Pyrford

STEWARDSHIP CODE

2022

Part of COLUMBIA THREADNEEDLE INVESTMENTS

For professional investors only

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CEO Foreword

Pyrford International has been a signatory to the UK Stewardship Code since its inception in 2010.

In recent years, Pyrford has made efforts to formalise our long-standing commitment to considering environmental, social, and corporate governance issues as part of our wider research process. On an annual basis, Pyrford produces and annual engagement report which we invite you to read as it contains a detailed overview of recent activity within this area.

Central to the formalisation of our work in this important area has been our commitment to the UK Stewardship Code. Pyrford welcomes the UK Stewardship Code that we believe helps strengthen the UK's standards of governance, transparency and reporting.

Pyrford is fully committed to the Code and the following statement will detail how we strive to comply with all of its principles.

Tony Cousins
Chief Executive & Chief Investment Officer

October 2023

Purpose & Governance

1. Purpose, strategy and culture

Principle 1. 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.

Our organisation

Pyrford International is a provider of global asset management services for collective investment funds, investment management companies, local and state bodies, pension schemes, endowments and foundations. The company began operating from its London, UK base in 1987 and all Pyrford's core operations continue to be based in one central London office.

As at 31 December 2022 Pyrford manages over £7 billion on behalf of our clients. 73% of our AUM is invested in listed equity strategies (Global and International) with the remaining assets invested in our Global Absolute Return Strategy (Equities and Government Bonds). Pyrford manages all strategies with the application of a single, firmwide investment philosophy and process. This is focused on capital preservation through investing in sustainable business models and can be characterised as a Quality and Value approach.

We have one investment team. Our single approach to investment management, stewardship and ESG integration is consistent across all strategies ensuring all our clients benefit equally from our team's cohesive and inclusive approach. Pyrford has sustainably grown its business since the firm's formation. We believe we have been successful by always focussing on the long-term investment horizon and by listening to our client base, many of whom have stayed with us throughout our history.

Every decision is taken with a 5-year investment horizon. Our senior investment team is involved in most institutional client meetings, as it is our belief that clients wish to hear about investment strategy and engagement activity from the people making the decisions. It is this policy that will constrain the number of clients that Pyrford can attract and capacity is therefore carefully managed so that Pyrford can continue to offer a bespoke and personal relationship to our clients. Within our dedicated ESG working group, the Pyrford ESG Forum, we have a permanent "client seat", represented by a Relationship Manager. This gives our clients the opportunity to engage with our group and to ask questions that are important to their members and beneficiaries.

Pyrford's aim is to maintain a flat structure with a small, highly motivated, talented and entrepreneurial group. Pyrford has developed an identifiable 'culture'. This is due largely to the cohesion, consistency, motivation and experience provided by the senior employees who have now worked together for more than 25 years. It is also due to their absolute conviction about the 'right' way to manage money and their ability to play a significant role in shaping the company's future.

The company's relatively small size is also important. Pyrford prides itself on an inclusive, diverse and empowering culture. As an investment manager we have an exceptionally low turnover of staff, both within our investment team and within non-investment functions. As an example, the last portfolio manager departure from the investment team was in 2013.

Our Portfolio Management Team are detailed in the following table:

Name	Role	Years with Pyrford	Years in industry
Tony Cousins, CFA	Chief Executive & Chief Investment Officer	34	38
Paul Simons, CFA	Head of Portfolio Management, Asia-Pacific	26	26
Daniel McDonagh, CFA	Head of Portfolio Management, Europe	25	25
Suhail Arain, CFA	Head of Portfolio Management, Americas	14	25
Nabil Irfan, CFA	Portfolio Manager	17	22
Peter Moran, CFA	Portfolio Manager	19	19
Jun Yu, CFA	Portfolio Manager	14	22
Stefan Bain, ASIP	Portfolio Manager	10	21
Roderick Lewis, CFA	Portfolio Manager	9	21
Andrew Sykes, CFA	Portfolio Manager	9	15
Anneka Desai, CFA	Portfolio Manager	7	7

Pyrford is a wholly owned subsidiary of Columbia Threadneedle Investments UK International Limited (CT), whose direct parent is Ameriprise Financial, Inc. a company incorporated in the United States. However, we have full autonomy over investment and stewardship matters, with Columbia Threadneedle providing resources in certain support areas. In response to principle 2, our ownership structure is discussed in more detail.

Our Investment Philosphy

Pyrford has been operating in the investment management business for over 30 years. Whilst our approach to corporate governance and environmental and social issues has evolved over time, Pyrford's investment process has always focused on quality, value, and the long-term sustainability of earnings and dividends.

Our belief is that sustainable earnings can only be achieved through responsible environmental and social practices and that shareholders only fully benefit from these at well-governed companies. Central to the sustainability of a business is its relationships with suppliers, customers, employees, governments, and shareholders, along with its impact on the environment. Companies can survive for the short-term, taking irresponsible approaches to these areas, but to prosper in the long-term, we believe that companies must demonstrate good practice and leadership in each of these areas. Consequently, consideration of ESG factors and issues of sustainability are an integral part of the Pyrford investment process.

