stewardship more broadly. In order to accomplish these goals, the roadmap outlined the need for additional investments in people, data, thought leadership and industry participation. These and other elements are described in more detail throughout this report. Please refer to **Principles 9–12**.

Over the course of the reporting period, as we continued to enhance existing ESG processes or embark on new ones, we found that clearly delineating these priorities enabled us to meet our clients and beneficiaries' inquiries and interests on a range of topics related to stewardship. This included, though was not limited to, providing added consistency and rigor to our ESG assessments of companies in our portfolios, reporting on the carbon intensities of certain funds, assessing reputational risks in a more systematic way across specific client mandates that require such review, and tracking and reporting on engagement outcomes in a more nuanced and detailed manner.

Engagement is an integral part of our fundamental research process, providing a framework for dialogue between us and our portfolio companies, as well as regulators, public policymakers, underwriters and industry organisations. Engagement is embedded within our custom approach to ESG integration (**ESG Investment Integration Statement**), enabling us to better incorporate ESG factors into our investment decisions and encourage positive change.

Stewardship is integral to our long-term approach to investing

Specifically, we believe engagement enables us to influence and seek outcomes related, but not limited, to:

- Strategic vision
- Corporate oversight and risk management
- Capital allocation
- Compensation
- Carbon emission controls and targets
- Energy management
- Human capital management
- Accidents, spills and leaks
- Employee health and safety
- Community relations

We believe discussing these topics directly with companies we own is essential to helping our portfolio managers represent our clients' best interests and protect the value of their investments.

ESG roadmap – evolution and achievements

In 2021, the idea of a firm-wide ESG roadmap was first introduced with the appointment of our Head of ESG. It was recognised that we needed a visionary leader to develop a cohesive and structured strategy, outlining where the firm could focus its efforts across all relevant business units. From late 2021 to mid-2022, the ESG roadmap was developed and discussed with the ESG Steering Committee and each of the four ESG committees to ensure that we received ample feedback on content, priorities and resourcing. This led to multiple discussions with our Executive Committee on direction and scope, ultimately resulting in our formal commitment to a three-year ESG roadmap (2022 to 2024) in mid-2022.

To achieve our long-term priorities, the firm identified the need to invest in additional staff, resulting in the expansion of our ESG team from 1 to 3 members. We have also acquired more data to cover additional detailed climate factors and regulatory solutions, further enhancing our analytical capabilities. In addition to these efforts, we have increased our thought leadership initiatives through webinars and speaking engagements.

Throughout the reporting period, we have accomplished several notable achievements in each of the five ESG pillars.

In terms of strategic cross-cutting achievements

- We built an expanded ESG Team, adding two dedicated functional specialists covering specific priorities across each of our five pillars
- We activated two climate working groups, leading to research and a better understanding of investment implications for transition and physical risk
- We held discussions with senior management, boards, and executive leaders to determine direction and outcomes

Investments

- As part of our commitment to continue to innovate and add rigor to how we assess ESG risks and opportunities, we:
  - Refreshed our Engagement Policy
  - Enhanced our Proxy Voting Policy
  - Updated our Integration Statement
  - Established dedicated climate working groups and advanced research
  - Continued to design and build out some proprietary ESG scorecards and models

Product

- We successfully transitioned four SICAV sub-funds to be classified under Article 8 of the SFDR, resulting in 80% of our European fund range being transitioned to Article 8
- We formulated and approved an ESG product roadmap
- We provided training on ESG issues to sales, distribution, and marketing teams

Regulatory

- We undertook compliance and prepared disclosures related to SFDR
- We developed climate policies and procedures under the Hong Kong Securities and Futures Commission (SFC) climate-related risk regime
- We continued to monitor ESG regulations globally and potential impacts to CNS

Corporate responsibility

- We researched, analysed, and developed plans for our strategy to go beyond our four pillars and began laying out possible next steps under each
- We released diversity and inclusion statistics for the first time

In 2023, we continue to advance some of the above priorities that are in progress as well as embark on new initiatives covering topics such as ESG links to performance, development of strategies with more specific ESG criteria and a deeper application of climate data.

PRINCIPLE 02

Signatories' governance, resources and incentives support stewardship

Cohen & Steers has various governance mechanisms, resources and incentives in place to address its ESG and stewardship efforts. These mechanisms are linked to achieving our firm-wide ESG objectives.

More specifically, the governance structure and the resources that we have put in place reflects the importance that we place on oversight and guidance from our senior leadership as well as the desire to develop comprehensive strategies around stewardship and implement activities to advance them at the working level.

Given our role as an asset manager and the importance of tying ESG first and foremost to our investment process, we have placed our ESG team squarely within the Investments Department. The team provides specialisation and expertise to help advance and adjust priorities delineated in the ESG roadmap. At the same time, because our ESG activities in Investments have common goals across integration, engagement and voting but allowing for differences in practice by asset class, we have ESG captains representing each of our four major listed strategies. They serve as 'coaches' for their teams guiding their colleagues on topics such as scoring and assessing companies, doing sector and sub-sector analysis, and engaging with and voting on topics relevant to their strategies. We have deliberately taken a decentralised approach to integrating, engaging and voting with analysts and portfolio managers directly responsible for undertaking these activities within their respective coverage. We have found that this strengthens accountability and direct ownership, while also leading to more direct application of company and industry insights and knowledge.

Stewardship is multi-faceted and, in our view, most effectively addressed through a collaborative and inclusive approach. As a result, we have five committees that mirror each of the five segments of our ESG roadmap. The ESG Steering Committee, chaired by our Head of ESG and including the chairs of the other four committees, provides strategic direction and reviews and adjusts priorities in the ESG roadmap. The other four committees are focused on investments, products, regulatory concerns and corporate responsibility, addressing both headwinds and tailwinds that are present in their respective areas. With the exception of the ESG Investments Committee, which only includes investment personnel within its membership, each of the other committees has a broad array of representation from different business units and functions.

Throughout the reporting period, each of the committees generally met quarterly to discuss and make progress on key ESG initiatives in their respective areas. We found that these governing structures worked well, allowing us to achieve our 2022 goals, while at the same time setting us up well for success in 2023. One change that we considered making potentially in the future is rotating the captains and committee chairs (other than the ESG Steering Committee) to allow for refreshed views and opportunities for other members of the firm.

Cohen & Steers has various governance mechanisms, resources and incentives in place to address its ESG and stewardship efforts. These mechanisms are linked to achieving our firm-wide ESG objectives.

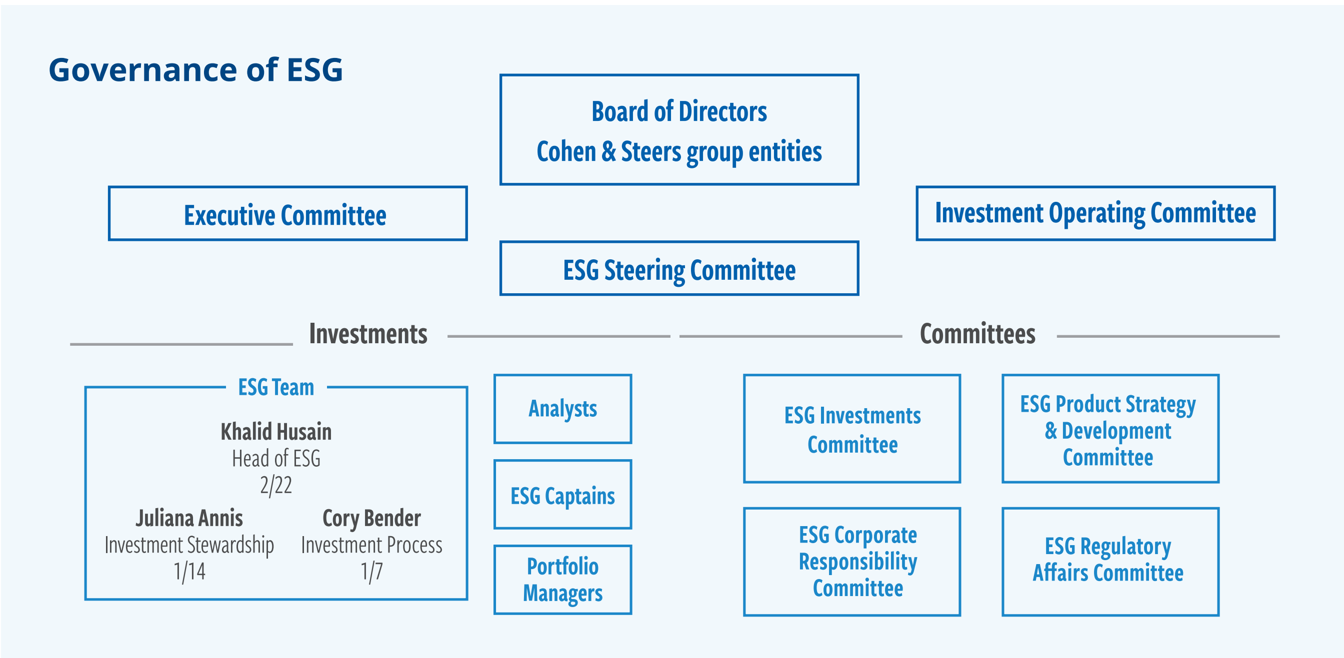
Board of directors

The board of directors of the Cohen & Steers parent company, together with the boards of directors of its wholly-owned operating subsidiaries, collectively maintain broad risk oversight responsibility for the firm. Similarly, the boards of directors of Cohen & Steers-sponsored funds have risk oversight responsibilities that extend to the funds within their purview. As part of this oversight, these boards review and discuss reports on investment and risk management applicable to their respective entities as well as business development activity on a quarterly basis. These reports may include information on responsible investment activities and related initiatives, including our ESG integration process. Over the course of the reporting period, ESG updates were provided to our Cohen & Steers-sponsored US and European fund boards. In addition, SFDR-related updates were provided to the Cohen and Steers UK Limited Board, and other affiliate Cohen & Steers boards and European fund boards, and climate-risk policies and procedures required under the Hong Kong SFC climate-related risk regime were reviewed with the Cohen and Steers Hong Kong affiliate board.

ESG team and oversight

In 2021, we appointed Khalid Husain as Head of ESG and a member of our global investment team. As part of our commitment to continuous improvement, Mr. Husain oversees the firm's environmental, social and governance investment framework and integration process, serving as chair of the Cohen & Steers ESG Steering Committee.

A central focus during 2022 was the development of a three-year ESG roadmap for the firm. This was designed in consultation with the rest of ESG Steering Committee, ESG captains and various ESG committees. At the executive level, the roadmap was shaped via discussions with our CEO, CIO and the Investment Operating Committee. The roadmap was approved in May 2022.



At March 31, 2023.

ESG Team Bios

Khalid Husain, Senior Vice President, is Head of ESG. He has more than 22 years of experience. Prior to joining the firm in 2021, Mr. Husain served as Vice President in Moody's global environmental, social and governance (ESG) team, where he led strategies for advancing the application and integration of ESG in credit analysis and research. Previously, he was a senior director of ESG investing at TIAA, an environmental project manager at ICF International and a climate and energy officer at the United Nations. Mr. Husain has a Masters in International Affairs with a dual focus in economic and political development and finance and banking from Columbia University and a B.Sc. in Earth Sciences from McGill University. Mr. Husain is based in New York.

Juliana Annis, Vice President of Investment Stewardship, Reporting and Corporate Responsibility has 14 years of experience. Prior to joining the firm in 2022, Ms. Annis led initiatives in the Sustainable Investing team at KKR to help implement the firm's environmental, social, and governance (ESG) work across KKR's business and investment portfolio, particularly in Private Equity. Previously, she was a Senior Associate at Marc Goldstein Associates. Ms. Annis has an M.B.A. from Columbia Graduate School of Business and a B.S. in Political Science from John Jay College. Ms. Annis is based in New York.

Cory Bender, CFA, is an ESG Analyst focused on ESG integration within the investment process and researching/supporting sustainable product offerings. He has seven years of experience. Prior to joining the firm in 2023, Mr. Bender worked at MSCI as an ESG consultant, helping to integrate ESG across various client types and strategies. Previously, he was an ESG analyst at Bloomberg. Mr. Bender has a B.A. from the University of California, Irvine and is a CFA charter holder. He is based in New York.

Our Proxy Committee also actively engages with the ESG Team and other ESG committees to further support our stewardship efforts across the firm. For example, more recently, the committee took steps to bolster the language surrounding climate risk, board diversity, and board risk oversight. Please refer to Principle 5 for further detail.

In addition, our two climate working groups focused on transition and physical risk, actively facilitate research and data to strengthen the investment team's understanding and the implications of each. Please refer to Principle 4 for further detail.

Our committees

The ESG Steering Committee, chaired by Mr. Husain, oversees ESG initiatives across the company and sets the future direction of ESG efforts. The chairs of each of the four ESG subcommittees and Chris Parliman, Chief Operating Officer of Investments, sit on the ESG Steering Committee. Each of these chairs leads their respective ESG committees, advances relevant initiatives and provides regular updates to their respective departments as well as insightful guidance to the ESG Steering Committee on successes achieved, setbacks encountered and possible next steps.

This organisational structure was chosen to manage the multi-faceted nature of ESG across our workforce. Each of the four subcommittees represents topics central to how we advance ESG efforts, including:

- Managing our investments
- Exploring products and solutions
- Developing our corporate responsibility strategy and identity
- Complying with an increasing range of ESG regulations and policies worldwide

Cohen & Steers ESG Committee structure has four critical functions

At December 31, 2022. Source: Cohen & Steers

The ESG Steering Committee met several times throughout the course of the reporting period. These included discussions on the ESG roadmap objectives, annual goals and specific priorities; delineating resource requests and assessing candidates for the two ESG team hires; providing views on enhancements to investment related ESG policies on integration, engagement and proxy voting; discussing ways to address topical issues such as climate change and associated data needs, thought leadership efforts, and marketing of them; and communicating to executive management our 2022 accomplishments and 2023 priorities. We discussed areas of improvement and possible investments in these areas. These are described in further detail in Principles 7 and 8.

The ESG Investments, Product Strategy & Development, Corporate Responsibility and Regulatory Affairs Committees are chaired by a senior member of the firm who has between 15 and 30 years of experience, including significant training and expertise in their respective fields. They all have previous experience managing committees and workflows and harnessing the collective power of groups to produce tangible outcomes. This structure is appropriate for Cohen & Steers given the size of the firm, its desire to have senior leaders directly applying their expertise, and its decentralised and inclusive approach to managing stewardship.

The chairs of the four ESG subcommittees act as advisors and steer direction on areas of focus and exploration on their respective topics. Committee members undertake work relevant to their committees, surface new topics, and collaborate to achieve desired goals.

The ESG Investments Committee oversees the ESG integration effort across investment teams and supports the specialist teams in determining the most appropriate way to integrate ESG factors into the research process. This 15-member committee consists entirely of investment staff, mainly portfolio managers and analysts. It includes four ESG captains. The committee is also responsible for ongoing implementation of engagement tracking and reporting at the investment team level and evaluation of the need for additional external ESG research and data across investment teams. The committee met several times throughout the course

Key outcomes and accomplishments of our committees

Committee	Key outcomes and accomplishments
ESG Steering	Development and approval of ESG roadmap
ESG Investments	• Enhancements made to integration, engagement and global proxy voting policies and statements • Implementation of above policies into action across Investments teams
ESG Product Strategy & Development	• Successful transitioned four SICAV sub-funds to be classified under Article 8 of the SFDR • Development of firm-wide ESG product roadmap
ESG Regulatory Affairs	• SFDR: compliance and reporting undertaken • Hong Kong SFC climate-related disclosure regime: development of climate policies and procedures • Continuous monitoring of emerging regulations and impacts
ESG Corporate Responsibility	• Research and analysis of corporate responsibility strategy • Advancing reporting and next steps on diversity and inclusion

Policy and statement enhancements

- **Our Engagement Policy** was refreshed with a broader definition which now includes dialogue with regulators, public policymakers, underwriters, and industry organisations in addition to companies in our investable universe. We also updated the purpose of our engagement definition to focus on desired outcomes and not just practical engagement. Finally, we included an escalation section within the policy to further advance desired outcomes of our engagements.
- **Our Proxy Voting Policy** was enhanced in three significant ways. First, we specified further how we think about board diversity and adopted a policy where we will generally vote against the chair of the nominating committee (or other directors on a case-by-case basis) in cases where there is no gender diversity on the board, if the board has not included a female director during the last 12 months, and the company has not articulated a plan to include a qualified female nominee. Second, with respect to our mosaic approach to vote on director nominees, we added to our list of factors that we will consider a board's oversight of material climate-related risks and opportunities and expanded factors we consider when evaluating environmental and social proposals, with a particular focus on climate issues. Third, we modified existing language to highlight the factors we believe constitute material failures of risk oversight.
- **Our Integration Statement** was updated to better document our existing integration process and we also undertook to include implemented enhancements at both the strategy and firm-wide levels. We have also started to map out what a future state of our ESG integration approach could entail as outlined in **Principle 7**.

of the reporting period and undertook significant enhancements to our integration, engagement, and global proxy voting policies. These changes were driven by a collective desire to add more rigor and specificity to these processes, equipping our investment colleagues with additional levers to effect change. These changes have led our investment teams in some cases, to more comprehensively consider the financial impacts of certain topics such as climate change, diversity and risk management and ultimately to impart a more proprietary and outcome-oriented mindset.