We always meet management one on one prior to investing and thereafter visit at least once a year. Discussions with management cover a wide spectrum of topics and aim to improve our understanding of company strategy and competitive positioning, as well as to encourage companies to act in the long-term interests of all stakeholders. Regular access to executive management is a key part of our investment process and we encourage management to provide regular trading updates to the market in order to improve transparency as much as possible.

Accessing Effectiveness

We believe that as a business we have been successful in serving the best interests of our clients and indeed their beneficiaries. Below we have summarised some of the highlights we believe have been key to our success as a boutique investment manager, helping us to grow from less than £2billion in Assets Under Management in 2010 to over £7billion as of 31st December 2022.

- **Team**: Pyrford has a highly experienced and stable investment team with an average tenure at Pyrford of approximately 15 years. The investment strategy committee has been working together at Pyrford with an average tenure over 24 years.

- **Process**: Pyrford has a disciplined and long-established investment methodology rooted in fundamentals and common sense.

- **Approach to Risk**: Pyrford's approach is risk averse – it is only concerned with absolutes, not relatives. By diligently adhering to this approach the 'relatives' tend to take care of themselves over the long-term. The analysis of ESG risk is central to our research process.

- **Research & Sustainability**: Pyrford invests a great deal of its time in macro-economic research, fundamental stock analysis and ESG integration. This research plays a key role in helping Pyrford's clients minimise downside risk.

- **Performance**: The philosophy and process target a return stream characterised by low downside capture by placing a focus on attributes of quality and value in the investments selected for inclusion in the portfolio.

  - Since the inception of our longest running equity strategy in 1994, the Pyrford International Equity, has outperformed its benchmark by over 2.4% per annum gross (7.3% v 4.9% MSCI EAFE, CAD, gross).

  - In the UK, our core product – the Pyrford Global Absolute Return strategy has delivered almost 7%, gross, per annum since inception in 1994. The strategy has had only two negative calendar years over that same 27 year period (2002: -2.1% & 2018: -0.7%).

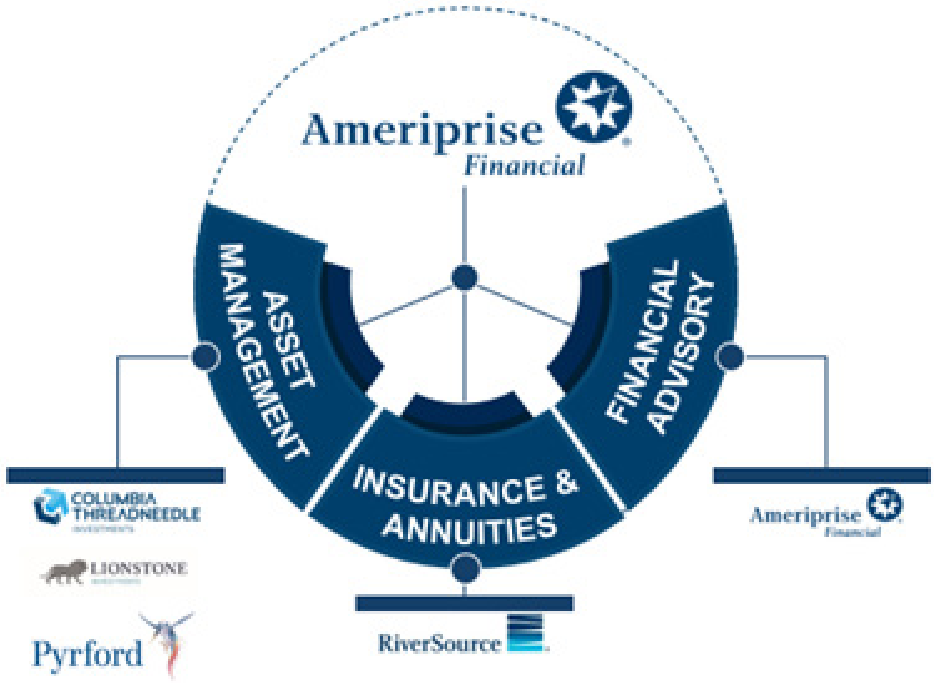
2. Governance, Resources & Incentives

Principle 2: Signatories' governance, resources and incentives support stewardship.

Organisational & Firm Structure

Pyrford is a wholly owned subsidiary of Columbia Threadneedle Investments UK International Limited, a subsidiary of Ameriprise Financial, Inc ("Ameriprise").

Pyrford operates as an independent boutique within Columbia Threadneedle Investments. The Ameriprise organisation structure is depicted in the below diagram:



Group assets under management and administration of US$1.2 trillion as at 31.12.2022. Source: Ameriprise Financial Q1 2023 Statistical Supplement

Pyrford's independence to operate as a separate legal entity within a wider business group is important to us and our clients. As described in response to principle 1 under Culture, Pyrford's aim is to maintain a flat structure with a small, highly motivated, talented and entrepreneurial staff. Pyrford prides itself on an inclusive, diverse and empowering culture.

Governance and Accountability for ESG Activity

In our view, one of the keys to our success as a business is having an effective governance structure which enables the business to operate as a boutique investment manager and in line with expectations of our clients, regulators and other stakeholders alike.

Qualified portfolio managers at Pyrford are given responsibility for managing self-contained country funds which are combined to form our Global Equity and Absolute Return products by our Investment Strategy Committee. These portfolio managers are responsible for all ESG research, engagement with management and proxy voting in their areas of geographic responsibility. We believe giving portfolio managers these responsibilities fosters a more holistic approach to investment and stewardship than if a separate ESG team was to undertake this work.

At the same time, it was important to establish a separate group to oversee, develop and monitor the consistency and effectiveness of this activity. Therefore in 2017 we established the Pyrford "ESG Forum" which holds accountability for ensuring we are fulfilling our duty as responsible investors.

The following chart shows where the ESG Forum is placed within the wider governance structure of the business and below we have expanded on the different groups:

The Board is committed to high standards of corporate governance and is responsible for identifying and managing risk, establishment and review of risk appetite, adherence to internal risk management policies and adhering to local regulatory requirements. The Board of Directors are accountable to Pyrford's shareholders and parent for this. The Board currently comprises three Executive Directors based within Pyrford, and the Chair and three Directors who are full time staff members based within Columbia Threadneedle Investments.

The Board meets at least quarterly. The Chief Executive Officer of Pyrford, Tony Cousins, is directly accountable to the Board for all of Pyrford's risk taking activities.

The Pyrford Executive Committee ("ExCo") is the management forum of senior executives which supports the Chief Executive Officer by monitoring the strategy of the Pyrford business within the wider strategy of Columbia Threadneedle Investments, reporting on business and support function activities and sharing knowledge and expertise. The Committee also reviews any risk, compliance or cultural issues escalated by the Pyrford Risk and Compliance Committee. The ExCo meets monthly and is chaired by the CEO.

The Pyrford Risk and Compliance Committee ("RCC") is a sub-committee of the ExCo and provides appropriate risk and compliance oversight for all Pyrford activities. The RCC reviews any business or other initiatives that could materially affect Pyrford's risk profile, ensuring existing risk control and monitoring mechanisms remain appropriate to manage its activities and the risks they pose for customers, the firm and the wider markets, in line with its agreed risk appetite. It monitors and considers the culture and conduct of the firm and ensures initiatives are aligned to that culture and are within the approved business plan and adhere to the Ameriprise Corporate Policies and standards, including operational risk. The RCC meets monthly and is chaired by the Chief Operating Officer ("COO"). The Deputy Chair is the Chief Compliance Officer ("CCO").

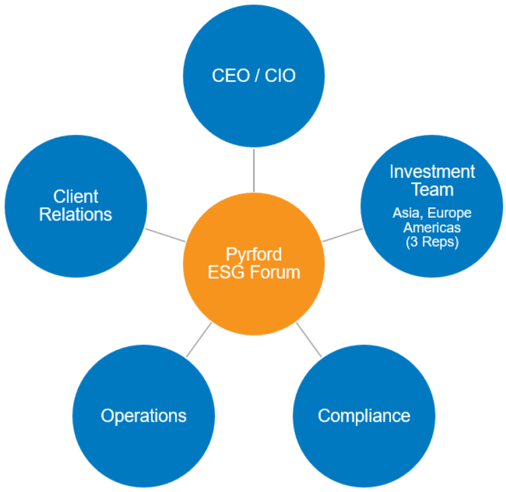
In addition to the above, Pyrford also has a series of Committees and forums related to investment. These are listed below together with a summary of their responsibilities.

Investment Strategy Committee ("ISC"). The ISC is an internal committee which decides on asset allocation decisions impacting our client portfolios. It also determines the target modified duration of the fixed income portfolios and any currency hedging decisions. Committee members include senior representatives from Pyrford's investment team. The ISC meets formally at least once a month.

Global Stock Selection Committee ("GSC"). The GSSC is an internal committee which provides oversight of Pyrford's stock selection process undertaken by investment professionals in their respective regions. It is the formal forum in which material stock selection decisions are debated and reviewed. This ensures consistency in the stock selection process. The committee meets as often as is necessary and at the minimum once a month. Members include representatives from Pyrford's investment team and product specialists. One of the standard agenda items for the monthly GSSC meetings is to report to the entire investment team any developments in ESG broadly and any conclusions reached by the ESG Forum.

The Pyrford ESG Forum. The Pyrford ESG Forum meets quarterly and is chaired by Paul Simons, a Senior Portfolio Manager at Pyrford and a member of our Investment Strategy Committee. Paul has worked at Pyrford for over 25 years and due to his passion for sustainability, Paul has led Pyrford's efforts in incorporating and communicating our ESG activity to date. Paul became a CFA charter holder in 2000 and has also achieved the CFA Certificate in ESG Investing.

ESG priorities and process are governed by our ESG Forum. Membership of the forum comprises our CEO & CIO, a representative from each of our main regional investment areas (Europe, Asia and Americas), Client Relationship Management, Operations and Compliance, as shown on the chart below.



To enable diversity of thought and input into the process, membership of the Pyrford ESG Forum is open to the entire business and not just investment professionals. Investment professionals are rotated annually to allow all members of the investment team to play a role and to provide input into the process.