Our ESG captains remained quite active during the 12-month reporting period. Currently, our ESG captains are Jan Willem Van Kranenburg from the listed REITs team, Thuy Quynh Dang from infrastructure, Raquel McLean from preferred securities and Celine Fung from natural resources equity.

Each of our four ESG captains lead their respective teams in ESG initiatives and represent their team as the expert on ESG to both internal committees and clients.

During the specified reporting period, the ESG captains were instrumental in advocating for their respective teams' perspectives, as our integration and engagement underwent a more rigorous implementation. They collaborated with their peers and led efforts to enhance our ESG endeavors, which included the review and refinement of internal scoring mechanisms, strengthening the alignment between ESG factors and valuation processes, and adopting a more outcomes-driven approach to engagement efforts.

The ESG Product Strategy & Development Committee researches ESG market trends, evaluates market demand patterns, identifies client preferences for ESG investment solutions, supports ESG product data and reporting, and leads the development and launch of ESG products aligned to Cohen & Steers' investment capabilities.

Senior staff within the global product strategy & development department serve as standing committee members. Committee membership is extended to include staff throughout the organisation, including members of the firm's distribution, investment, finance and marketing teams as needed to advance a specific topic or project.

Over the course of the reporting period, the committee:

- Transitioned four SICAV sub-funds to be classified under Article 8 of the SFDR
- Developed and received approval for a multi-year ESG product roadmap
- Continued to capture and apply market intelligence on an array of ESG and sustainable funds globally

The ESG Corporate Responsibility Committee develops and coordinates Cohen & Steers' public response on responsible investing and ESG matters. This includes the review and revision of policies, documentation of ESG affiliations and memberships, and the development of a corporate advocacy framework.

There are four pillars of our Corporate Responsibility that govern our long-term strategy as well as our day-to-day decisions:

- ***Our beliefs and practices:*** We are dedicated to being transparent, managing risk in all aspects of our business, and establishing clear operating procedures to support ethical behaviors and practices.
- ***Our environment:*** As an investment firm, we see two distinct ways we impact our environment: how we act and how we invest.
  - How we act: The Green Team ensures sustainability is integrated into our corporate culture and that we reduce our carbon footprint through education, accountability, and everyday actions.
  - How we invest: We aspire to a leadership position in ESG investing in real assets and alternative income. We believe our proprietary approach to ESG integration, and our stewardship, enhance our ability to deliver more consistent, attractive risk-adjusted returns in a systematic and transparent manner.
- ***Our communities:*** Cohen & Steers is dedicated to giving back to the global communities where we work and live. We partner with a variety of organisations to affect positive change. Our employees actively partner with numerous and varied charitable organisations aligned with our employee's passions and the communities they choose to support ranging from feeding the hungry to cleaning city parks to mentoring disadvantaged youth.
- ***Our culture:*** We believe a culture of excellence, respect and integrity creates the best environment for employees to feel included, contribute ideas, make better decisions, and ultimately achieve better results for our clients. We achieve excellence through recruiting and retaining the world's best talent from the widest pool possible and then by welcoming each person's background and life experiences. An inclusive and diverse workforce drives better investment decisions, more robust collaboration, and unique points of view that lead to achieving stronger outcomes for our clients. We hold every employee accountable to our four core values.

The ESG Regulatory Affairs Committee analyses regulations and regulatory trends globally, including the regulatory demands of our clients and the market. The committee allows for a forum to share and educate on the latest and forecast policy and regulatory requirements related to ESG to colleagues across disciplines in the firm. More significantly,

Spotlight: Giving back to the communities where we work and live

Cohen & Steers' commitment to environmental stewardship and community engagement was exemplified by the Green Team and Volunteer Committee's recent initiative. In partnership with Ocean Conservancy and NYC Department of Parks & Recreation, we organised a Rockaway Beach cleanup in October 2022. Our employees actively participated in restoring a nesting site on one of New York's picturesque beaches by collecting and disposing of garbage and debris.

This noteworthy undertaking not only exemplifies our strong commitment of giving back to our communities but also our people's commitment to protecting our natural environment for future generations.

it facilitates preparation for compliance with regulatory requirements.

This forum enables us to prepare and respond to regulatory changes in an effective, cross-functional manner, while defining how the firm's approach from a corporate responsibility and product viewpoint can be further enhanced when meeting current and future regulatory requirements.

During the reporting period, this committee focused on various current and upcoming global and domestic frameworks, legislation, guidance, and regulations. The committee addressed direct and indirect impacts on these areas with significant attention to compliance and reporting associated with the SFDR in Europe, as well as development of climate risk policies and procedures under the Hong Kong Climate-related risk regime.

Our ESG committees are critical forums to prepare for and implement relevant ESG roadmap priorities, as well as surface new ideas and refinements. As detailed in **Principle 7**, the specific ESG factors we evaluate are tailored for each strategy we cover. These factors are designed to capture the specific ESG implications and risks for each industry and strategy, to ensure effective investment selection for our clients.

Our analysts apply each issuer's ESG score as one of the factors in determining our valuation projections, which in turn determine which securities we select for investment.

Over time, our analysts have built strong relationships with the companies we invest in. Continuous engagement with company management is an integral part of our fundamental research process, providing a framework for dialogue in which we can support, influence or change a company's ESG practices in ways we believe may have a material impact on its ability to preserve or grow its economic value.

Engagement is conducted by our portfolio managers and research analysts as part of their ongoing evaluation of holdings, and is tracked in our ESG engagement tool, discussed in **Principle 11**.

Ongoing Education and Training

In response to the evolving ESG landscape, we continually review our investment approach, our data providers, and our resources with the end goal of building investment solutions that provide long-term results.

Furthering education and training are critical to these efforts. During the reporting period we conducted sessions on the following topics:

- Captain-led ESG trainings on Global Engagement Policy updates
- Expert external speaker series to provide our investment team with cutting-edge knowledge and expertise on critical topics such as ESG links to performance, climate change, diversity and inclusion

PRINCIPLE

03

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

At Cohen & Steers, we prioritise acting in the best interest of our clients and have instilled this ethos in our culture, processes, and procedures. We are committed to treating our clients fairly in all aspects of investment management and administration. To manage potential conflicts of interest, we resolve them with consideration for all clients involved, recognising that conflicts can arise between different clients, investment portfolios, or between Cohen & Steers employees and clients. While it's not always possible to anticipate every conflict, we take proactive measures to identify and mitigate material conflicts and disclose them to prevent any harm to our clients' interests.

We annually review and update our policies and procedures in response to ongoing business developments, which collectively shape our approach to stewardship and conflict management. Such policies and procedures include, but are not limited to:

Policy	Responsible department
Outside Activities and Conflicts of Interest Policy	Legal and Compliance
Code of Business Conduct and Ethics	Legal and Compliance
Global Engagement Policy	ESG Investments Committee
Global Proxy Voting Policy	Proxy Committee
Gifts and Entertainment Policy	Legal and Compliance
Political Contribution Policy	Legal and Compliance
Portfolio Compliance Procedures	Legal and Compliance
Related Party Transactions Policy	Legal and Compliance
Fair Disclosure Policy	Legal and Compliance
Code of Ethics for Senior Financial Officers	Legal and Compliance
Policies and procedures for transacting in securities of Cohen & Steers	Legal and Compliance
Anti-bribery and Anti-corruption Policy	Legal and Compliance
Code of Ethics	Legal and Compliance
Trade Allocation Policy and Procedures	Legal and Compliance
Inside Information Policy and Procedures	Legal and Compliance

Details of our conflict of interest policy are in our broader Code of Business Conduct and Ethics, which can be found **here**.

Additionally, our U.S. Securities and Exchange Commission Form ADV—filed and updated annually—requires disclosure of potential and actual conflicts inherent in our business. It also details procedures to manage such conflicts, and can be found **here.**

Code of Ethics

Cohen & Steers has adopted a Code of Ethics (the code) that sets forth the standards of business conduct, professional ethics and fiduciary behaviour expected of all employees. The code is available on the Cohen & Steers' intranet; employees certify their understanding and adherence to the code when they begin their employment and annually. The code includes a statement of general fiduciary principles as well as rules and restrictions designed to prevent and detect conflicts of interest when investment professionals and other employees own, buy or sell securities that may also be owned by, bought or sold on behalf of clients.

It requires that employees abide by the following general fiduciary principles in relation to their personal investment activities:

- The interests of clients must be placed first at all times.
- Personal securities transactions must be conducted in a manner consistent with the code and in a way that avoids actual or potential conflicts of interest, or any abuse of an individual's position of trust and responsibility.
- Employees must not take advantage of their position at Cohen & Steers to misappropriate investment opportunities from clients.
- Individuals must comply with applicable federal securities laws.

One notable update that we undertook during the reporting period was that in June 2022 the firm added a preclearance approval requirement for transactions in securities of Cohen & Steers, Inc. or any of the Cohen & Steers closed-end funds in personal accounts for which the employee does not have direct influence or control.

Sources of conflict of interest and how we manage them

1. Global proxy voting

Cohen & Steers' Global Proxy Voting Policy includes procedures to address material conflicts of interest, which could arise between the investment advisor's interests and those of its clients. Similar to our Engagement Policy, we have a dedicated section in our Global Proxy Voting Policy on conflicts of interest.

As a core foundation in managing potential conflicts of interest, we limit membership on our Proxy Committee to individuals whose job responsibilities do not include client relationship management, marketing or sales.

In addition, we believe voting in accordance with our proxy voting guidelines may mitigate the creation of material conflicts of interest. Proxy votes cast contrary to our proxy voting guidelines may result in a conflict of interest if the company is also a significant business partner, trading counterparty, supplier or client of the firm. For this reason, we require investment personnel to document their rationale for any votes cast that are contrary to our proxy voting guidelines. These votes must be approved by two members of the Proxy Committee, one of whom must be non- investment personnel.

As further described below, when a potential material conflict of interest is identified, our Proxy Committee, in consultation with the firm's Legal and Compliance department, evaluates the facts and circumstances and determines whether an actual conflict of interest exists. If the Proxy Committee determines a conflict does exist, it will make a recommendation about how Cohen & Steers should vote the proxy. We did not face significant conflicts of interest during the reporting period.

As part of general reminders and precaution however, during Q1 2023 (as part of the reporting period), the Proxy Committee reminded members and the Investments Department more broadly about the significance of conflict of interest issues during proxy voting. Also during this time, the expanded ESG team joined the Committee in its season recap and discussion on changes and looking ahead to this year's proxy voting.

2. Global engagement policy

We take an active ownership approach with companies, advocating for sound ESG principles that we believe will help investment performance (see **Principles 9** and **10**).

We actively implement policies and procedures that aim to prevent any outside interests from influencing our engagement activities, as outlined in our Global Engagement Policy.

Accordingly, engagement is conducted only by our investment professionals. Individuals in client relationship management, marketing or sales are not permitted to participate in engagement discussions. In addition, we require all employees to disclose relationships with our clients, business partners, public companies and trading counterparties, and require them to obtain approval prior to engaging in certain outside business activities.

Evolving our policy on proxy voting conflicts of interest

In June 2022, Cohen & Steers updated its Global Proxy Voting Policy to identify non-exclusive examples of sources of perceived or potential conflicts of interest involving the firm or its affiliates. When a potential material conflict of interest is identified, the Proxy Committee, in consultation with the Legal and Compliance department, will evaluate the facts and circumstances and determine whether an actual conflict exists. If the Committee determines that a material conflict of interest exists, it will make a recommendation on how the proxy should be voted.

Sources of Perceived or Potential Conflicts

- Cohen & Steers has a pecuniary interest in the matter voted upon
- Cohen & Steers has a material financial relationship with the issuer soliciting the vote
- A member of the board of directors of Cohen & Steers or Cohen & Steers, Inc. is a senior executive of, or a member of the board of directors of, the issuer soliciting the vote
- An employee of Cohen & Steers is a senior executive of, or a member of the board of directors of, the issuer soliciting the vote
- An employee of Cohen & Steers is an immediate family member of either a senior executive of, or a member of the board of directors of, the issuer soliciting the vote and such family member could foreseeably receive material non-public information about the issuer
- Cohen & Steers or a collective investment vehicle sponsored by Cohen & Steers has a direct or indirect material interest in a joint venture in which the issuer soliciting the vote is a joint venture partner
- The issuer soliciting the vote is a significant shareholder of Cohen & Steers, Inc.
- The issuer soliciting the vote is Cohen & Steers, Inc.

The Committee could take one or more of the following or other appropriate actions depending on the nature of the conflict: **(1)** removing certain Cohen & Steers personnel from the proxy voting process; **(2)** "walling off" personnel with knowledge of the conflict to ensure that such personnel do not influence the relevant proxy vote; or **(3)** outsourcing the vote to an independent professional body that will vote in accordance with the Proxy Voting Guidelines.

3. Gifts and entertainment

Employees may occasionally give or receive gifts, meals or entertainment of reasonable value in the course of their business activities, subject to compliance with applicable laws and regulations.

Cohen & Steers maintains a gift and entertainment policy to address potential conflicts of interest.

This policy limits the value of business gifts given or received to US$100 annually and sets limits on the entertainment that employees can provide or accept. Activities are recorded and reviewed by supervisory and compliance personnel, and certain activities require advance approval by the employee's supervisor and compliance.

Supervisors review gifts at time of receipt, while compliance reviews entertainment at least quarterly. During the 12-month report period, there were no material violations to disclose.

Employees' personal securities transactions

Cohen & Steers has identified circumstances in which potential material conflicts of interest may arise in connection with its management of client accounts and its employees' personal securities transactions (page 28).

Recognising that this list may not be comprehensive, we regularly update our regional policies for employee conflicts of interest through our Legal and Compliance department. These policies undergo formal annual reviews to ensure they remain relevant and in accordance with both Cohen & Steers policies and respective local jurisdictions.

Monitoring and reporting of conflicts of interest

All employees must obtain pre-clearance approval from the Legal and Compliance department before engaging in most personal securities transactions. Securities purchased by an employee must be held for at least 30 days, and employee personal accounts must be disclosed to the firm.

Employees are required to disclose conflicts of interest upon commencement of employment and annually thereafter. Employees are also required to update conflicts of interest promptly whenever there is a change in their circumstances.

All Code of Ethics violations are reported to the direct supervisor and the Executive Committee. Employees are also required to promptly report any violation of the code of which they become aware.

The Legal and Compliance department maintains a log of compliance violations and outside business activities of employees, which is updated on an ongoing basis. All compliance violations are reported to the Executive Committee quarterly. There were no material violations in the last 12 months.

Progress during the reporting period

- In June of 2022 the firm enhanced our Code of Ethics by adding a preclearance approval requirement for transactions in securities of Cohen & Steers, Inc. or any of the Cohen & Steers closed-end funds in personal accounts for which the employee does not have direct influence or control.
- We added clarification and transparency to our Insider Information Policy and Procedures regarding Cohen & Steers' controls and procedures to prevent dissemination of material non-public information from the firm's private real estate investment team to the listed real estate investment team.
- We made enhancements to the identification and management of conflicts of interest in the context of proxy voting which lists sources of perceived or potential conflicts related to our business and if a conflict exists the Proxy Committee will take action.

Potential material conflicts of interest

Issue	Why it could be a potential conflict	How it's addressed
An employee wishes to open a brokerage account.	Personal securities transactions have the potential to present a conflict of interest between the employee and client accounts.	Employees must obtain approval prior to opening any brokerage account in which they have beneficial ownership. Pre-clearance is required for most personal securities transactions.
An employee wishes to trade/invest in a real estate security.	A large percentage of the firm's assets under management is invested in real estate securities.	No employee may buy or sell any real estate security, with the exception that an employee may purchase shares of certain pooled vehicles investing in real estate securities, subject to trade pre-clearance and reporting requirements.
An employee wishes to serve on the board of directors of a publicly traded company	The interests of the publicly traded company may conflict with the interests of the firm's clients permitted to invest in that company.	Service on the board of directors of a publicly traded company must be approved in advance by senior management and would only be approved if management determined that service on the board would not conflict with the interests of Cohen & Steers' clients.
An employee wishes to make a political contribution.	Political contributions may have the potential to influence the hiring of investment advisors to manage assets of a state or municipal government entity.	All political contributions by employees and their household family members must be pre-approved and limits are placed on amounts that can be contributed.
An employee wishes to give a gift to an employee of a firm with which Cohen & Steers conducts business.	Providing something of value may give the appearance of influencing decisions regarding Cohen & Steers' business transactions.	Gifts are limited to de minimis amounts and are subject to supervisory review to ensure that de minimis levels are not exceeded.
An employee wishes to trade Cohen & Steers, Inc. stock or shares of a Cohen & Steers closed-end fund in personal accounts for which the employee does not have direct influence or control.	Personal securities transactions in Cohen & Steers, Inc. stock or shares of a Cohen & Steers closed-end fund in personal accounts for which the employed does not have direct influence or control may present the appearance of a conflict of interest between the employee and client accounts.	Employees must obtain preclearance for transactions in securities of Cohen & Steers, Inc. or any of the Cohen & Steers closed-end funds in personal accounts for which the employee does not have direct influence or control.