The aims of the ESG Forum are as follows:

- Business awareness: Ensure awareness and communication between different areas of the business on ESG issues.
- Engagement activity: Report on the recent quarter's company engagements by each investment area (Americas, Europe and Asia).
- Service providers: Review performance of ESG service providers and discuss any quarterly issues.
- Proxy voting activity: Report on the recent quarter's proxy voting by each investment area (Americas, Europe and Asia).
- ESG Ratings: Report on recent quarter's changes to internal and external ESG ratings.
- Client feedback: Provide an opportunity for our Relationship Management team to feed-back our clients' comments and any concerns they may have on ESG matters and the companies we hold on their behalf.
- Best Practice: Encourage and promote best practice within Pyrford when it comes to incorporating ESG into every aspect of our firm.
- Industry Issues: Promote and discuss wider ESG industry issues and assess how they can impact our business and the companies we invest in.

We believe the governance structures in place have helped place our ESG Forum at the centre of our business and integral to the future planning and success of the company. We are always looking for ways to improve and the emphasis this year has been on encouraging further education around sustainability within the team, including attending external ESG conferences and less formal education through internal ESG presentations from our investment team to promote and share knowledge on ESG topics. The investment team are sponsored by Pyrford to complete the CFA Programme and the CFA Certificate in ESG investing, where many of the team have completed both. Participation in these programmes is not limited to the investment team and we have seen other members of the ESG Forum completing CFA Certificate in ESG investing over the last few years.

Risk Culture at Pyrford

At Pyrford we believe that Risk Management is every employee's responsibility. Pyrford maintains a culture that encourages openness, constructive challenge and personal accountability. By maintaining this culture, we can safeguard the interests of our clients and other stakeholders. Our risk culture is rooted within our policies, business processes, risk management frameworks, risk appetite, limits and tolerances, compensation practices and is evident in every aspect of how we operate.

To define and evidence the culture we try to maintain within Pyrford further, we recognise the cyclical link between our vision, our values, our principles and our behaviours. Together they are our corporate culture and drive our Conduct.

Pyrford's Risk Appetite Framework

The Risk Appetite Framework encompasses the overall approach, including principles, policies, processes, roles and responsibilities, and systems through which the Risk Appetite is established, communicated, implemented and monitored.

Put simply, risk appetite is the level of risk we are prepared to accept in pursuit of our objectives.

The Pyrford Board regularly review and approve a Risk Appetite Statement (RAS).

Pyrford seeks to maintain a cautious approach to risk in order to ensure that it remains sufficiently liquid and capitalised. While our primary strategic objective is to obtain optimal growth and return for our clients, our approach is measured to ensure the best possible performance while remaining within our defined risk appetite.

The Risk Appetite Statement:

- reflects the strategic direction of Pyrford;
- is aligned to the key risks faced by Pyrford;
- details / defines both qualitatively and quantitatively the amount of risk that Pyrford is willing to accept when carrying out its business and in the pursuit of its business objectives;
- is supported by maximum risk tolerance levels by risk category and appropriate risk measures and limits;
- details the roles and responsibilities of key individuals and committees and the reporting and escalation process; and
- is supported by appropriate policies and procedures which set out the components of the risk framework.

Pyrford's Research, Analysis and Systems for Stewardship Activities

All Pyrford's investment personnel are engaged in the research process. Macro research is conducted by the Chief Investment Officer, in conjunction with Pyrford's Economics and Investment Strategy Analyst. The macro research feeds into the country allocation and currency decisions which are determined by the Investment Strategy Committee, which comprises the following senior investment professionals:

- Tony Cousins, Chief Executive Officer/Chief Investment Officer.
- Paul Simons, Head of Portfolio Management, Asia Pacific.
- Suhail Arain, Head of Portfolio Management, Americas
- Daniel McDonagh, Head of Portfolio Management, Europe/UK.

For historical statistical data, Pyrford uses Thomson Reuters Datastream, CEIC and Global Financial Data Inc. These give access to National Government Statistical sources plus databases from organizations such as the IMF, OECD, World Bank and Oxford Analytics. The appropriateness of these research databases is discussed frequently with the whole investment team and feedback is welcomed at the monthly General Stock Selection Committee (GSSC) meetings.

Pyrford utilises three key external databases/ providers for stewardship activities:

- Bloomberg - We use Bloomberg for company and market data. This service provides comprehensive real-time pricing/trading data including bids, offers, volumes, daily trade records, participating market makers etc. In 2021, the ESG Forum began exploring Bloomberg's ESG data, in particular carbon emissions, to understand if the database can be used to aid our internal carbon emission data review and subsequent reporting to clients.

- MSCI ESG Research - MSCI provide us with detailed research reports examining the ESG impacts on investee companies and the wider universe. They have a team which focus on the intersection between a company's core business and the industry issues that can create significant risks and opportunities for the company. MSCI also assign ratings to all companies we look at on an AAA-CCC scale relative to the standards and performance of their industry peers. These ratings are used in conjunction with our internal ratings and serve to alert us to changes at a company that may require our attention.

- ISS Proxy voting services - We have appointed ISS to monitor meetings data and to produce a voting schedule based upon individual client proxy voting guidelines, or Pyrford's guidelines where a client does not provide its own. While we consider ISS to be providing a 'proxy adviser' service, Pyrford's Portfolio Managers have the final authority to decide on how votes are cast in line with the relevant guidelines.