2022 CASE STUDY: IDENTIFYING POTENTIAL CONFLICTS OF INTEREST

Company-wide review of 'material non-public information' conflict of interest

Issue	Prevent dissemination of material non-public information ("MNPI") from the private real estate investment team to the listed real estate investment team
Action	Cohen & Steers employees are prohibited from (1) trading, either personally or on behalf of others (such as mutual funds, private accounts and other clients managed by a Cohen & Steers investment adviser (collectively "Clients")), while aware of MNPI, or (2) communicating MNPI to others in violation of the firm's Inside Information Policy and Procedures or applicable law. Cohen & Steers believes that it can provide significant value to its real estate advisory clients by generating investment ideas through active debate and appropriate information sharing amongst members of its private real estate investment team ("PRE Team") and members of its real estate investment team focusing on investments in the public markets ("Listed Team"). The PRE Team, however, may receive MNPI through its due diligence or management of private real estate that a public REIT may be considering for sale or purchase. In 2022 we amended our inside information policy and procedures to adopt special controls around the PRE Team's activities and its interactions with the Listed Team to prevent the misuse or unauthorised communication of MNPI.
Outcome	(i) The PRE Team utilises separate storage drives to save work product, and restricts access to their storage drive to people approved by Legal and Compliance. (ii) The PRE Team provides Legal and Compliance agendas prior to certain PRE and Listed Team collaborative meetings so they may review and assess the potential for MNPI to be shared in conversation. (iii) Legal and Compliance use both a "watch-list" and a "restricted-list" to monitor trading activity levels in an issuer or prevent trades all together. (iv) Legal and Compliance may use a temporary information barrier to prevent the flow of MNPI beyond those with a need to know such information. (v) The PRE Team must keep track of the parties involved in their deal pipeline, including any public companies, so that Legal and Compliance can evaluate whether the team has potential MNPI relating to any particular deal. The PRE and Listed Teams can always discuss: • Macroeconomic trends in the real estate space, Private companies which are not known to be considering an initial public offering in the foreseeable future; and • Public information relating to public companies.

PRINCIPLE

04

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

The market regime shift was indeed significant in 2022.

The Federal Reserve and other central banks responded to the spike in inflation that began in 2021 by raising interest rates and moving from quantitative easing to quantitative tightening. The period of low rates and low inflation has ended, transitioning to an expected longer-term regime of slower growth, elevated inflationary risks, and continued volatility.

Such significant change can be challenging. Yet we have learned through experience over many cycles that change creates opportunity.

Change creates opportunity

- In 2022, we launched our first private real estate fund and began the development of a non-traded REIT, the Cohen & Steers Income Opportunities REIT, Inc. Opportunities for private real estate will likely emerge once prices reset amid higher financing costs and tighter availability of financing.
- New tools for portfolio modeling, navigation, and analytics will be launched in 2023 for both real assets and real estate. In addition, a newly created position, Head of Real Estate Strategy & Research, is supporting investment strategy and portfolio construction on behalf of both portfolio managers and clients.
- Distribution is expanding with new leadership of both the U.S. Wealth Management Consulting Group and the Japan office. We are expanding sales capabilities in Asia to support emerging demand across institutional and wealth channels.
- We added new institutional clients in Malaysia, Korea and Namibia in 2022. The firm's Asia ex-Japan presence will grow beyond Hong Kong with the opening of an office in Singapore, a market that has become a regional growth hub for wealth management.
- We built an expanded ESG Team with dedicated functional specialists to more deeply research and assess market wide ESG issues such as climate change, human capital management and other topics.

CASE STUDY

Addressing risks and developments in the banking sector

Issue	The U.S. government announced significant, aggressive actions intended to stem the contagion of risks across the banking industry in the wake the closure of Silicon Valley Bank (SVB) and Signature Bank (Signature).
Action	We proactively communicated with our investors to discuss our exposure to risks and the potential impact on the broader banking industry. As part of this effort, we created a series of publications that presented our analysis and evaluation of the risks facing the banking industry.
Outcome	These publications highlighted the importance of regional banks taking proactive steps to address these challenges and remain competitive in the industry. We are currently assessing the potential impact of these banks' closure on our clients' holdings and actively managing any associated risks. This includes identifying investments in firms that have similarities to SVB or Signature and analysing portfolio holdings based on various factors like funding, capital, and loan-to-deposit ratios. In addition, we had proactively been reducing our portfolios' exposure to Credit Suisse due to concerns we held about the bank's strategic direction. For example, our Cohen & Steers Preferred Securities and Income Fund holds over 300 securities from more than 125 different issuers, with more than 90% of those issuers being investment grade rated. The Fund is also diversified across different sectors like insurance, utilities, telecommunications, and real estate, as well as geographic regions (about half of its assets are invested outside the US). We are also keeping an eye on commercial real estate loan books but have not experienced any loan losses thus far.

Climate Change

The presence of market-wide and systemic risks provides an opportunity for our investment teams to engage with our companies and discuss opportunities and implications. We believe that some ESG issues such as climate change can pose systemic risks. Our general view is that companies that set a clear climate transition pathway can make strategic decisions that may enhance financial and operating performance, reduce operational and reputational risks, and improve long-term shareholder returns. The application of these principles occurs in part through our integration of costs related to carbon mitigation for strategies such as infrastructure, green risks and opportunities in real estate, analysis of fossil fuel versus renewables financing for banks in preferred securities, and analysis of decarbonisation opportunities and challenges for natural resource equity and infrastructure. Assets in certain areas could be subject to acute hazards such as hurricanes, storms, wildfires and flooding as well as chronic ones such as sea level rise, increasing temperatures, and droughts. The manifestation of these hazards could lead to operational and other losses in our real asset portfolios.

To address these risks and refine our investment implications, we established two cross-functional groups focused on climate-related matters. The objectives of these groups are to undertake baseline research on the latest scientific findings on these topics, enable the formation of 'house' views on these topics, and start to analyse investment implications of each. These groups met throughout, providing updates to our CIO and Head of Multi-Asset Solutions periodically, with a townhall discussion across our Investments Department and Executive Committee in September 2022.

- **Climate Transition Working Group:** focused on understanding current and projected emissions, pathways to reduction, implications for net zero, and the impact of energy and carbon transition to our asset classes.
- **Physical Impact Working Group:** identified and analysed physical hazards over different time frames, potential value at risk of assets and companies, and implications for resilience and broader adaptation options.

These working groups are continuing their work in 2023. This includes exploring a range of scenarios, getting trained on and applying recently acquired climate data, digging deeper into topics such as net zero, insurance and mitigation options, and ultimately assisting our investment teams to more quantitatively apply both transition and physical factors in our investments and Cohen & Steers at large.

2022 CASE STUDY

Sourcing Data to Assess Utilities Wildfire Risk

Company	California Utilities
Asset class	Equities (Infrastructure)
Issue	Reportable wildfire ignitions
Action	***Background:*** Electric utilities operating in California are required by The California Public Utility Commission (CPUC) to disclose wildfire ignitions that may have been caused by their equipment. This information is available in regulatory filings, but it is not typically monitored by investors or many ESG data providers. We contend that reportable ignitions are a valuable metric for gauging the effectiveness of wildfire mitigation measures adopted by utilities. For instance, Californian companies have been selectively revealing to investors the reportable wildfire ignitions, showcasing the progress made in reducing wildfire risks. However, it is crucial to track all reported ignitions, rather than selectively disclose favourable results. We collate all reportable ignitions by gathering data from the relevant regulatory filings. We then monitor the trend of wildfire ignitions over time. This information is helpful in assessing the efficacy of specific wildfire mitigation efforts. For example, we observe whether the implementation of Enhanced Powerline Safety Settings (EPSS) has led to a reduction in ignitions in the areas where it has been deployed.
Outcome	We leverage this data to ascertain whether the utility is indeed mitigating wildfire risks by effectively reducing the count of reportable ignitions. This information is instrumental in shaping our environmental score for these firms and assessing the potential financial risks involved.

PRINCIPLE

05

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

Cohen & Steers has developed and implemented policies and procedures to govern our business conduct, specifically the management and administration of investments, internal governance and regulatory compliance. The policies and manuals form day-to-day guidance for our business conduct and are always accessible to employees on the intranet. Many of these policies are also accessible on our website for public viewing.

We employ internal structures to provide governance, rigour and oversight to our stewardship activities in the spirit of achieving clearly specified outcomes, discussing challenges and course-correcting as issues arise. In addition, we complement that approach with targeted external reviews. Our ESG Steering Committee, Investments Operating Committee, Executive Committee and risk committees are key to this effort, while our Legal and Compliance department plays a key role in establishing, reviewing and updating policies firmwide. These internal mechanisms for oversight and scrutiny are supplemented by regular external audit of our policies and procedures (as detailed below).

Responsibility for review and assurance

Responsibility for oversight and assurance in the company lies with a number of committees, each covering a key business area, including, but not limited to:

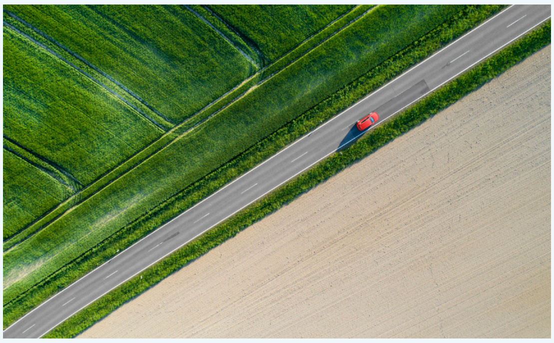
- Executive Committee
- Investments Operating Committee
- Enterprise Risk Management (ERM) Committee (and other risk committees)
- ESG Steering Committee

These committees provide rigorous scrutiny and governance focused on clearly specified business functions. They have a clearly defined purpose of client safeguarding and are tasked with course correcting working practices as issues arise.

For example, our ERM Committee is responsible for identifying, evaluating, and monitoring risks across business lines and helping to develop effective risk management strategies. The ERM Committee participates in ongoing risk scenario analysis and meets formally on a quarterly basis. The committee reviews, assesses and discusses any specific or significant risks or exposures, including steps management has taken to minimise such risks and exposures.

ERM Committee drives continuous improvement

We implement rigorous insider trading controls, including temporary information barriers to prevent the misuse or unauthorised communication of material non-public information (MNPI). In 2022, the PRE Team received MNPI regarding an opportunity to invest in a public REIT's office development. Despite Cohen & Steers owning shares of the REIT in client portfolios managed by the Listed Team, Legal and Compliance established a temporary information barrier to prevent the communication of the MNPI beyond a very limited and defined group. The barrier remained in place until November 2022, when the REIT made SEC filings detailing its performance and financial condition, thereby making public previously private material.



Review and assurance in investment management

Our Investment Risk Committee is an independent committee that sits separately from the investment team and reports to the ERM Committee. Meeting fortnightly, the Investment Risk Committee seeks to manage investment risk and provide risk oversight across all strategies. In addition, on a periodic basis, portfolio managers of the strategies presents relevant portfolios to the committee to review allocations from both a quantitative and qualitative perspective, and to identify and discuss risk exposures. A risk reporting framework assists the committee in its oversight functions.

We also have an Investment Operating Committee (IOC) comprised of senior leaders including the CEO, CIO, COO of Investments and investment team leaders. The IOC meets fortnightly to discuss governance and oversight related to investments. During the reporting period, a combination of ESG team members and ESG captains presented to the IOC several times on topics such as current integration approach, Engagement and Global Proxy Voting Policy changes and related issues. These discussions provided a useful two-way channel of information sharing and updates as well as constructive feedback on policy enhancements and issues for further consideration, such as benchmarking our refreshments with client and market expectations and the need for a more data-driven approach to ESG integration while still maintaining space for analyst judgement (described in **Principle 7**).

Strategic direction and internal review

Our ESG Steering Committee sets strategic direction for our ESG priorities. It did so during the reporting period through the development, socialisation and implementation of the firm's three-year ESG roadmap. The roadmap serves as the firm's north star on ESG direction and sets high level goals, specific annual priorities, and defines resources needed to meet these objectives. It was approved by the firm's Executive Committee in mid-2022 with implementation occurring extensively thereafter. Over the reporting period, the Steering Committee met several times to review and adjust priorities, both in terms of timeline as well as urgency. Highlights of our accomplishments include (though are not limited to) the following:

- Established and applied clear and objective criteria to create internal definitions for integrating ESG considerations into our investment processes.
- Successfully transitioned four SICAV sub-funds to be classified under Article 8 of the SFDR, demonstrating our commitment to integrating sustainability considerations into our investment products and providing our clients with sustainable investment solutions.
- Actively monitored the constantly evolving landscape of regulations and policies relating to the financial industry, including those implemented by regulatory bodies such as the UK Financial Conduct Authority (FCA), the US Securities and Exchange Commission (SEC), and other regulatory regimes.
- Successfully completed an European ESG Template (EET) to enable the comparability of ESG factors across various distributors and equipping us to provide ESG information to our clients and support them in making informed investment decisions.
- Developed climate risk policies and procedures under the Hong Kong SFC Climate-related risk regime.

Review and assurance in ESG and engagement

Our ESG Steering Committee provides the opportunity to review and solicit feedback from members on relevant topics and ensure that priorities are executed. The ESG Steering Committee provides updates as needed to the Investment Operating Committee and the Executive Committee.

Evolving our ESG integration

Fundamental analysis is the foundation of our investment process. We follow a financial materiality approach to ESG integration. We identify risks and opportunities that may impact a company's performance, by analyzing material ESG factors. We have identified and started to advance key areas of focus for the further development of our efforts to integrate ESG considerations into our investment processes. We continue to document our existing efforts to ensure transparency and accountability in our sustainability practices. At the same time, we are also enhancing our asset class and firm-wide processes to further integrate ESG considerations into our investment decisions. This will enable us to control the ESG integration process from end to end, using a more bottoms-up, key performance indicator (KPI)-driven and raw data-driven proprietary approach. The goal is to further strengthen our conviction at every step of the process and ensure that our investments are aligned with our fiduciary obligations to clients' values and goals. By focusing on these areas, we are demonstrating our commitment to sustainable investment practices in the industry aligned with our fiduciary obligations to our clients.

Review of engagement activity

During the reporting period, we made an update to our Global Engagement Policy that included the following enhancements:

- We extended our definition of engagement to include regulators, public policymakers, underwriters, and industry organisations in addition to portfolio companies
- We changed our definition of engagement to emphasise the importance of an outcome orientation

We also provided training and education across our investment department and enhanced our ESG engagement tracker to instill the importance of an outcome-oriented mindset. Our ESG Investment Committee continues to present enhancements, updates and education which serves to hold both ourselves and the companies we manage accountable for their actions.

Possible Enhancements to ESG integration

We are currently designing possible options for a more comprehensive integration approach that prioritises a bottoms-up, KPI-driven, proprietary methodology. This will enable increased automation, precision and thoroughness, while still allowing our analysts to exercise their judgement and make overrides when necessary. Some of the potential features and options being considered include:

- Adopting a more data-driven approach to scoring that will accurately reflect timely updates, accommodating the inconsistent ESG reporting cycles among issuers.
- Establishing stronger links to alpha generation by identifying and selecting the financially material components within sectors and sub-industries.
- Prioritising consistency of ESG topics and risk assessment across teams and analysts.
- Intensifying our focus on data quality and governance, implementing multiple quality and assurance checks to ensure confidence in our CNS assessments.
- Prioritise ongoing education on ESG trends and topics to ensure regular reviews lead to the most relevant, timely and applicable ESG integration processes.

Proxy voting

The Proxy Committee is responsible for reviewing our proxy voting guidelines and process, and ensuring that all internal procedures are properly adhered to. Mathew Kirschner, Chair of the Proxy Committee, provides annual updates to the IOC on the past proxy season's record and experience, as well as any proposed changes. Topics in these updates generally include:

- Overall experience with casting votes, including highlights and areas of improvement
- Total number of votes cast
- How often we voted against management
- Which topics we voted against management on and why
- How our voting record compares with competitors
- An overview of emerging trends
- Possible changes to our proxy voting guidelines

Review of proxy voting

We have taken action to ensure that our proxy voting guidelines remain current and effective. Recently, the Proxy Committee took steps to bolster the language surrounding climate risk, board diversity, and risk oversight. The new proxy voting guidelines now reflect the following:

- Our Global Proxy Voting Policy has been enhanced to prioritise board diversity and a board's oversight of material climate risk
- We have adopted a policy to generally vote against the chair of the nominating committee or other directors if there are no women on the board, the board has not included a female director during the last 12 months and the company has not articulated a plan to identify a qualified female nominee
- The factors we consider when evaluating environmental and social proposals have been expanded, with a particular focus on climate issues
- We have enhanced our review of a board's risk oversight function to emphasise what constitutes material risk oversight failures

These updates reflect our unwavering dedication to responsible and impactful corporate governance which we believe increases value for issuers.

External review process

To ensure an objective perspective, Grant Thornton conducts selective audits of our firm-wide policies and procedures, while also providing valuable insights to direct us towards best practices. We believe that their expertise and resources enable them to thoroughly review key processes and provide an external perspective that is critical to our success.

To further strengthen our compliance policies and procedures, we engage ACA Group, a leading compliance consultant, to conduct an annual comprehensive review. This review encompasses a range of critical issues, including compliance, pricing and valuation, trading and portfolio management, advertising and solicitation, client privacy, code of ethics, conflicts of interest, anti-money laundering, business continuity, and proxy voting.

As part of this annual review in late 2022, ACA Group requested a high-level discussion on our ESG process, list of issuers with which we engaged on ESG topics, and specific ESG scoring examples. The ESG team and select captains and others in Investments responded to these requests without issue. During broader discussions with ACA regarding our ESG processes, we were reminded of the importance of providing clear explanations for our ESG integration and stewardship practices. As a result, we are currently addressing this issue by producing more detailed documentation, as outlined in **Principle 7**.

Ensuring fair, balanced, and understandable reporting

Our robust internal committee reporting structures and targeted assurance processes ensure comprehensive review of our stewardship procedures and reporting. However, we acknowledge the need to stay ahead of the industry trend for greater disclosure and transparency.

PRINCIPLE 06

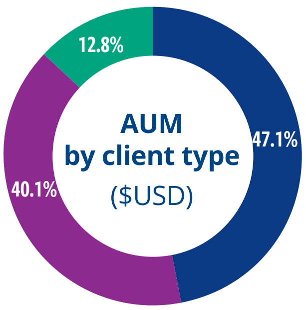
Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

As disclosed in our Annual Report, Assets under management at the end of 2022 were $80.4 billion. This includes $58.5 billion in Listed Real Assets, $19.8 billion in Alternative Income Solutions and $2.1 billion in other portfolios.

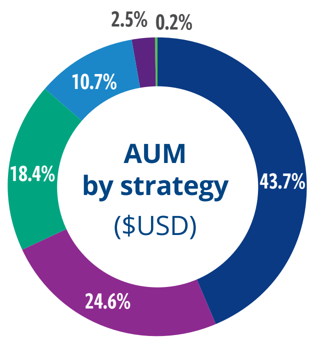
Client interactions

As we embark on discussions with our investors, we understand that their unique requirements will shape the foundation of our relationship. Looking ahead, we anticipate that these investors may have diverse biases, tolerances, exclusion requirements, and preferences based on their geographical location and investment mandate. We take pride in our ability to adapt to these varied perspectives, particularly regarding potential segregated mandates. During the reporting period, we continued to place significant attention to our clients' needs and interests and keeping them informed of our current process and potential enhancements. Key examples of

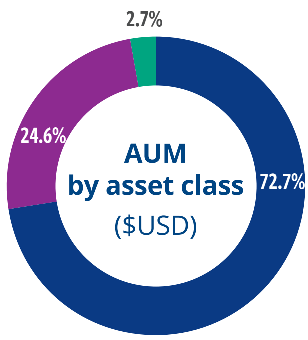
Assets under management



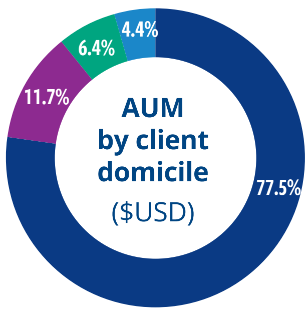
- **Open-end funds:** 36,902,778,857
- **Advisory:** 32,373,433,140
- **Closed-end funds:** 11,148,661,256



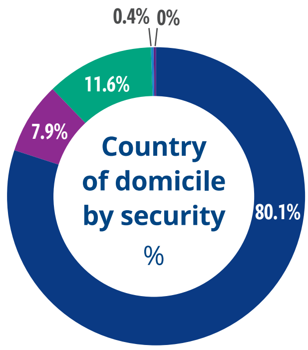
- **U.S. real estate:** 35,108,018,796
- **Preferred securities:** 19,767,445,133
- **Global/international real estate:** 14,781,821,021
- **Global listed infrastructure:** 8,596,472,624
- **Other:** 2,027,620,916
- **Natural resource equities:** 143,494,763



- **Equity:** 58,486,312,442
- **Fixed Income:** 19,767,445,133
- **Other:** 2,171,115,679



- **North America:** 62,310,309,521
- **Japan:** 9,425,109,981
- **EMEA:** 5,127,351,339
- **APAC ex. Japan:** 3,562,102,413



- **North America:** 80.1
- **Asia Pacific:** 7.9
- **Europe:** 11.6
- **Latin America:** 0.4
- **Middle East – Africa:** 0

At December 31, 2022. Source: Cohen & Steers, Factset.

customisation for clients and client inquiries in segregated markets included:

- Portfolios that restricted gambling, tobacco, alcohol, controversial weapons and other exclusions.
- Certain clients provide restricted stock lists; we monitor that list and apply their restrictions.
- Certain clients require us to consider reputational risks, across environmental, social and governance controversies.
- We engaged on case-by-case reviews for our clients on a number of occasions; for example, we restricted investment in one security because of heightened climate risk and ongoing litigation, while in other cases we thought the controversy assessments from third party providers were too severe and/or outdated and thus permitted these investments.
- We fielded inquiries from clients on climate change topics, ranging from reporting on carbon intensities to inquiring about potential portfolio construction implications of incorporating reasonable Scope 1 and 2 emissions reductions.
- More broadly, we have engaged in in-depth conversations with numerous clients regarding our rigorous ESG process, with a particular emphasis on our focus on financial materiality. These discussions have also encompassed highly relevant topics such as the intersection of ESG and other factors, leading us to sharpen our continued approach to how we incorporate ESG as an input into our active fundamental approach to investing, and not at all related to social or other non-financial causes.

In addition, we experienced an increase in the number and complexity of requests from clients and intermediaries based in Europe seeking information on a variety of SFDR-related topics, including the regulatory requirements for Principal Adverse Impact (PAI) reporting. These requests have prompted us to develop detailed reports and materials that provide clear and comprehensive explanations of our approach to PAI reporting and other SFDR-related considerations, which we believe will be valuable resources for our clients and partners.

For pooled funds, this level of customisation is not available. Our stewardship approach around this form of investment vehicle is to have open and transparent discussions with investors at the outset on whether our approach to stewardship fits with an investor's interpretation or requirements, then revisiting the topic in our ongoing client review meetings.

Delivering on client and prospect expectations

Over the past 12 months we have seen a steady increase in the number of ESG and diversity and inclusion questionnaires from clients and prospects. As part of our ongoing efforts to deliver exceptional service, we periodically monitor and analyse these inquiries, seeking to identify trends and be responsive to our clients' needs.

- These inquiries cover a wide range of topics, including ESG investments and our approach to integrating ESG considerations into our investment process, as well as engagement and proxy voting on ESG issues.

- Additionally, clients are increasingly interested in our firm-level ESG practices, particularly our corporate responsibility initiatives. Some of these inquiries have touched specifically on our diversity and inclusion trends, practices and approach, while others inquired about our culture and broader resourcing.

Notably in 2023, we observed that recent inquiries are becoming increasingly focused and intricate, especially in areas such as engagement and proxy voting. These inquiries are typically embedded within requests for proposals from prospects or annual due diligence questionnaires from existing clients.

To deliver timely and detailed information, we collaborate with our ESG captains and ESG department head, Mr. Husain, to ensure that our firm-level responses for these client inquiries convey clarity and rigor regarding these topics. Additionally, our engagement tracker and proxy voting records enable our investment teams to assess the effectiveness of our engagement with companies and proxy voting activities, and effectively communicate outcomes to clients and prospects.

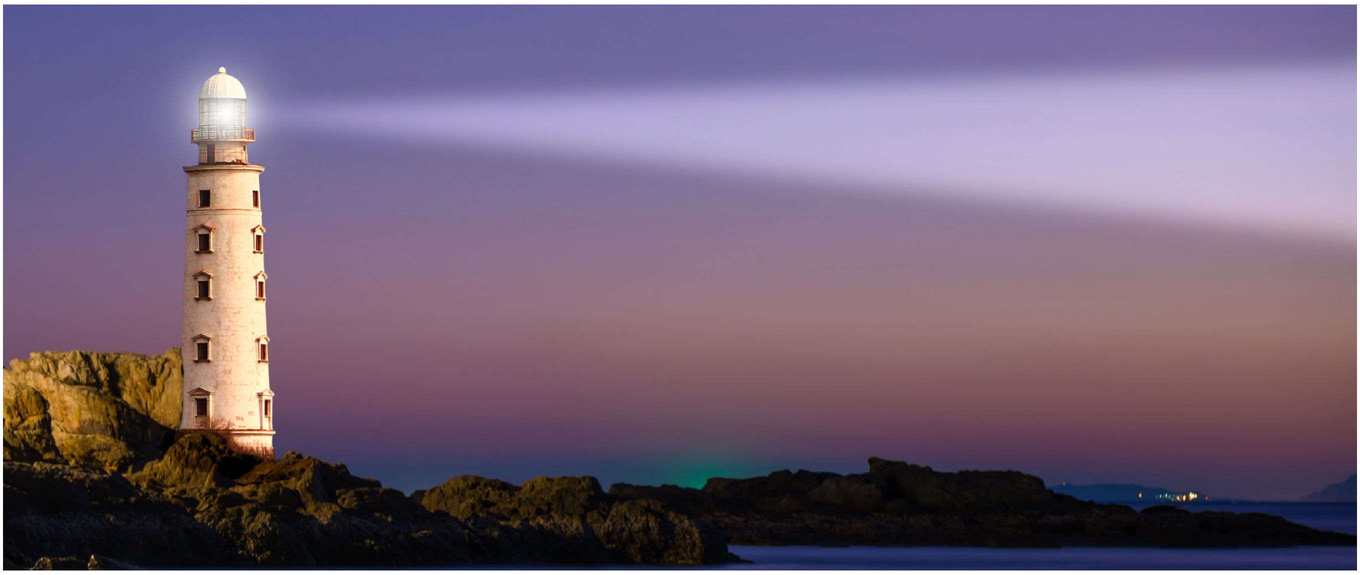
Our primary objective is to uphold the highest stewardship standards for every asset class for which we are responsible for client capital. We are dedicated to satisfying our clients' broader needs beyond specific investment objectives and targets.

Cohen & Steers regards understanding a client's stewardship requirements as an ongoing responsibility that should not be limited to the beginning of a relationship.

By analysing these inquiries, we gain a better understanding of clients' information requirements and furnish details on areas of interest. The extent and frequency of our monitoring activities vary across each team and depend on several factors within the investment strategy. We make sure that each distinctive strategy's ESG oversight and related processes are incorporated into each questionnaire.

Integrating this information within every questionnaire enables clients to make informed decisions, particularly regarding ESG objectives. By exhibiting clarity in our ESG oversight and strategy, we can instill trust and credibility with clients through a transparent investment process, fostering long-term relationships and improving investment outcomes.

As responsible stewards of our clients' investments, we believe that our commitment to ongoing review and improvement of our voting policy is an essential part of fulfilling that responsibility. We describe our approach and outcomes related to proxy voting in more depth in **Principle 12**.



Ongoing client communications

Looking ahead, Cohen & Steers regards understanding a client's stewardship requirements as an ongoing responsibility that should not be limited to the beginning of a relationship. We maintain regular dialogues with clients to keep them informed about how we are managing their capital and to identify any modifications to their stewardship priorities compared to those discussed during their onboarding.

Apart from our regular informal discussions, we communicate our ongoing stewardship efforts through two primary channels:

1. **Client review meetings**

   We utilise these scheduled meetings as a platform to exchange perspectives with our clients and to gain insight into their evolving requirements. During these sessions, we create an exhaustive understanding of clients' investment objectives and their individual stewardship policies, considering any modifications since our last interaction. For segregated accounts, these meetings can serve as a catalyst for revising the investment guidelines for a specific mandate, tailored to meet the unique needs of each client.

   In addition to formal review meetings, we hold ad-hoc update meetings with clients to discuss pertinent topics related to their portfolios and the markets in which they have invested. Pertinent conversations are thoroughly documented in meeting notes and/or minutes of each client interaction, maintained by our sales staff, relationship managers, or client-service representatives. Our investment teams actively participate in these discussions with clients or are informed of the outcomes to ensure consistent alignment with clients' stewardship expectations and investment objectives.

   - Cohen & Steers recognises the importance of continuous engagement with our clients to stay abreast of their evolving stewardship priorities and investment goals. By maintaining open communication channels and documenting all interactions, we can continue to deliver customised investment solutions that address the unique requirements of each client. Looking ahead, we expect many client review meetings to continue to lead to a broader and deeper array of topics on stewardship and ESG for some of our clients.

2. **Client reporting**

   Client reporting is a critical component of our commitment to keeping our clients up-to-date on their portfolios' performance and any pertinent developments. It also provides an opportunity for us to share deep insights into our investment research and approach. These reports, offered monthly or quarterly based on the client's preference, routinely highlight our stewardship efforts, including ESG considerations and key engagements.

   We continued to see an uptick in requests for ESG reporting, both from clients and intermediaries such as consultants and advisors. To meet this demand, we have implemented proprietary ESG aggregate scores for portfolios versus their benchmark index, along with MSCI's comparable scores, as part of our standard reporting.

   - In addition, we received requests for detailed reports on carbon intensity, prompting us to provide such information and ultimately leading us to create a comprehensive, proprietary, and automated carbon intensity dashboard. This tool enables us to provide clients with even more granular and detailed insights into our carbon intensity metrics, which have become increasingly important considerations for many investors in recent years. This work has informed broader discussions on macro trends such as climate change and the energy transition, both increasingly important topics of consideration for many clients.

- We provide bespoke client portfolio reporting upon request for clients who require ESG screening and monitoring. The reporting is comprehensive and includes details on our full proxy voting record, which highlights the times we voted for or against management, as well as the outcomes of those votes. Additionally, clients and intermediaries receive information on engagements across E, S, and G, with a focus on specific ESG themes such as climate.

Below is an actual client report during the reporting period, based on the client's unique requirements, demonstrates various financial traits as well as internal and MSCI ESG scores. We offer this type of reporting across all our separately managed accounts, regardless of strategy.

SAMPLE QUARTERLY INVESTMENT REPORT

Portfolio characteristics

	Portfolio	Index
Discount to Net Asset Value	-13.0%	-6.1%
Price/Dividend Discount Model	-6.1%	5.8%
Dividend Yield	3.8%	4.2%
Price/Cash Flow (2022E)	15.5x	16.7x
Cash Flow Growth (2022E v. 2021)	11.8%	8.6%
Cash Flow Growth (2023E v. 2022)	4.9%	3.1%
5-Year Cash Flow Growth	8.1%	5.9%
Weighted-Average Market Capitalisation	$22.6B	$20.5B
Number of Holdings	42	381
% REITs	85%	85%
% Debt to Asset Value	32%	36%
Cohen & Steers ESG Score	**6.2**	**5.9**
MSCI ESG Score	**5.8**	**5.8**

As of December 31, 2022.
Index: FTSE EPRA Nareit Developed Real Estate Index (Net)
Reporting Currency: USD
Source: Bloomberg and FactSet (dividend ex-date methodology). **Data quoted represents past performance, which is no guarantee of future results.** Risk of loss is possible. There is no guarantee that any historical trend illustrated in this report will be repeated in the future, and there is no way to predict when such a trend will begin. There is no guarantee that any investment objective will be achieved. Weighted-average characteristics of securities in the portfolio and index. Certain characteristics are estimates based on an analysis by Cohen & Steers; actual results could vary. Portfolio characteristics may vary over time. An investor cannot invest directly in an index, and index performance does not reflect the deduction of fees, expenses or taxes. Cohen & Steers portfolio and index ESG scores are the weighted averages of the ESG scores of the underlying securities, which are proprietary calculations utilizing data sourced from Cohen & Steers' proprietary research and MSCI ESG Research, LLC.

Our commitment and thought leadership

We are committed to delivering valuable insights and thought leadership to both our current and potential clients in a timely and informative manner. Our thought leadership takes various forms, allowing clients to access and comprehend our views in a way that suits them best.

Our thought leadership aims to offer practical insights and perspectives from our Investment teams, providing analysis of investment opportunities, market trends, and economic outlooks in their respective asset classes. We established a Client Advisory Board to engage with our clients and discuss industry issues, macroeconomic trends, investment themes, and investor needs. Through this initiative, we have already seen positive results in terms of gathering valuable insights and feedback from our clients. We also survey board participants to gather topics they would like us to cover in our thought leadership, which informs our editorial planning process. ESG-themed pieces are part of our thought leadership and we expect these topics to continue gaining prominence looking forward.

We regularly assess the effectiveness of our client communications to ensure that our stewardship policies are transparent and easily comprehensible. We actively seek feedback from clients and advisors on ESG and stewardship matters and adjust our communications accordingly. For instance, we have made more of this information accessible on our public website for investors. This feedback motivates our ongoing efforts to enhance our ESG investment framework to align with client objectives and our overall management of client assets.

Commitment to providing thought leadership in ESG

As part of our effort to exert thought leadership, our Infrastructure Team published a research report in January 2023 providing our insights into the implication of energy transition for infrastructure investments and highlighting opportunities from hydrocarbons to renewables.

Key takeaways

- The energy transition is well underway with clear political and regulatory support, technological advancements, and environmental benefits.
- However, ambitious decarbonisation timelines will likely not be met given reliability challenges and supply chain constraints.
- Utilities and renewable developers will benefit directly from investments in clean energy as the world decarbonizes, while the delay in reaching Net Zero will have indirect positive implications for companies in the conventional energy value chain.

GLOBAL INFRASTRUCTURE | Global Investors

COHEN & STEERS

What the energy transition means for infrastructure investing

Attractive long-term opportunities are presenting themselves in renewable energy, but investors must navigate commodity price shocks, grid-reliability concerns and climate risks.

by Benjamin Morton and Christopher DeNunzio

KEY TAKEAWAYS

Clear tailwinds
The energy transition is well underway with clear political and regulatory support, technological advancements, consumer preferences, and environmental benefits

Challenges exist
However, ambitious decarbonization timelines will likely not be met given reliability challenges and supply chain constraints, which extends the life of conventional energy

Opportunities in the transition
Utilities and renewable developers will benefit directly from investments in clean energy as the world decarbonizes, while the delay in reaching Net Zero will have indirect positive implications for companies in the conventional energy value chain

PRINCIPLE 07

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

Cohen & Steers prioritises the integration of stewardship by conducting ongoing fundamental research and quantitative analysis to understand the companies we invest in. We believe that incorporating insights from stewardship activities into investment decisions can support the creation of long-term value for our clients.