Much of our research is generated internally by our investment team. Pyrford allocates significant investment towards sending our portfolio managers to company meetings and site visits. Although these trips come at an expense to Pyrford, their contribution to our portfolio managers' research and analysis is compelling.

We have designated significant time and resource into improving our stewardship capabilities over recent years. In Principle 7, we provide a detailed description about our investment approach and how we systematically integrate stewardship, investment and material ESG issues through our internal and external analysis. A key process improvement is Pyrford' s proprietary ESG rating system established in 2020. The rating is derived by examining the 15 factors on our internal ESG framework that we deem most relevant to our investment philosophy and process. This framework is signed off by the whole investment team and was established to encourage a deeper consideration of the ESG issues at each company during the investment research process, and to highlight absolute risks more than the relative ratings assigned within sectors that MSCI provides.

Compensation Structure

At Pyrford we have been able to integrate Environmental, Social and Governance Risk into the investment process and performance assessments for our portfolio managers. Our Remuneration Policy promotes sound and effective risk management with respect to sustainability risks and ensures that the approach to remuneration does not encourage excessive risk-taking and is linked to risk-adjusted performance. Compensation for all staff at Pyrford consists of a competitive base salary and a performance related bonus based on the individual's contribution to the strategic objectives of the business - namely investment performance, revenue and AUM.

3. Conflicts of Interest

Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Overview

Pyrford is required to establish, implement and maintain a conflicts of interest policy outlining how to manage conflicts of interest fairly, both between ourselves and our clients and between clients. For the purposes of identifying the types of conflict that might arise, and whose existence may entail a material risk of damage to interests of a client, we will take into account whether we, our employees, or persons directly or indirectly linked by control to us:

- Are likely to make a financial gain, or avoid a financial loss, at the expense of a client
- Have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome
- Have a financial or other incentive to favour the interest of another client or group of clients over the interests of the client
- Carry on the same business as the client
- Receive or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

We will also consider whether a conflict is likely to arise between two clients.

Identifying Conflicts of Interest

Our approach to dealing with conflicts of interests is to aim to avoid them in the first place. If this is not possible, we manage them by putting in place systems and controls which take the form of policies, processes and controls and organisational arrangements. All policies and procedures are assigned 'owners' and subject to cyclical reviews to ensure they remain adequate and appropriate. All policies are permanently available on Pyrford's shared drives which employees are required to read and confirm their understanding.

Pyrford's Risk and Compliance Committee performs a half-yearly review to identify actual and potential conflicts of interest. As part of the review, the Committee has the mandate to challenge controls in place, or direct new controls, to demonstrate effectiveness of our organisational arrangements.

Managing Conflicts of Interest

We may adopt the following to prevent or manage a conflict of interest:

- Chinese walls or information barriers: Procedures to prevent or control the exchange of information between relevant persons
- Oversight arrangements: Separate supervision of persons whose principal functions involve carrying out activities on behalf of clients whose interests may conflict
- Remuneration: The removal of any direct link between the remuneration of persons engaged in one or more activities which may result in a conflict of interest
- Administrative arrangements: Measures to prevent or limit any person for exercising inappropriate influence.
- Segregation of duties: Measures to prevent or control the simultaneous or sequential involvement of a person in separate activities where such involvement may impair the proper management of conflicts of interest.

Should the above measures be inadequate, or the conflict of interest be material in nature, the matter will be escalated to Pyrford's Executive Committee who will decide on the appropriate course of action working with the Chief Compliance Officer. The Committee may decide to:

- Make a disclosure to clients affected by the conflict of interest as a last resort where organisational and administrative arrangements established to prevent or manage conflicts are not sufficient.
- Decline to act in such circumstances as a last resort.

In addition to the above the Chief Executive Officer or Chief Compliance Officer may escalate the matter to the Head of Compliance for Columbia Threadneedle Investments (EMEA) and Pyrford's Board of Directors.

Gifts and Entertainment

We are bound by Ameriprise Financials' global Anti-Bribery and Corruption policy and Columbia Threadneedle Investments Gifts and Business Entertainment policy which sets out the Enterprise's framework to identify, manage, mitigate and report bribery and corruption risk. The policy also prevents employees from accepting or offering any gifts or entertainment to clients or third parties which may impair business judgements.

Employees must report all gifts and entertainment received and offered regardless of value to their manager and Compliance via the online Compliance Alpha system

Entertainment may only be accepted if it is directly linked to developing a business relationship and has a benefit to our clients. Where there is no benefit to our clients, i.e. there is no quantifiable business element included, no matter how valuable the relationship with the third party, entertainment cannot be offered or accepted.

Prior approval must be obtained from the Chief Compliance Officer before offering or accepting any gifts or hospitality from a Public Official.

Conflicts of Interest Register

We are required to identify, with reference to the specific investment services and ancillary services carried out on behalf of clients, circumstances which constitute or may give rise to a conflict of interest. We maintain a register of all actual and perceived conflicts of interest that exist in our business and also record controls in place to manage them. The register is reviewed and updated by Compliance.

The following circumstances constitute or may give rise to a conflict of interest with reference to the investment services and activities provided to clients.

Portfolio Management

Conflict of Interest	Mitigation
Order allocation (pre-trade): Offering equal investment opportunities to all clients is essential in managing conflicts of interest which arise due to the nature of Pyrford's investment services i.e. side by side, discretionary vs advisory.	Pyrford's investment team are organised by geography and all members of the team are part of the Global Stock Selection Committee. All client portfolios are allocated to models based on their investment strategy. Investment decisions are made at the model level, which are also coded into Charles River. Any changes to the portfolios are done at the model level; this allows trades to be aggregated across client account before they flow to the traders for placement and execution.

Use of sensitive non-public information: From time to time, portfolio managers as part of their investment research activities may receive material non-public information which, if it is misused, may be in breach of market abuse rules.	Our market abuse prevention policy outlines the information barriers we create to restrict the flow of sensitive information within the company. All employees of the company are subject to compliance with the policy. Employees also receive training as well as scheduled regulatory update sessions which embed the requirements of the policy.
Proxy voting: Conflicts of interest may be present between clients where Pyrford casts a vote under a specific client instruction. Conflicts of interest may be present between Pyrford and clients where a portfolio manager casts a vote for a company held in a personal account or where the vote has an impact on a connected person.	Monitoring and testing activities identify proxy votes cast as an exception to our proxy voting policy. These are reviewed to identify whether any conflicts of interest arose as a result of voting differently for clients. Monitoring and testing also identifies proxy votes cast by portfolio managers on companies they hold in their personal account. Where this occurs, a view is taken whether it is necessary to release the Portfolio Manager from the voting decision, and whether the vote has been cast in accordance with our voting policy.
Personal relationships: A Pyrford employee or a connected person may hold directorships, or other oversight positions in a public company. This may lead to a conflict of interest where the employee is able to access information which is not available in the public domain; or should Pyrford look to make an investment in securities issued by the company.	Employees may not serve as a director, officer, employee, trustee or general partner of any other entity without prior approval. A list of employees with external directorships and the nature of the company is known in order that any potential conflicts of interest can be identified. Employees are also required to submit half yearly attestation of compliance with conflicts of interest.
Side by side management: Performance fees. Where there is a different basis of remuneration for portfolios managed side by side under a common strategy, there is a risk that a portfolio which pays a performance fee may see preferential treatment either through better investment opportunities or lower cost allocation in order to boost the investment performance of the portfolio.	To ensure the fair treatment of all clients and to maintain the highest standard of business conduct, all clients must be allocated investment opportunities equally. We have an order allocation process which requires portfolio allocation to be done at pre-trade level and an investment process which offers equitable treatment to all portfolios in a strategy. Compliance also carry out quarterly performance dispersion reviews across all portfolios.

Order Execution

Conflict of Interest	Mitigation
Cross trading	We do not engage in cross transactions across multiple client accounts. While this is entirely possible within our control arrangements, we are bound by regulatory requirements in some jurisdictions which explicitly prohibit such transactions.

Order allocation (post-trade): The choice of some allocation methods could result in some clients receiving preferential treatment which could result in a conflict of interest between clients.	Pyrford has limited the choice of allocation methods available to trade execution managers to 'Random' and 'Pro Rota'. In the majority of circumstances Pro Rota allocation is chosen for allocating partial fills. Random allocation may only be selected where the partial fill is less than 15% of total order value and the allocation too small to pro-rota to a large number of clients. Pyrford's order execution and allocation policy outlines the circumstances when Random and Pro Rota allocations are used.

Inducements

Conflict of Interest	Mitigation
Gifts and entertainment	We have adopted a policy which restricts employees from accepting or giving any gift over specified amounts, unless approved as having a legitimate business purpose. The policy equally applies where Pyrford is offering gifts and entertainment to clients or third parties. In addition to the above we are bound by Ameriprise Global Anti Bribery and Corruption corporate standard which sets out the Group's framework to identify, manage, mitigate and report bribery and corruption risk.
Investment research (Use): Payment for investment research through dealing commissions are considered to be an inducement and therefore prohibited.	Our policy on dealing commissions is to pay for investment research out of our own resources. We do not levy a separate research charge to any client so that there is no risk of cross funding and subsidisation between client groups. Broker research trials are deemed to be 'acceptable non-monetary benefits' where certain prescribed conditions are met.
Services provided by brokers: pre and post trade reporting services provided by brokers may be interpreted as a non-monetary benefit and therefore be subject to inducement rules.	The FCA clarified in PS14/14 that they consider post trade delegated reporting as part of an overall execution service provided by a broker, rather than treat it as a separate benefit.

Speaker panels: Participation in speaker panels, for example where Pyrford employees are invited to present in conferences hosted by Companies in which Pyrford has an investment, there is a risk that this participation may impair the stewardship of Pyrford's investment.	Employees are permitted to present in company hosted events. Good judgement and conduct must be exercised to ensure no conflicts of interests arise. Speaker presentations must be approved prior to use. Similarly, any columns written in investee company magazines or promotional communications must also be approved prior to publication. All travel and accommodation expenses must be paid by Pyrford.
Travel and accommodation expenses: where expenses for a Pyrford employee are paid by a third party, employees need to be conscious of the risk of a conflict	Travel and accommodation expenses must be paid from Pyrford's own account. Any offer for travel and accommodation must be declined.
Investment research (Production): The use of investment research for client trading prior to dissemination.	Pyrford's research is macro based and labelled as a marketing publication. All marketing publications are reviewed to validate they can be categorised as such.