Stewardship is an integral part of investment processes and is conducted by our analysts and portfolio managers, who make consistent voting and engagement decisions based on investment rationales.

Our ESG Captains are crucial in propelling the company's ESG integration initiatives and in driving the firm's ESG integration efforts across asset classes and geographies. They work closely with our analysts to ensure that ESG considerations are fully integrated into the investment process and that the firm's stewardship activities are aligned with client goals and priorities. Our analysts and portfolio managers then directly incorporate these ESG concepts into their day-to-day activities of researching and covering companies as well as managing portfolios. This collaborative approach to stewardship and investment helps to ensure that we are well-positioned to identify and manage ESG risks and opportunities on behalf of our clients.

Integration across strategies

To ensure thorough ESG integration, we start by identifying the most critical E, S, and G factors for each sector in our strategies. We assign sector-specific weights to these factors using our knowledge of the strategies and data from reputable third-party ESG research providers. Our focus on corporate governance is driven by its importance in promoting environmental and social responsibility, which we believe adds value to the issuer, and we consider factors such as management acumen, board structure, shareholder rights, and risk oversight. Environmental and social factors, however, require a tailored approach that varies by sector. Our ESG integration process is consistent across our strategies and not differentiated by geography or fund.

Assessing issuers' actual ESG profile and level of risk

Our analysts utilise these factors to generate internal proprietary ESG scores for each company, employing our internal 0-10 scoring scale to ensure consistency and thoroughness. Leveraging our sector expertise and company knowledge as a foundation, we supplement our analysis with ESG data from MSCI and other third-party sources (as outlined in Principle 8). The analysts then fine-tune the factor weights and scores, considering how each company is addressing the risks and opportunities present in its industry, resulting in Cohen & Steers' E, S, and G scores, as well as weighted average ESG scores. These scores are assigned to both investment holdings and companies in their respective benchmarks, and are evaluated annually, with adjustments made more frequently if significant changes occur.

Our approach to ESG integration stands out through our proprietary analysis and scoring, which leverages the depth and scale of our industry expertise, as well as our direct and ongoing engagement with management teams, regulators, and government representatives. Additionally, our extensive information gathering efforts serve to augment third-party research.

Key ESG issues and factors considered in our strategies

	E Environmental	S Social	G Governance
Global Listed Infrastructure	• CO2 emissions, costs of associated credits • Physical climate impacts • Subsidies for green power offtake, risks to environmental policies and regulation • Water stress, land use • Nuclear liabilities	• Customer satisfaction scores, staff training programs and sponsorships • Service interruption, operational safety, employees' incidence rate • Initiatives to support customers in financial need • Data security	• Management acumen • Transparency • Board structure, tenure, refreshment, alignment • Shareholder rights • Executive compensation • Audit and risk oversight • Insider/management ownership and shareholder structure • Systemically important financial risk
Listed Real Estate	• Green building opportunities • Energy management • Green bond issuance • Waste management • Water management • Green leases • Physical climate impacts	• Human capital management • Diversity and inclusion • Health and wellness • Community impact	• Management acumen • Transparency • Board structure, tenure, refreshment, alignment • Shareholder rights • Executive compensation • Audit and risk oversight • Insider/management ownership and shareholder structure
Natural Resource Equities	• Robust operations with safeguards for unforeseen events • New technology developments which create risks/opportunities for fossil fuels • Proper handling of waste materials/ water used in the production process	• Gender pay gaps, complex political and social issues in developing countries where possible investments can be located, specifically in the Metals & Mining sector	• Management acumen • Transparency • Board structure, tenure, refreshment, alignment • Shareholder rights • Executive compensation • Audit and risk oversight • Insider/management ownership and shareholder structure • Corruption and political/ social instability
Preferred Securities	• Climate change vulnerability • Financing environmental impact	• Human capital management • Privacy data and security • Financial product appropriateness • Responsible Investment • Insuring health and demographic risk • Providing financing to underserved markets	• Management acumen • Transparency • Board structure, tenure, refreshment, alignment • Shareholder rights • Executive compensation • Audit and risk oversight • Insider/management ownership and shareholder structure • Systemically important financial risk

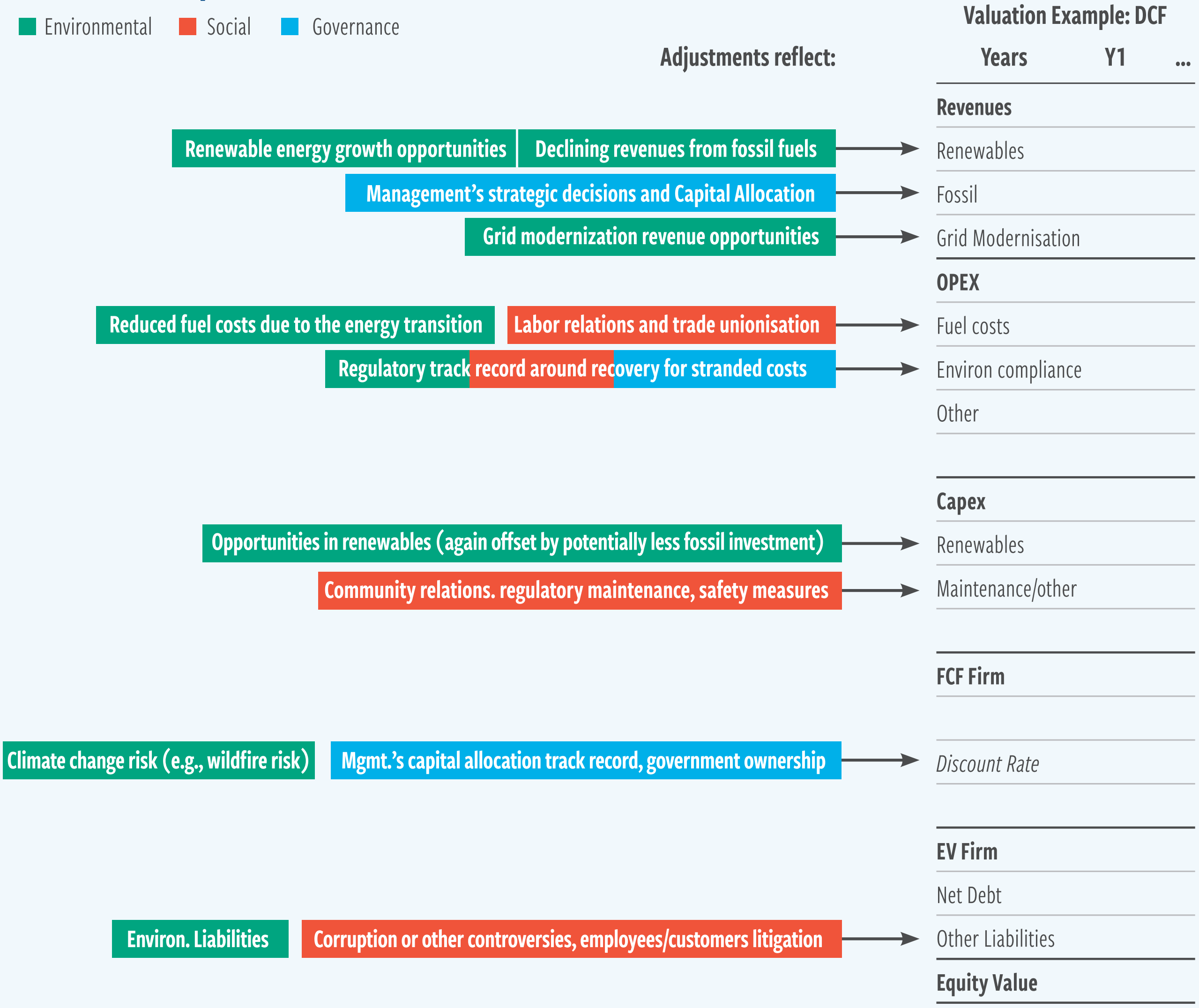
Integrating ESG assessments into investment decisions

We incorporate the ESG assessment, either the final CNS score or the underlying data, of each issuer, either explicitly or implicitly into valuation. Examples of how we do this include:

- For listed REITs, we adjust the discount rate for each issuer by +-50 basis points in relation to the aggregate CNS ESG score of 0-10.
- For natural resources equity, we adjust the EV to EBITDA multiple by +-0.5 in relation to the aggregate CNS ESG score of 0-10.
- Within infrastructure, we apply adjustments from our assessments of each material E, S and G topic into our internal models to adjust financial parameters. The graphic below depicts how we do this for the utilities/renewables sector.

This approach enables us to focus on assets with attractive valuations and financial projections and ensures that our ESG scores directly influence our valuation, selection and ongoing ownership of any issuer within our clients' portfolios. As a result, we can proactively pursue investments that align with our fiduciary obligation and deliver positive ESG outcomes from a financial perspective.

Sector example: Utilities/Renewables



At December 31, 2022. Source: Cohen & Steers

There is no guarantee that any historical trend illustrated above will be repeated in the future, and there is no way to predict precisely when such a trend will begin. There is no guarantee that any market forecast or investment objective set forth in this presentation will be realized. The views and opinions above are subject to change without notice. The mention of specific sector is not a recommendation or solicitation to buy, sell or hold any particular sector and should not be relied upon as investment advice. Based on Cohen & Steers analysis and expectations.

CASE STUDY: APPLYING ESG INTEGRATION

Integration of ESG into valuations and investment decisions (E)

Company	European Utility
Asset class	Equity
Issue	As European governments ramp up their backing for green energy and seek to expedite deployment to meet their decarbonisation goals, we explored options to augment the portfolio's exposure to renewable power generators.
Objective	To conduct a comprehensive ESG appraisal of the company and evaluate its suitability for investment.
Action	As one of the largest thermal power generators in Europe in the past, this utility has pursued a more aggressive decarbonisation strategy than its peers. Through the spinoff of a part of its thermal plants, organic and external growth of its renewable platform, and the planned closure of its coal and nuclear plants in the next few years, the company is quickly transitioning to being a virtually pure renewable power provider. To assess the company's ESG suitability for investment, we conducted extensive research and held discussions with the company on various ESG issues. This included examining the size and maturity of their renewables pipeline, the planned coal exit by 2030, government plans to spin-off lignite capacity, and the company's plans to achieve 100% hydrogen combustion capability for its flexible generation capacity by mid-2030. Our analysis informed our financial estimates, including modelling future earnings by generation type, capex for capacity additions, and reflecting the coal exit by 2030 in our sum-of-the-parts valuation. Based on our assessment, we expect more than half of their profits to come from renewables from 2023 onwards, reaching 80% by 2025. We believe that the company's prudent capital allocation and virtually debt-free balance sheet position it well to capture additional investment opportunities in the future.
Outcome	We evaluated the company's decarbonisation strategy, focusing on its planned coal exit in 2030 and its concentration on developed markets. We also found that the current stock price undervalues the company's strong performance. As a result, we added an overweight position to our portfolio, anticipating a re-rating driven by upcoming EU support. Furthermore, after assessing the company's carbon exposure and decarbonisation plans, we gave it a higher ESG score than MSCI, based on its leadership in renewable energy, superior management, and absence of significant controversies. Despite scoring lower than its peers on emissions due to its reliance on thermal generation, we believe that the environmental score could improve significantly if the company spins off its coal generation ahead of the planned 2030 exit, which is a plausible outcome.

Encouraging positive change

We take an active ownership and engagement approach with companies in our investment universe, advocating for sound ESG principles that we believe can help optimise investment performance.

This engagement is an integral part of our fundamental research process, providing a framework for dialogue between us and our portfolio companies, as well as regulators, public policymakers, underwriters, and industry organisations to seek a desired outcome.

Common engagement objectives include seeking improvements to disclosures and transparency, a change or implementation of practices in line with best ESG standards, or to influence decisions that promote responsible company behavior.

Our engagement process involves three main components:

- Individual engagement – see **Principle 9**
- Collaborative engagement – see **Principle 10**
- Proxy voting – see **Principle 12**

CASE STUDY: ENCOURAGING POSITIVE CHANGE

Engagement to advocate for accelerated coal retirements

Company	US Utility
Asset class	Equity
Issue	Amidst a rising tide of support for green energy from the US government and various states, it was apparent that the company was trailing its competitors by relying on coal for 21% of its rate base.
Objective	Encourage company to accelerate coal transition.
Action	Given the improving cost competitiveness of renewables compared to conventional generation, we urged the company's management to prioritise a just transition away from coal and towards alternative resources. We highlighted potential benefits for both customers and shareholders, including cost savings and higher earnings growth potential.
Outcome	In January 2023, the company management unveiled a plan to retire almost 1,500 MW of outdated coal generation by 2028. This move has substantially decreased their future carbon intensity per unit of production, making the company more appealing in terms of sustainability. Additionally, the appointment of a highly respected utility executive to the board of directors, with a strong ESG track record, has further strengthened our confidence in the company's commitment to responsible practices. Taking into account these developments, along with other factors such as the potential for growth in valuation, we have increased our stake in the stock.

CASE STUDY: ENCOURAGING POSITIVE CHANGE

Engagement to advocate for accelerated coal retirements

Company	Caribbean Reinsurer
Asset class	Fixed income (Preferred Securities)
Issue	The company specialises in acquiring and managing insurance and reinsurance companies in run-off while also offering management, consulting, and other services to the global insurance and reinsurance industry. Despite being publicly traded, the company has a history of weak disclosure, providing minimal information on financial statements and ESG framework.
Objective	To enhance the company's transparency and communication of financial results and ESG framework to credit investors.
Action	In August of 2022, we held a meeting with the company's Treasurer and Investor Relations representative to discuss the importance of transparency and engagement with credit investors as a crucial aspect of good corporate governance. Despite the company pointing us towards their sustainability page and earnings updates, we emphasised the need to prioritise enhancing ESG disclosure and earnings transparency to foster a more open and transparent relationship with credit investors.
Outcome	The company released a 2021 sustainability report, indicating a step towards better sustainability reporting. In response to investor pushback (including our own) over the lack of quarterly earnings calls, management implemented earnings video updates to improve their communication with investors.

CASE STUDY

Developing an ESG view and proprietary ratings

Company	US Rail
Asset class	Equity
Issue	A third party ratings provider had a very low controversy and ESG scores due to a lawsuit filed by former employees over alleged wrongful termination some years earlier. While we recognised labour relations can be more important factors of risk for this sector, we believed the implications for ESG assessment and scores for this specific case were taken out of proportion and generalised across the whole company.
Objective	To undertake an ESG review of the company, affirm our scores and discuss suitability for investment.
Action	We met with the new CEO and discussed labour relations among other topics and followed up on the specific issue of this lawsuit. The claim was dismissed by a federal judge two years ago and while a few employees are pursuing an appeal, we felt the potential remaining impact was not significant. More generally, we welcomed the fact the new CEO made revitalizing the workforce one of his priorities – including enhancing employee morale, retention and productivity. We believed this would structurally improve the company social performance and saw this focus on culture and employee relations as rather unique within the rail space.
Outcome	Following analysis that we conducted including qualitative insights from meeting with the company's management, we assigned a higher social (S) and aggregate ESG score to the company than the ratings provider. We will continue to engage with management to promote better labor relations and retention. We note that the ratings provider later on upgraded their controversy and ESG scores for the company.

Sources of ESG Data

We are continuously improving our approach to monitoring the supply of data and metrics for ESG analysis. Our goal is to ensure accuracy, assess the breadth of coverage, and meet the specific requirements of each investment strategy. We have assigned analysts and ESG captains in each strategy to assess and ensure that they have the necessary data to fully understand the ESG factors impacting their industries and investee companies. We regularly engage in discussions with our service providers to clearly communicate our needs and actionable requirements for material ESG factors, including appropriate coverage, analytics, and visibility into associated methodologies. More information on this process can be found in **Principle 8**.

Sources of ESG Data

MSCI and Bloomberg are our key providers of financial market, company and ESG data via online platforms and data feeds. This data includes ESG and climate scores, tools for reporting and analysis on carbon emissions, as well as additional raw underlying ESG data and company reported KPIs.

The users of these data sources monitor the speed and accuracy of supply and raise any issues internally when necessary. The main questions we ask, at the level of each portfolio management team, are:

- Is the data giving us the information we need to make a fully informed investment decision?
- If not, what other information do we need, and where can we source that information? If we find that our current providers are unable to meet our needs on a specific topic, we approach other trusted providers.

A recent example is carbon data. Upon review of data available for consistent ESG analysis of real estate companies globally, we discovered that we could complement information from our existing providers on decarbonisation through Global Real Estate Sustainability Benchmark (GRESB). We engaged with GRESB to ensure they supplied the data we need to conduct in-depth proprietary analysis and risk scoring.

	Additional sources of data
REITs	GRESB: for ESG Scores (performance, management, exposure) both in aggregate as well as within specific E, S, and G themes. Carbon emissions data can be sourced and supplemented from GRESB. Green Street Advisors: For governance data and research (both for specific companies and across the REIT market).
Infrastructure	Use of Energy Infrastructure Council (EIC) ESG reporting template for U.S. energy midstream companies (see **Principle 10** for more detail).
Preferreds	Credit rating agencies: Our fixed income team subscribes to S&P and Moody's, which publish sector ESG reports and incorporate ESG considerations into ratings

Improving our approach to ESG

During the reporting period, we improved our ESG integration and engagement approach by adding more rigor to our analysis, scoring, and valuation process. This included reviewing and applying a consistent set of scoring definitions, affirming, or refining the link between our ESG scores and valuation, and strengthening our engagement approach.