Organisational

Conflict of Interest	Mitigation
Remuneration: Remuneration structures can incentivise individuals to place their own interests above those of clients. Incentive based remuneration may create conflicts, encouraging risk taking.	Pyrford's remuneration structure does not incentivise employees to prefer one client over another, or selling or managing one product over another. Remuneration for all staff consists of a competitive base salary and a performance related bonus based on the individual's contribution to the strategic objectives of the business.
Personal account dealing: Pyrford employees may invest in securities that are traded in client portfolios for their personal account. A conflict could arise where an employee, with the knowledge of an intended client order, enters into a personal transaction to take an advantage.	Personal transactions by employees are subject to pre-clearance and post-trade disclosure. Code of ethics and personal account dealing policy detail requirements to obtain pre-clearance for personal trades and quarterly shareholding attestations.
Affiliates (Distribution): Ownership structure. Pyrford is a member of a large diverse financial organisation in which an affiliate may have a financial or other business interest which may result in a conflict of interest with a client.	Pyrford will never knowingly take an action which will create a conflict of interest between itself and a client, or between clients and an affiliate. Pyrford strictly utilises the services of its affiliates for distribution of investment products and strategies only. A list of affiliates used is maintained and reviewed regularly.
Affiliates (Order execution): Using an affiliate for execution of transactions, who may receive commissions or other fees from clients.	Pyrford will not use an affiliate who is a broker dealer for executing client transactions. Pyrford's counterparty approval process identifies any affiliates.

Rebates and retrocessions: The provision of rebates and retrocession arrangements may introduce a potential for bias in the distribution of Pyrford's products.	Pyrford does not have any arrangements where it receives rebates and retrocessions in the course of its activities. Fee rebates and retrocession arrangements paid by Pyrford are validated to ensure compliance with regulatory rules independently by the Legal team.
Columbia Threadneedle (Irl) plc (the fund) board composition: The fund is an independent company overseen by a board of directors. Some of the directors of the fund are employees of Pyrford or an affiliate.	Two of the fund's directors are Pyrford employees and directors, one is an affiliate employee, and two directors are independent. The fund's board composition meets Irish regulatory requirements for the fund company to have at least two directors who are independent.
Remuneration: Remuneration structures can incentivise individuals to place their own interests above those of clients. Incentive based remuneration may create conflicts, encouraging risk taking.	Pyrford's remuneration structure does not incentivise employees to prefer one client over another or selling or managing one product over another. Remuneration for all staff consists of a competitive base salary and a performance related bonus based on the individual's contribution to the strategic objectives of the business.
Personal account dealing: Pyrford employees may invest in securities that are traded in client portfolios for their personal account. A conflict could arise where an employee, with the knowledge of an intended client order, enters into a personal transaction to take an advantage.	Personal transactions by employees are subject to pre-clearance and post-trade disclosure. Code of ethics and personal account dealing policy detail requirements to obtain pre-clearance for personal trades and quarterly shareholding attestations.

Disclosure to Clients

We will disclose to our client the basis of our conflicts of interest policy prior to entering into any arrangements with them. The disclosure will be made in the Investment Management Agreement, and we also include a summary of the policy on our website.

We will ensure that the disclosure of a conflict of interest is a measure of last resort that will be used only where the organisational and administrative arrangements put in place to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client shall be prevented. We will disclose the general nature and / or sources of the conflict to the clients as soon as the situation arises and provide sufficient detail to enable the client to take an informed decision with respect to the service we provide. We do not consider disclosure alone to constitute resolution of a conflict and may decline to act in circumstances where there may be a risk to managing the situation adequately.

We are pleased to report that there were no instances of any conflicts of interest occurring during 2022.

Control Functions

At Pyrford our service offering is built on a strong control environment, dependable processes and an effective framework to manage the risks we face. Good governance and management control is fundamental to the success of our operations, supporting prudent and measured risk-taking, while striking a balance between risk and return. We regularly test our control framework through monitoring and testing activity. This is underpinned by control functions, staffed with capable individuals instilled with a strong sense of risk awareness, who are at the heart of effective risk management and monitoring. Management and employees take primary responsibility for monitoring and managing risks associated with their activities. The control functions generally set policy, design frameworks and review and challenge the business.

The Pyrford Executive Committee and Senior Management Team are ultimately responsible for establishing and maintaining effective systems and controls, although all employees have a role to play in managing and controlling risk.

Please see our response to principle 5 for more detail.