We started to develop an ESG integration and engagement approach that would ultimately incorporate a more data-driven scoring methodology that accurately reflects timely updates and accommodates inconsistent ESG reporting cycles across issuers. We plan to implement transparent scoring methodologies to enhance engagement on specific themes and metrics and reduce reliance on third-party vendor assumptions. Additionally, we are planning to conduct research aimed at establishing stronger links to alpha generation by identifying and selecting the most financially material components within sectors and sub-industries.

In order to maintain a unified view, we will prioritise consistency of ESG topics and risk assessments across teams and analysts. We will pursue a heightened focus on data quality and governance by implementing multiple quality and assurance checks to maintain unwavering confidence in our scoring and integration process.

Looking ahead, in order to adapt to fast-changing market environments, we will prioritise ongoing education on ESG trends and topics. This will ensure that regular reviews result in the most relevant and applicable ESG integration processes. Ultimately, our commitment to these updates will help us deliver better risk-adjusted returns while contributing to a more sustainable future.

Ensuring continued progress on our ESG integration

Our analysts and portfolio managers are directly responsible for integrating ESG into our fundamental analysis. Cohen & Steers believes that active involvement of each member of our investment teams is the optimal approach for a firm of our size with the desire to integrate ESG and stewardship firm wide.

This decentralised approach compels our analysts and portfolio managers to directly take ESG factors into account as part of their information mix on a company and holds them accountable for doing so.

During the reporting period, highlights of our work on ESG methodology, data exploration and analytics include the following:

- Developed an internal methodology document documenting how each of the 4 steps of our integration approach are applied by each investment team with details across each step. Applied firm-wide scoring scale and definitions to our internal proprietary ESG scores, ensuring consistency in application of definitions.
- Revised our integration statement, sharpening our approach to each of the 4 steps and reflecting a firm-wide scoring scale and E, S and G factors.
- Built out a carbon intensity dashboard allowing us to ascertain carbon metrics across different financial parameters (emissions in relation to enterprise value, EBITDA, revenue and market cap) for a selection of portfolios and benchmarks.

- Trialed carbon transition, physical risk and regulatory data, held discussions with nearly half a dozen data providers, and ultimately acquired data across these 3 topics at the end of 2022. We have started to map out how we will apply this data, and anticipate incorporating it in phases throughout 2023 and beyond, across different applications (i.e., integration, ESG products, regulatory compliance, corporate environmental footprints).
- Started building out a pilot ESG scorecard approach by exerting our views on material themes and relevant KPIs, then populating raw company data that relate to those KPIs, and building out E, S and G scores using such raw data.

PRINCIPLE

08

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

At Cohen & Steers, we continue to manage every investment portfolio internally and make all investment decisions based on our own research. We have made significant progress in enhancing our ESG integration processes over the past year by outlining a more data-driven approach to scoring, implementing transparent scoring methodologies, and making more meaningful use of ESG assessments and scores. We prioritise consistency of ESG topics and risk assessment across teams and analysts to maintain a unified view, and we have heightened our focus on data quality and governance by implementing multiple quality and assurance checks. Over time, we will develop a conceptual framework that tests ESG links to risk and return characteristics as part of our continued efforts to drive towards tangible investment-oriented outcomes.

To support our investment, stewardship, and ESG process, we use external providers for financial and

ESG data, company research, trade execution and administration, and proxy voting services. We hold annual and semi-annual discussions with our service and research providers to ensure that the services they are providing meet our requirements, and we

ESG Data Plan in 2022

In mid to late 2022, we embarked on a comprehensive ESG data plan, as outlined below. We first started with determining what we currently have in terms of third-party data, what our near-term priorities are, determining the gaps, trialing relevant data, and then deciding on acquisition and application of data. As mentioned earlier, carbon transition, physical risk and regulatory reporting data were deemed to be the most important near-term needs. Nearly two dozen colleagues were involved in trialing this data, including colleagues from Investments, Product and the Legal and Compliance department. We acquired this data at the end of 2022. The outcome of this effort, while still in progress, will be to better equip us in making more informed assessments of climate risk as part of our broader investment decision-making process and to enable us to comply with SFDR and other regulatory requirements.

identify areas where they may be falling short. We have conducted annual reviews with MSCI and ISS during the reporting period, and we have trialed nearly six data providers on carbon transition, physical risk, and regulatory data, testing for rigor, coverage, and usefulness against actual portfolios.

Even after we have acquired data, we continue to strongly urge our data providers to supply accurate and compliant data, as evidenced by our efforts with MSCI on their PAI reporting tool, which improved the quality of data reporting for us and the broader industry. We held our annual meeting with ISS in Q1 2023 to discuss various topics such as the previous year's trends, our voting experience, and the changes we made to our Global Proxy Voting Policy. We emphasised the need for accurate and compliant data and requested that ISS customise our proxy voting criteria to reflect our updated policy around climate, gender, and risk oversight. Our efforts have significantly improved the quality of data for the broader industry, and we will continue to push our data providers for accurate and updated data.

We maintain a mindset that we want more raw data from providers, especially data that meets the KPIs we have identified as part of our Integration approach. While continuously expanding the scope of our requirements and how we source them, we have found no significant failures in the ongoing supply or service from any of our incumbent suppliers.

Evolving how we evaluate financial and ESG data

Cohen & Steers uses a range of data providers to support our investment, stewardship, and ESG process. MSCI and Bloomberg remain our key providers of financial market, company and ESG data via online platforms and data feeds. This data includes ESG scores, tools for reporting on carbon footprint and additional raw ESG data. We continuously monitor the speed and accuracy of supply and raise any issues internally when necessary.

In addition to expanding our use of data sets with GRESB, we also undertook a major initiative to build out a proprietary carbon dashboard. This was a significant undertaking that involved the integration of multiple data sources, the development of new proprietary analytical models, and the implementation of strict quality control measures. The result is a proprietary tool that enables us to assess carbon risks and opportunities at a much deeper level than before. With this dashboard, we can now identify carbon-intensive companies and sectors, assess their exposure to transition risks, and track their progress in reducing carbon emissions over time. This has allowed us to better assess risks and opportunities presented by the transition to a low-carbon economy. Over time, we will consider adding functionalities to assess intensities of portfolios within a specific asset class, in relation to benchmarks. We may also consider adding in other climate related metrics such as targets, commitments, decarbonisation pathways, and physical risk impacts.

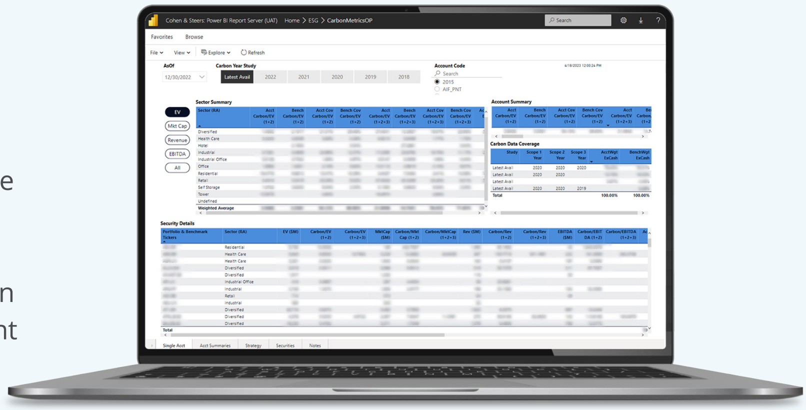
We prioritise consistency of ESG topics and risk assessment across teams and analysts to maintain a unified view, and we have heightened our focus on data quality and governance by implementing multiple quality and assurance checks.

PRINCIPLE

08

Proprietary Carbon Metrics Dashboard

This dashboard allows us to evaluate Scope 1, 2, and 3 GHG emission intensities across multiple financial metrics at the portfolio, sector, and security level. It enables us to recognise trends and outliers, make relative comparisons, and gradually enhance our comprehension of carbon emission risks and opportunities as a component of our fundamental analysis.



Continued efforts to enhance ESG data and expand third-party requirements

We are continuously reviewing and discussing possible enhancements and requirements with our relevant service providers to keep up with client and regulatory demand. Throughout the reporting period, we continuously reviewed and enhanced our range of material ESG factors in each strategy, considering areas where we would like to receive more data from our third-party providers. Discussions with various ESG vendors started in April 2022, highlighting our current priority of additional data on carbon transition beyond carbon footprint Scope 1 and 2, physical climate risk data, and data to meet regulatory/policy requirements. This process is outlined in the ESG data plan graphic illustrated earlier. At the end of 2022, we subscribed to climate data and tools to understand our portfolios' exposure to climate risks as part of our broader environmental assessment of our portfolio companies. We also subscribed to EU regulatory reporting solutions. This enables our analysts to use more data and tools when they engage with companies and improve disclosure.

Looking ahead, we anticipate exploring more raw data that meets our proprietary scoring approach, social data, and proxy voting insights and trends to incorporate into our policies.

We are continuously reviewing and discussing possible enhancements and requirements with our relevant service providers to keep up with client and regulatory demand.

CASE STUDY

Engaging with third-party regulatory solutions provider

Issue	While analysing our third-party regulatory solutions provider, we detected inconsistencies and a lack of standardisation that could potentially lead to erroneous interpretation of SFDR guidelines.
Action	We rigorously reviewed our third-party regulatory solutions provider's calculations by creating our own proprietary model to identify inconsistencies. This analysis revealed a lack of standardisation that could lead to misinterpretation of SFDR guidance. As a result, we scheduled several calls and meetings with the provider, including with their leadership, over a six-week period to address these issues and ensure they properly reported PAI data in alignment with SFDR guidance. Our efforts aimed to ensure the accuracy and compliance of the data and mitigate potential risks associated with misinterpretation of SFDR guidance.
Outcome	As a result of our persistent efforts, the third-party regulatory solutions provider took our feedback constructively and acted upon it promptly. They released an updated version of their PAI methodology that addressed the inconsistencies and aligned with the SFDR guidance. This update helps us in meeting our compliance obligations; more broadly it is an important step towards improving the quality and accuracy of PAI data in the industry, and we were glad to have played a role in it.

PRINCIPLE

09

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

Over the reporting period, we have demonstrated our commitment to promoting sustainable shareholder value through our active engagement with the companies in which we invest. As a responsible active asset manager and fiduciary, we understand that our role extends beyond monitoring and making investment decisions. Our engagement approach is founded on our investment beliefs, strategy, and culture (as outlined in **Principle 1**) and our duty to our clients (as detailed in **Principle 6**). This approach allows us to exercise stewardship of our clients' capital and promote business practices that are aligned with our investment ethos.

Outcomes achieved through active engagement

Our Global Engagement Policy reflects our commitment to our clients' interests and our belief that active engagement with portfolio companies can drive long-term value. We recognise that our responsibility extends beyond daily monitoring and investment decisions and includes promoting sustainable business practices to obtain that value. As part of our investment process, we regularly engage with portfolio companies to discuss their business strategy and performance, identify opportunities for improvement, and seek changes aligned with best ESG standards.

In order to ensure that our engagement efforts are effective and result in desired outcomes, we have refreshed our Global Engagement Policy to include a broader definition of engagement, which now includes dialogue with regulators, public policymakers, underwriters, and industry organisations, in addition to investors and portfolio companies. This expansion will help us engage in more comprehensive efforts to promote responsible practices and help bring about desired outcomes.

Furthermore, we have updated the purpose of our engagement definition to focus more explicitly on desired outcomes. We believe that our engagement activities should lead to measurable progress and outcomes that align with our investment beliefs, strategy, and culture, as well as our responsibility to our clients.

Finally, we have included an escalation section within our policy to ensure that we can achieve the desired outcomes of our engagements. This section outlines the types of outcomes we are seeking and when we may need to escalate engagement efforts if normal dialogue has proven to be unsuccessful. These enhancements to our Global Engagement Policy will help us more effectively engage with companies and other stakeholders to bring about positive change and create value for our clients.

CASE STUDY

Engagement to influence capital allocation strategy

Company	European Tower
Asset class	Equity
Issue	The company's asset base was primarily developed through acquisitions since its IPO, and its strategy continues to prioritise external growth. However, as markets became increasingly wary of the management's aggressive M&A approach and the potential for over-leveraging in the face of rising interest rates, the shares began to underperform.
Objective	To evaluate the potential impact of market concerns and prompt management to adjust their strategy to restore investor confidence.
Action	Throughout the year, we had multiple engagements with management to achieve two objectives: 1. Assess the company's willingness for acquisitions and stress the significance of financial discipline in the current market scenario with rising competition from other tower operators and private equity funds. 2. Emphasise the importance of regaining the markets' trust on the strength of their balance sheet, highlighting the company's sources of visible, organic growth and inflation protection.
Outcome	Over the reporting period, we engaged with management to influence their strategy and mitigate market concerns. We urged them to exercise financial discipline and reconsider their appetite for acquisitions in light of the competition from other tower operators and private equity funds. We also stressed the importance of regaining investor confidence by demonstrating balance sheet strength and highlighting the company's sources of visible, organic growth and inflation protection. As a result of our engagements, management stayed disciplined and refrained from making large acquisitions, which had been highly competitive and led to elevated valuations by private equity funds. Instead, they announced a strategic shift towards organic growth, degearing, and higher returns to shareholders. We welcomed this shift and maintained our position in the company.

Outcome-focused engagement

We pursue engagement as the best course to address issues at hand, using individual and collaborative approaches. Our depth of research and long-term holdings build strong relationships with company boards and management, making individual engagement most effective.

We pursue engagement with companies through three approaches:

1. Direct dialogue via collaborative or individual engagement with senior management or boards of directors is our primary method of engagement, which we find most effective in building long-term relationships and driving progress on ESG issues.
2. In certain instances, we may collaborate with other investors and stakeholders to encourage standardisation of disclosure or industry-wide changes. We leverage our industry group memberships to identify partners and explore options for collaborative engagement. Our engagements aim to drive positive outcomes for ESG issues, which align with our investment beliefs, strategy, and culture as described in **Principle 1** and responsibility to clients as described in **Principle 6**.
3. Our investment professionals take an active, integrated approach to voting on behalf of clients, guided by our Global Proxy Voting Policy and engagement with portfolio companies. We focus on direct engagement in fixed income and may use a range of approaches in geographies with weaker ESG practices.

CASE STUDY

Engagement to advocate for greater regulatory visibility

Company	European Airport
Asset class	Equity
Issue	After the Covid-19 pandemic, the visibility of future airport traffic significantly decreased due to uncertainty regarding people's willingness to travel, government border policies, and the overall economic environment. Consequently, most airport regulations shifted from a multi-year framework to a yearly framework.
Objective	Encourage a return to a multi-year regulatory framework.
Action	As airlines' financial strength improved, and bookings remained encouraging with traffic returning to pre-pandemic levels, we urged management to strive for a return to a multi-year regulatory framework. We emphasised the importance of profit visibility for investors and the potential hindrance to the company's capex programme due to the lack of return visibility. Additionally, we highlighted the poor transparency, predictability and value creation potential of the current yearly negotiations compared to the regulation of other infrastructure subsectors. We encouraged management to discuss this matter with both the regulator and the government.
Outcome	Based on our conversations, it became clear that a stable regulatory framework that would provide clarity on profitability and capital allocation is unlikely to materialise for several years. This uncertainty, combined with other factors, led us to decide not to invest in the company and maintain its governance score below that of its peers. However, we remain committed to engaging with the company on this topic to ensure that they are aware of our concerns and to encourage them to work towards a more stable and predictable regulatory environment.

CASE STUDY

Engagement to improve transparency

Company	US Insurance firm
Asset class	Fixed income (Preferred securities)
Issue	The US insurance holding company, specialising in retirement savings products such as fixed annuities and funding agreements, recently announced its merger with a private equity firm. While the company had previously been publicly traded and covered by sell-side analysts, post-merger, it has become challenging to access detailed financials and earnings updates, as the focus shifted to the broader private equity firm. This lack of transparency is a significant governance risk, particularly given that the company and private equity firm have distinct credit profiles and access to capital markets. Despite maintaining an independent capital structure, separate board of directors with a majority of independent directors, conflicts committee, and being a standalone SEC filer, concerns remained over credit investors' visibility into the company's financials and industry outlook. As a top credit holder of the issuer, we believe a review of the company's earnings is necessary to assess the risk and maintain our governance standards.
Objective	We urged the company management to provide annual credit investor updates in light of the loss of transparency resulting from the company's discontinued sell-side coverage and absence of earnings calls solely dedicated to its financial performance.
Action	In May 2022, we scheduled a meeting with the CFO and Treasurer of the company to review their financials and get answers to our list of questions. During the meeting, we emphasised the importance of hosting annual credit investor calls to ensure transparency for credit investors, citing a peer company that also holds creditor updates despite being acquired by a private equity asset manager. We provided feedback to the CFO that they should adopt a similar practice. The CFO was very receptive to our feedback.
Outcome	In February 2023, the company took a significant step towards transparency by hosting a Fixed Income Investor call featuring senior management members who updated investors on current business trends, including new business origination, investment portfolio, liquidity positioning, and capital allocation. The Global Head of Investor Relations opened the call by acknowledging the importance of the investor constituency, adding that the company has historically been a regular issuer of senior debt and funding agreement backed notes, as well as preferred equity. Our engagement with the company played a crucial role in the coordination of the call, and we received similar feedback from other credit investors. As a result of the company's improved transparency, we upgraded their corporate governance score. Moreover, the company posted strong earnings results in 2022 and maintained robust capitalisation levels, strengthening our position in the issuer.

CASE STUDY: APPLYING ESG INTEGRATION

Individual engagement to understand the company's poor ESG record and to encourage change

Company	Gold mining company
Asset class	Natural Resources Equities
Issue	According to MSCI's assessment, the company received an average overall ESG rating compared to its peers, with a notable governance rating and an underwhelming environmental rating. The primary objective of the meeting was to ascertain the root cause of the unsatisfactory environmental rating and advocate for the implementation of remedial measures.
Objective	To gain insight into the company's inadequate environmental score and prompt corrective action if needed.
Action	Compared to its peers, the company performed poorly in terms of carbon emissions, with its GHG emissions (Scope 1 and 2) per ounce of gold increasing over the past two years while its peers have managed to reduce them. In our one-on-one meeting with the CEO, we delved extensively into the company's plan to reduce carbon emissions on a mine-by-mine basis, as well as the concentration of its mines in high-risk jurisdictions.
Outcome	Following the meeting, we downgraded the company's environmental and governance score and partially divested in part due to their insufficient progress in reducing their carbon footprint. Despite having a net zero target by 2050 in line with industry standards, the company's two largest mines still relied on coal and heavy fuel oil. Although they were planning to switch to wind or solar for one mine and considering natural gas for the other, they would still fall behind their peers and their emissions target for some time. During our discussion, we expressed our support for the adoption of renewable energy and encouraged them to explore options beyond natural gas to achieve complete decarbonisation of their operations.

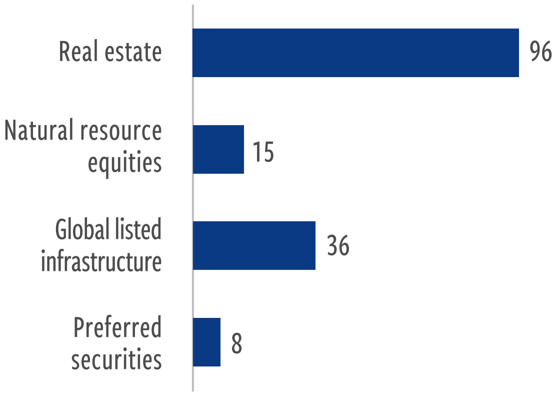
Proactive engagement by companies

Our investment approach, which emphasises long-term fundamental research and analysis, coupled with our scale, allows us to foster strong, enduring relationships with portfolio companies and issuers. Our aim is to cultivate partnerships with these companies over time. As a result, portfolio companies often turn to us for advice on optimal capital structures and balance sheet management. Our commitment to long-term value creation for our clients guides our engagement with these companies and underpins our ongoing efforts to ensure they are well-positioned for sustained success.

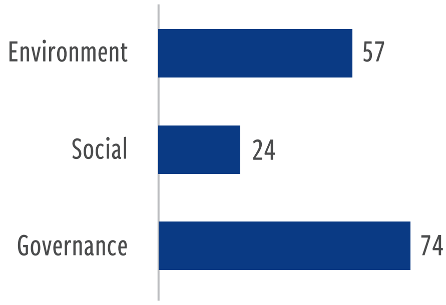
Engagement activity and outcome (May 2022–April 2023)

155 engagements	61 were successful
	64 in progress
	30 had no outcome or were unsuccessful

Engagements by strategy



Engagements by topic



PRINCIPLE 10

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

The quality of our research, issuer relationships, and direct dialogue enable us to influence change. Collaborative engagement with industry bodies and peers is valuable when other methods fail, as per **Principle 11**. Yet, we are careful with collaboration since it may limit analyst impact, existing relationships, and workload. It may also take time to generate consensus and positive outcomes, diverting focus from analysing and monitoring our portfolio.

Collaboration with purpose

At Cohen & Steers, we firmly believe in the power of collaboration to effect meaningful change, particularly on broader industry issues that will benefit our clients. Our analysts are actively involved in collaborative initiatives, including efforts to improve the operational efficiency and effectiveness of asset managers and issuers for the benefit of underlying investors.

We recognise that standardising ESG disclosures within specific sectors can yield better outcomes more quickly across multiple stakeholders, and we advocate for such efforts through collaborative engagement with industry groups. When we determine that collaboration is in the best interests of our clients, we share insights and work collaboratively with others to engage with particular portfolio companies.

Our approach to escalation increasingly incorporates collaboration, but we make these decisions on a case-by-case basis, always with the focus on achieving client outcomes. In the past, we have collaborated with other investors to address concerns about shareholder rights in the capital structure and to address security terms that disadvantaged certain holders.

Regardless of the scenario, our collaborative engagement efforts are always geared towards achieving the best outcomes for our clients. In addition to direct individual engagement, we participate in initiatives and industry groups comprised of leading investors and issuers in the sectors we invest in. These groups serve as forums for discussing corporate governance and other practices with the aim of improving them. By fostering collaboration and facilitating discussions on ESG matters with industry peers and leading constituents, we continue to promote the adoption of ESG best practices at an industry level.

Memberships and affiliations

Memberships and affiliations relevant across all strategies	• PRI signatory • European Investment Advisory Committee • The Investment Association (U.K.) • Investment Company Institute (ICI) • Japan's Stewardship Code • Singapore Stewardship Principles
Global Listed Infrastructure and Natural Resource Equities memberships and affiliations	• Global Listed Infrastructure Organisation (GLIO) • Member of the Technical Group for GRESB Infrastructure • Energy Infrastructure Council (EIC) • Master Limited Partnership Association (MLPA)
Listed Real Estate memberships and affiliations	• Global Real Estate Sustainability Benchmark (GRESB) • European Public Real Estate (EPRA) • Asia Pacific Real Estate Association (APREA) • National Association of Real Estate Investment Trusts (NAREIT) • FTSE EPRA NAREIT Asia Regional Advisory Committee

CASE STUDY

Examples of industry association engagements

During the reporting period, our ESG team members, ESG captains, and other colleagues actively participated in various topics, utilising industry associations as platforms for gathering market intelligence and advocating for best practices.

Industry Association	Global Real Estate Sustainability Benchmark (GRESB)
Purpose	Elevating importance of physical climate risk disclosure
Our involvement	The ESG team met with GRESB staff and conveyed our strong interest in obtaining more detailed physical risk data, including information on the potential impacts of climate change and the effectiveness of resilience measures.
Outcome	As a result, we were able to effectively raise the importance of physical risk management with a leading disclosure platform for real estate and infrastructure, for future reporting consideration.

Industry Association	European Public Real Estate (EPRA)
Purpose	Improved disclosure
Our involvement	Our REIT ESG captain is an active participant with the EPRA SFDR working group and had multiple meetings with the EPRA sustainability committee to identify areas for improvement and help companies to achieve better sustainability outcomes.
Outcome	As a result of these meetings, the REIT ESG captain was able to achieve improved disclosure from one of our portfolio companies.

Industry Association	The Investment Association (IA)
Purpose	TCFD and climate risk disclosures
Our involvement	A mix of ESG team members and ESG captains joined IA meetings with the objective of gathering valuable information and best practices on TCFD and related climate risk disclosures.
Outcome	The information obtained through these meetings will help us as we explore the possibility of producing a similar report in the future.

CASE STUDY

Examples of industry association engagements

Industry Association	National Association of Real Estate Investment Trusts (NAREIT)
Purpose	Improved disclosure
Our involvement	Our Head of ESG participated in two REIT and ESG panels, advocating for more comprehensive disclosure on net zero targets, climate risks and opportunities, as well as financial implications of ESG commitments, and human capital management.
Outcome	These efforts may encourage the REIT industry to adopt more robust ESG reporting practices, enhancing transparency and accountability to stakeholders.
Industry Association	Energy Infrastructure Council (EIC)
Purpose	Standardising ESG reporting
Our involvement	Our ESG team worked on creating a standardised ESG template for midstream companies in the US, which we have now applied to our investment process.
Outcome	Over the reporting period, we focused on implementing this template together with EIC, resulting in approximately 16 companies adopting it. This template will assist us in potentially benchmarking and assessing risks and opportunities such as carbon emissions exposure and management.
Industry Association	National Association of Regulatory Utility Commissioners (NARUC)
Purpose	Deepening our understanding of the regulatory landscape
Our involvement	Investment team analysts actively engaged with NARUC and attended relevant conferences to deepen our understanding of the regulatory environment and its potential impact on our portfolio companies.
Outcome	As a result of these efforts, we were able to identify potential risks and opportunities related to regulatory changes, and make more informed and balanced investment decisions.

CASE STUDY

Collaborative Engagement

About	The Asia Pacific Real Estate Association (APREA) is a non-profit industry association dedicated to promoting and advancing the real estate investment industry in the Asia Pacific region. It serves as a platform for industry professionals, investors, and institutions to connect, share knowledge, and collaborate on issues related to real estate investment and development.
Type	Collaborative engagement
Our involvement during the reporting period	A Portfolio Manager in our APAC Global REITs team is a steering council member of the APREA ESG Committee and is an active contributor to advance its objectives. Some notable contributions during the reporting period include: 1. We were actively involved in overseeing the publication of an ESG guidebook for Asia through APREA. The guidebook provides investors, asset managers, and property companies with a comprehensive framework for incorporating ESG considerations into their investment strategies. 2. We contributed an article titled “The Race to Net Zero: An Investor’s Perspective” to APREA’s Knowledge Brief, which provides insights on how investors can navigate the transition to a low-carbon economy. These contributions demonstrate our commitment to driving sustainable investment practices in the real estate industry.
Outcome	As a result of our collaborative efforts, several companies have improved their ESG practices, which has contributed to more sustainable and resilient real estate investments in the region. Moreover, the committee has helped to promote best practice ESG disclosures and greater standardisation across the region, which has helped to increase transparency and trust between companies and investors. Overall, our work has contributed to driving sustainable investment practices and creating a more sustainable future resulting in greater value between future and for the real estate industry in Asia.

CASE STUDY

Collaborative Engagement

About	Global Real Estate Sustainability Benchmark (GRESB), is an industry-driven organisation that assesses the sustainability performance of real estate portfolios and funds worldwide.
Type	Collaborative engagement in APAC
Our involvement during the reporting period	Through a collaborative engagement with GRESB in APAC, in 2022 we contacted 49 target companies to increase transparency and communicate the importance of engagement in Asia. Letters were sent out from GRESB to target companies, followed up by meetings in some cases that included presentations on the process to participate in GRESB's annual survey, and discussions on timeline, benefits in terms of baselining efforts for participating companies and giving investors the ability to benchmark and undertake a more standardised and quantitative analysis in the real estate sector.
Outcome	As a result of this engagement, six companies participated in the 2022 Real Estate Assessment and eight companies (non-current participants) demonstrated interest and commitment to participating in the 2023 Real Estate Assessment. Furthermore, some companies provided greater disclosure for the first time via GRESB, indicating an increasing trend towards transparency and sustainability in the real estate sector. Through our collaborative engagement and outreach efforts, we believe we are contributing to creating awareness and encouraging companies to take action towards sustainable investment practices resulting in greater value.

PRINCIPLE 11

Signatories, where necessary, escalate stewardship activities to influence issuers

At Cohen & Steers, decisions to initiate or escalate engagement with our investee companies are driven by our investment department. We have a rigorous process in place, which begins with a research analyst who remains actively engaged with management. To further promote desired outcomes, we updated our Engagement Policy and added an escalation section.

There are several reasons that may trigger an escalation, all with the end goal of protecting and enhancing shareholder value. For instance, if we do not achieve our desired outcome through initial engagement, we may decide to escalate our efforts. Additionally, if we do not receive an adequate response to our engagement, we may escalate to ensure our concerns are addressed.

The decision to escalate can also be influenced by several factors, such as the severity of the issue, the credibility and urgency of the company's response, a pattern of poor response or oversight, or a significant controversy. The size of our holding and gaps in disclosure preventing us from making complete ESG assessments and scoring are also considered.

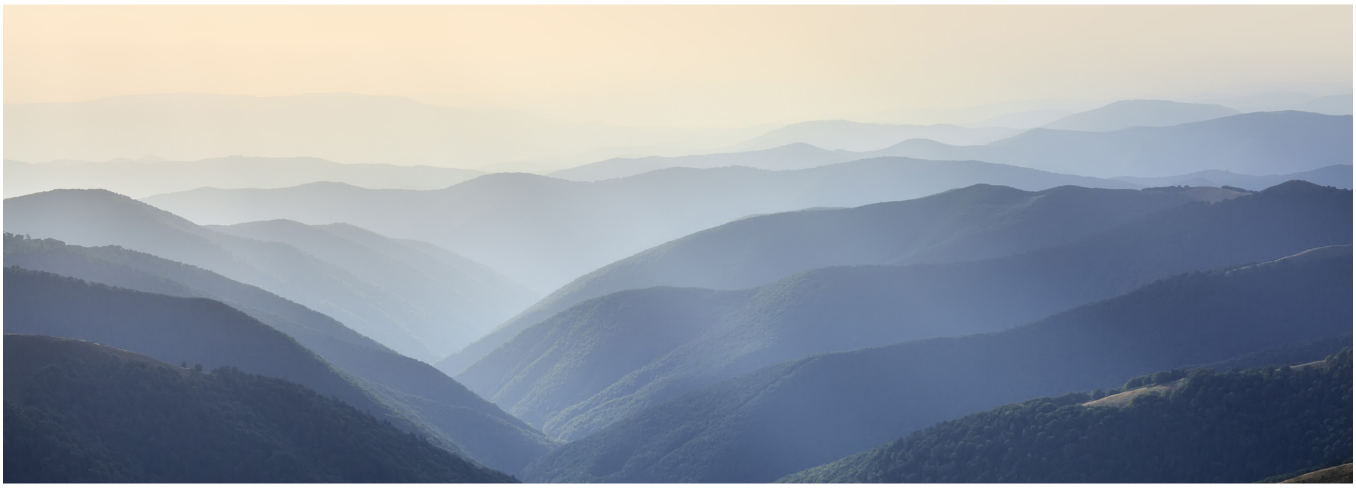
We are committed to taking all necessary steps to protect the interests of our clients and ensure the companies we invest in uphold the highest standards of ESG practices. By rigorously assessing and escalating, when necessary, we believe we can drive meaningful change and deliver long-term value for our clients.

Forms of escalation

If our desired outcome is not achieved through initial engagement or we do not receive timely and satisfactory responses from our contact at the investee company, we will escalate the matter using various actions. These escalation actions include:

- Collaborative engagement when individual engagement proves ineffective
- Public disclosure of our concerns
- Proxy voting to support direct engagement
- Legal action
- Divestment

Each escalation decision is carefully considered and made with the goal of achieving optimal outcomes for our clients.



CASE STUDY

Escalation

Company	Diversified REIT
Asset class	REITs
Issue	The company's management and board have prioritised executive compensation over shareholder value. They have a history of changing short-term performance metrics for management to easily meet goals and offering time-weighted retention bonuses when targets are not met. This has resulted in outsized executive compensation and subpar results, with the company underperforming its sub-sector peers and the broader REIT market over the past 1, 3, 5 and 10 years. Despite the negative impact of Covid on the company, which resulted in a 25% reduction in its workforce and over 20% decline in earnings, the company still provided time-weighted retention bonuses to senior management, further negatively impacting the culture and alignment. Additionally, the company does not separate the Chair and CEO roles.
Action	We have been engaging with the company for several years to improve its alignment with shareholders. In 2022, we escalated our efforts by speaking with the management team, as well as two Board members, namely the Lead Independent Director and the Chair of the Compensation Committee, and the Head of the Company's ESG Initiatives. We provided recommendations on (1) aligning the compensation plan with total shareholder return (TSR); (2) placing greater emphasis on performance rather than time-weighted long-term goals; (3) making individual goals more quantifiable and less subjective; and (4) splitting the CEO and Chair roles.
Outcome	Even after our escalation efforts, we found that the company's management and Board of Directors were not aligned with our views on governance and compensation. Despite our efforts to engage with them, they were dismissive of our suggestions, and we saw no indication that any changes would be made. As a result, we made the decision to sell our equity investment in the company and voted against the Company's Advisory Say on Pay Policy and the members of the company's Compensation Committee. Although our actions did not result in the positive outcome we desired, we note that since our engagement with the company and the subsequent divestment of our position, the company has continued to underperform its REIT benchmark and peer group. We believe that the company's lack of alignment of interests and poor corporate governance are significant reasons for this underperformance.

CASE STUDY
Escalation

Company	Logistics REIT
Asset class	REITs
Issue	The company faced significant operational, governance and communication challenges. It was our view that both the management team and the Board of Directors lacked the necessary expertise to effectively manage and operate such a complex logistics business. Additionally, we found the company's disclosure practices inadequate and requested more detailed and comprehensive supplementary financial information.
Action	Following a period of underperformance, we escalated and engaged in separate conversations with the Chairman and an independent Director of the company's Board. We recommended that the Board of Directors should be strengthened with more members who possess expertise in logistics, and that the C-Suite management should be improved. Additionally, we advised the company to enhance its communication with investors and provide more transparent and comprehensive disclosure.
Outcome	The company responded swiftly to our concerns. It (1) appointed several new board members with relevant industry experience to tackle operational challenges; (2) replaced the CEO; and (3) provided improved financial disclosure for greater investor transparency. While there is still room for improvement, we are satisfied with the progress made in operations, governance, and financial disclosure. Since implementing these changes, the company has outperformed the REIT benchmark by more than 20%.

CASE STUDY

Escalation

Company	European Utility
Asset class	Equity
Issue	In late 2022, the CEO presented a business plan outlining updated strategic targets that received positive market feedback. However, the CEO's mandate was set to expire the following May. As the company's largest shareholder, holding a 25% stake, the government was tasked with deciding whether to extend the incumbent CEO's mandate or make a new appointment. According to the press, the preferred option was to appoint a new CEO.
Objective	To assess the risk of a CEO change and its potential impact on future corporate governance, implementation of the previously announced business plan, financial estimates, and valuations, we decided to review our current holding.
Action	We had multiple discussions with management to evaluate the risk associated with the change in CEO and held a meeting with one of the potential successors who was rumored to take the position. As a result of this meeting, we reduced our governance score for the company and conducted financial analyses by considering scenarios where the new CEO may not successfully execute the business plan and may deviate from the previously communicated objectives, such as no disposition of assets. We estimated the potential effects on future cash flows, gearing, and dividends to make our evaluation more actionable and informative.
Outcome	After careful evaluation, we determined that there was a higher probability of a CEO change and a low level of visibility regarding the potential successor. Moreover, we identified that the rumored candidates might not support the company's equity story, and their interests may not align with those of minority shareholders. Additionally, failure to execute on the disposal plans could significantly increase the company's indebtedness and possibly lead to dividend cuts. Considering these factors and the high level of uncertainty over corporate governance, alongside other relevant considerations such as relative valuation, we concluded that exiting our position in the stock would be the most appropriate course of action. Our decision was outcome-oriented and aimed at reducing potential risks and maximising returns for our clients.

CASE STUDY
Escalation

Company	REIT
Asset class	Global REIT
Issue	Initial engagement in mid-2022 was related to the SFDR greenhouse gas (GHG) requirements where we identified that the company's disclosure practices were lagging. Subsequent engagements later in the year demonstrated lack of prioritisation and no attempt to improve disclosure to meet requirements. After multiple failed attempts, it was determined that this issue needed to be escalated to the chairman of the company to stress the potential loss of capital if ESG issues where not addressed.
Objective	To enhance disclosure in line with SFDR requirements
Action	Escalated and submitted a letter to the chairman of the company to recommend the topic of internalisation of the company's management be brought to the next board meeting as an agenda item for shareholders to vote.
Outcome	Upon receipt of the letter, the chairman of the company acknowledged their commitment to best-in-class governance and serving shareholder's best interests. The chairman also indicated that the board recognised the potential for internalisation and that it will remain on the board agenda to be continuously reviewed. We hope to see results in the coming reporting period of our escalation.

PRINCIPLE

12

Signatories actively exercise their rights and responsibilities

Over the past year, Cohen & Steers has made significant progress in refining our Global Proxy Voting Policy and process, ensuring that it remains up-to-date with the latest regulatory and legal regimes, disclosure requirements, and corporate governance codes. Our policy is reviewed and updated annually by our Proxy Committee, which comprises members of our Investment and Legal and Compliance departments. The committee is best positioned to identify current and new governance trends, and to articulate Cohen & Steers' stance on governance-related issues.

Our Global Proxy Voting Policy reflects our commitment to maximising shareholder value through careful evaluation of issues that may materially affect shareholder rights and the value of securities. We exercise our voting rights with reasonable care, prudence, and diligence, always conducting ourselves as if we were the beneficial owners of the securities. We participate in every shareholder voting opportunity to the extent reasonably possible, and we do not automatically vote in favor of management-supported proposals.

Furthermore, we have a strict policy prohibiting our officers and employees from accepting any item of value in exchange for a favorable proxy vote. We do not engage in stock lending from any of our portfolios, so we do not have specific policies or procedures for monitoring and controlling proxy voting or exercising rights and responsibilities in stock-lending scenarios.

Proxy Policy Enhancements

During the reporting year, we made significant enhancements to our Global Proxy Voting Policy to better align with our ESG Roadmap and focus on long-term outcomes. This led to enhancements that included adding specificity in three critical areas: Climate Change, Diversity, and Risk Oversight. We also improved our approach to identifying and managing conflicts of interest related to proxy voting.

In terms of Climate Change, we added further specificity to the factors we consider when evaluating environmental and social proposals including board oversight of material climate-related risks and opportunities. In terms of board diversity, we adopted a policy to generally vote against the chair of the nominating committee (or other directors on a case-by-case basis) if there are no diversity female directors on the board if the board has not included a female director during the last 12 months and the company has not articulated a plan to include a qualified female nominee.

We modified existing language to highlight the factors we believe constitute material failures of board risk oversight, and proposed changes to enhance the framework pursuant to which the company evaluates actual or potential conflicts of interest, which will be assessed individually by the Proxy Committee in consultation with members of the Legal and

Compliance department. This approach will further facilitate coordination among our teams involved in proxy voting and more effective integration. We will also use employee data and relevant information held by other internal stakeholders to identify specific companies that present "sources" of potential conflicts of interest under our Conflicts Policy.

Overall, these changes reflect our commitment to maximising shareholder value, and we believe they will help us better identify and manage risks, enhance transparency, and align with our ESG goals.

Our Proxy Voting Committee

Over the past year, we have made progress in our approach to proxy voting by further integrating it with our investment process. Our Proxy Voting Committee oversees our process, with members of various investment teams responsible for voting on all shareholder proposals. This alignment ensures that our voting decisions are well-informed and grounded in our investment philosophy. When evaluating proxy issues, our investment team may consult with company management, directors, and research providers to make an informed decision that is in the best interest of our clients.

Continuous enhancements of our voting policy

As part of our ongoing commitment to stewardship, we take a proactive approach to ensuring that our voting policy remains up-to-date and fit for purpose. To this end, our internal team conducts an annual review of our policy to ensure that it reflects the latest developments in the stewardship landscape and adequately covers the pertinent issues that our analysts are raising.

Proxy voting committee

Member	Team
Mathew Kirschner, *Chairman*	Real Estate
Khalid Husain	ESG
Arun Sharma	Large-Cap Value/ Infrastructure
Charlotte Keenan	Legal
Doug Bond	Closed-End Funds
Harrison Klein	Real Estate
Chris Denunzio	Infrastructure
Ji Zhang	Real Estate
Mike King	Real Estate
Kevin Rochefort	Proxy Administration
Leon Ko	Real Estate
Juliana Annis	ESG

We understand the importance of being responsible stewards of our clients' investments, and we believe that our commitment to ongoing review and improvement of our voting policy is an essential part of fulfilling that responsibility. As reflected throughout our report, by staying current with the latest trends and issues in stewardship, we can ensure that our policy reflects the most current thinking on responsible investment and that our votes are aligned with our clients' values and objectives.

Third party proxy advisory firm

At Cohen & Steers, we are committed to ensuring that our clients' investments are voted in a manner that aligns with their objectives. To this end, we continue to retain a third-party proxy advisory firm, Institutional Shareholder Services Inc. (ISS), to assist us in monitoring voting rights, voting proxies, and conducting related research.

Our portfolio managers and research analysts may also review research reports provided by other vendors, but ultimately, all votes are cast in accordance with our own proxy voting guidelines. We do not allow third-party guidelines or recommendations to influence or change our approach, regardless of the fund, asset, or geography.

Our commitment to this outcome-oriented approach reflects our belief that responsible stewardship is an essential part of achieving strong investment outcomes for our clients. By adhering to our own proxy voting guidelines and conducting thorough research, we can continually strive to ensure that our clients' investments are voted in a manner that reflects their objectives and supports their long-term goals.

Exercising voting rights

We take a proactive approach to stewardship and engage with investee companies before general meetings, where appropriate. Our approach to voting on director nominees is based on a mosaic approach, considering all factors, with no single factor being determinative. Our proxy voting guidelines outline additional factors considered under this approach.

Our voting procedures and requirements include requiring the approval of two Proxy Committee members (only one internationally) for votes against management and consultation with the Proxy Committee for votes on environmental and social proposals. Additionally, votes against policy or management and votes on all environmental and social proposals require a vote rationale.

Our Proxy Committee is supported by our Proxy Administration team, which oversees the mechanics and logistics of voting, including monitoring and reconciling our shares and voting rights. Our commitment to these outcome-oriented procedures reflects our belief that responsible stewardship is essential for achieving strong investment outcomes for our clients.

Our Global Proxy Voting Policy reflects our commitment to maximising shareholder value through careful evaluation of issues that may materially affect shareholder rights and the value of securities.

CASE STUDY

Vote Against an ESG proposal

Company	Japanese Utility
Asset class	Equity
Issue	A shareholder submitted a proposal to amend the Articles of Association of the company, with the aim of prohibiting nuclear power generation. If approved, this amendment will have a significant impact on the company's future operations and decision-making processes.
Action	The issue of whether the company should adopt nuclear technology is a multifaceted one, requiring careful consideration of various factors, including safety, security of supply, cost, and environmental impact. Additionally, the potential effects of alternative technologies on global warming must also be considered. We concluded that the case for imposing a ban on nuclear power generation was not apparent and required further discussion with the management. We believe that such a decision should be made under the proper oversight of the board, rather than being rigidly cemented into the Articles of Association. Our view is to ensure that a thorough evaluation process is followed before any major policy changes are made by the company.
Outcome	We decided to vote against the proposal, in line with our policy and the analysis we conducted. Our decision was based on a thorough evaluation of the proposal and its potential impact on the company's operations and strategy. We concluded that the proposal did not align with our investment objectives.

CASE STUDY

Voting against management to improve transparency

Company	Diversified Mining Company
Asset class	Natural Resources Equities
Issue	Despite the company's significant progress in achieving its climate objectives, such as setting targets for emissions reduction and committing to a net-zero target by 2050 in line with the Paris agreement, there were still concerns regarding the company's coal portfolio depletion strategy. Specifically, we were apprehensive about the company's intention to "responsibly deplete" its coal portfolio over time, considering the significant environmental impact of coal mining. Additionally, the company sought approval for a new greenfield coal mine that was projected to operate beyond their net-zero target, raising further concerns about its commitment to transitioning to cleaner energy sources. Simultaneously, the company was seeking approval to release a climate progress report, intended to showcase their advancement towards the net-zero target by 2050. However, we were concerned that the release of this report contradicted the significance of transparency and responsible environmental practices.
Action	We opposed the approval of the Climate Progress Report because we believed that the company's actions might not align with its commitments to deplete its coal portfolio and achieve a net-zero target by 2050. Specifically, if the new coal mine were to be approved, the report could be perceived as greenwashing, and thus contradicting their commitment to reducing coal consumption. Furthermore, we were alarmed that the company remained involved in several industry associations whose goals were not always in line with the Paris agreement's objectives.
Outcome	The climate progress report proposal passed with an approval rate of 76%. Despite our objective not being met, our engagement efforts had a positive outcome as the company announced in December 2022 that it would abandon its plans for a greenfield coal mine. The decision was made to align with the company's commitment to responsibly manage the decline of its coal business and achieve net-zero emissions by 2050.

CASE STUDY

Vote Against an ESG proposal

Company	US REIT
Asset class	REIT
Issue	A shareholder submitted a proposal to set long-term Scope 1, 2, and 3 greenhouse gas (GHG) reduction targets aligned with the Paris Agreement's 1.5°C goal. The company is faced with a challenge in committing to the proposed GHG reduction targets for Scope 1, 2, and 3, as it has not yet measured Scope 3 emissions. If the company agrees to meet these targets without a proper evaluation of the implications, it could potentially jeopardise the achievement of those reduction targets and expose the company to criticism for greenwashing. Management agreed with our assessment.
Action	After careful consideration, we decided to vote with management and reject the shareholder proposal. Our policy on environmental proposals states: "we generally vote in favor of proposals requesting a company disclose information that will aid in the determination of material environmental issues impacting the company and, where material to its business, how the company is managing exposure to environmental risks related to these issues" and "in relation to climate-related risk and opportunities material to its business, we expect companies to help their investors understand how they may be impacted by such risk and opportunities, and how these factors are considered within strategy in a manner consistent with the company's business model and sector". The company acknowledged that it would be optimal to involve a third-party in assessing Scope 3 and commit to targets based on a thorough evaluation.
Outcome	Although we encourage companies to proactively set targets and measure their emissions, we believe that authentic target-setting is essential for ensuring that commitments are sustainable and beneficial to overall performance. We look forward to continued engagement and monitoring their Scope 3 assessment. Our interest lies in understanding the specific actions that the company takes to meet these targets and how effectively they are able to execute them.

CASE STUDY

Vote in Favor of an ESG proposal

Company	European Transport company
Asset class	Equity
Issue	Management requested a vote on the company's greenhouse gas emissions reduction plan, which outlines their commitment to achieving carbon neutrality by 2050 aligned with Science Based Targets initiative (SBTi) targets.
Action	After careful consideration, we found the disclosed data on emissions and measures taken to address physical and transition risks to be appropriate and relevant. The company's greenhouse gas emissions statement was in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and independently audited, lending credibility to the data presented.
Outcome	As a result, we voted in favor of the company's proposed plan and to proceed with their commitment to achieving carbon neutrality by 2050. They committed to implement short, medium, and long-term targets. We will continue to monitor this plan going forward to ensure transparency and accountability in addressing climate-related risks and opportunities. Our voting action was in line with our policy.

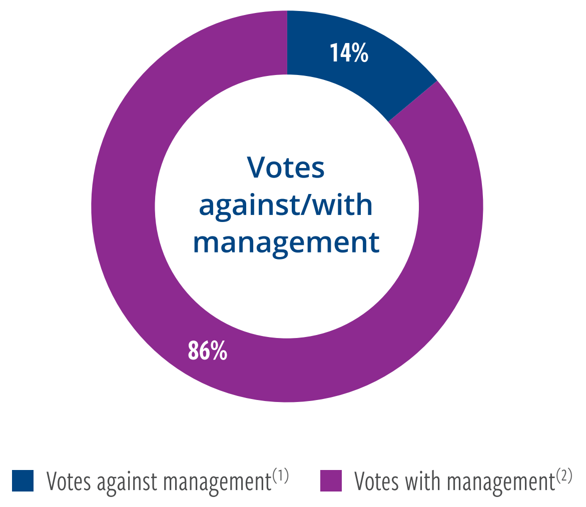
Summary of proxy voting activity (past 12 months)

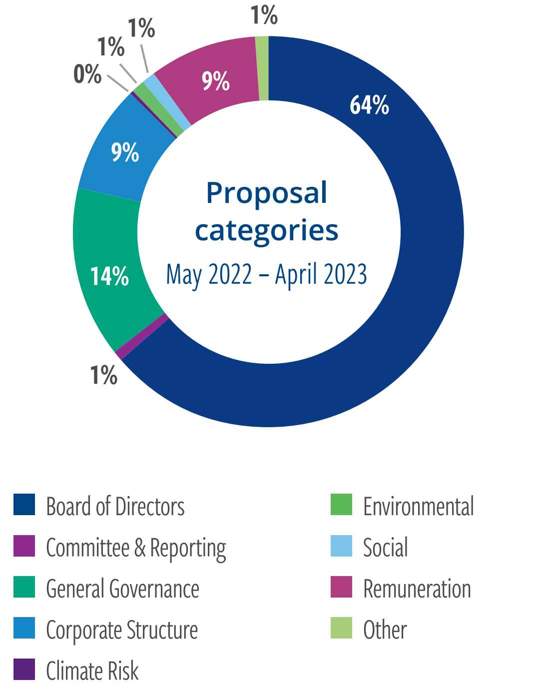
- During the reporting period, we voted on 5,092 proposals globally across our investments.
- We voted 100% of available votes.
- In aggregate, we voted against management on various proposal items, including director elections, executive compensation, and environmental and social shareholder proposals, representing approximately 14% of our total votes.

We assert our right to express dissent against management, particularly on governance-related proposals such as compensation, as well as environmental and social proposals. Our dissenting votes are typically prompted by inadequate disclosure or a lack of opportunities to promote better practices which we believe is important in acquiring greater value for the issuer.

Percentage of voted proposals **100%**

2022 proxy votes





As of April 24, 2023.
(1) Includes all instances in which client submitted a vote
(2) Excludes instances where management vote recommendation is "NONE"

COHEN & STEERS

We believe accessing investment opportunities around the world requires local knowledge and insight into specialised and regional markets. Cohen & Steers maintains a global presence through the following offices:

Americas

NEW YORK

Corporate Headquarters
280 Park Avenue, 10th Floor
New York, New York 10017

Phone **212 832 3232**
Fax **212 832 3622**

Europe

LONDON

Cohen & Steers UK Limited
50 Pall Mall, 7th Floor
London SW1Y 5JH
United Kingdom

Phone **+44 207 460 6350**

DUBLIN

Cohen & Steers Ireland Limited
77 Sir John Rogerson's Quay, Block C
Grand Canal Docklands, Dublin 2
D02 VK60, Ireland

Phone **+353 1 592 1780**

Asia Pacific

HONG KONG

Cohen & Steers Asia Limited
Suites 1201–02, Champion Tower
3 Garden Road
Central, Hong Kong

Phone **+852 3667 0080**

TOKYO

Cohen & Steers Japan Limited
Pacific Century Place, 16F
1-11-1 Marunouchi Chiyoda-ku
Tokyo 100–6216 Japan

Phone **+81 3 4530 4710**

cohenandsteers.com