Whistleblowing

Employees may report anonymously to our Ethics Hotline if they have any matter of concern they wish to report but do not feel able to report the matter to Pyrford's Chief Compliance Officer, Head of Compliance for Columbia Threadneedle (EMEA) or a member of the Company's Executive. Such matters may include:

i. Potential or actual breach of any regulatory requirement

ii. Conduct of business concerns

iii. Treatment of client concerns

iv. Employment related matters

v. Compliance concerns

Staff may also report violations or concerns through the Report of Unusual Activity. Additionally, in accordance with the AMPF Whistleblowing Policy, staff may contact the following for reporting, investigating and remedying any wrongdoing in the workplace:

- FCA whistleblowing line: whistle@fca.gov.uk / 020 7676 9200
- Public Concern at Work: helpline@pcaw.co.uk / 020 7404 6609

Conflict of Interest in Relationship to Stewardship

We are required to identify, with reference to the specific investment services and ancillary services carried out on behalf of clients, circumstances which constitute or may give rise to a conflict of interest. We maintain a register of all actual and perceived conflicts of interest that exist in our business and also record controls in place to manage them. The register is reviewed and updated by Compliance.

Pyrford does not have an example of an actual Conflict of Interest arising in 2022, relating to a stewardship matter. That said, below we have identified the following three conflicts of interest that may potentially arise:

Potential Conflict of Interest	Pyrford Policy	2022 Summary Report
Order allocation (pre-trade): Offering equal investment opportunities to all clients is essential in managing conflicts of interest which arise due to the nature of Pyrford's investment services i.e. side by side, discretionary vs advisory.	Pyrford's investment team are organised by geography and all members of the team are part of the Global Stock Selection Committee. All client portfolios are allocated to models based on their investment strategy. Investment decisions are made at the model level, which are also coded into Charles River. Any changes to the portfolios are done at the model level; this allows trades to be aggregated across client account before they flow to the traders for placement and execution.	There were no instances of this conflict of interest occurring during 2022.

Proxy voting: Conflicts of interest may be present between clients where Pyrford casts a vote under a specific client instruction. Conflicts of interest may be present between Pyrford and clients where a portfolio manager casts a vote for a company held in a personal account or where the vote has an impact on a connected person.	Monitoring and testing activities identify proxy votes cast as an exception to our proxy voting policy. These are reviewed to identify whether any conflicts of interest arose as a result of voting differently for clients. Monitoring and testing also identifies proxy votes cast by Portfolio Managers on companies they hold in their personal account. Where this occurs, a view is taken whether it is necessary to release the portfolio manager from the voting decision, and whether the vote has been cast in accordance with our voting policy.	There were no instances of this conflict of interest occurring during 2022.
Personal relationships: A Pyrford employee or a connected person may hold directorships, or other oversight positions in a public company. This may lead to a conflict of interest where the employee is able to access information which is not available in the public domain; or should Pyrford look to make an investment in securities issued by the company.	Employees may not serve as a director, officer, employee, trustee or general partner of any other entity without prior approval. A list of employees with external directorships and the nature of the company is known in order that any potential conflicts of interest can be identified. Employees are also required to submit half yearly attestation of compliance with conflicts of interest.	There were no instances of this conflict of interest occurring during 2022.

Finally, all Pyrford staff are required to complete a comprehensive compliance programme of learning, including Conflicts of Interest training. Please refer to our webpage for our Conflicts of Interest Policy.

4. Promoting Well-Functioning Markets

Principle 4. Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Our Approach

Pyrford fully recognises the responsibility placed on investment managers, to support an effective and well-functioning financial system. Identifying and responding to both market-wide risk and systemic risk is a key component of supporting efficient markets and delivering on our fiduciary duty to our clients.

Market-wide & systemic risk can come in many forms, not least geopolitical, market valuations, interest rate changes and currency fluctuations. The Pyrford Investment Strategy Committee ("ISC") is a senior group of investment professionals who decide on the firm's asset allocation decisions impacting our client portfolios. The ISC also determines the target modified duration of the fixed income portfolios and any currency hedging decisions. Committee members have been working closely together for over 25 years. The ISC meets formally at least once a month.

Top-down country analysis plays an important part in the portfolio construction process and the team's fundamental research on economies and markets allows them to identify and avoid overvalued markets - for example Japan in the 1990s. This has been a key contributor to long-term performance.

We recognise that both equity and sovereign bond markets can experience long periods of over and under valuation and our goal is to identify these periods and exploit the inevitable correction to 'fair-value'. This involves extensive and detailed fundamental research allied with a long-term view.

Country allocations are based upon a forward (5 year) estimate of country level earnings per share (EPS) growth which is then related to the 'country' market valuation as evidenced by the average dividend yield. The theory is quite simple – at the country (or stock) level the return is made up of the dividend yield + the long-term EPS movement + the movement in the price earnings ratio. The critical part of the analysis is therefore Pyrford's evaluation of the potential for EPS growth over its 5-year time horizon. This is the principal function of the Investment Strategy Committee.

Risk Management in Action

We believe the most pressing market wide risk is

- The risks posed by the Geopolitics of the Energy Transition

As the aim to achieve net zero by 2050 moves closer to the forefront of investors' minds, we explore below how geopolitical risks will have a significant role to play and the obstacles the energy transition could face.

The Geopolitics of the Energy Transition

More and more governments are joining the fight against climate change with pledges to achieve net zero emissions over the coming decades. Limiting the global temperature rise to 1.5°C will require a certain level of cooperation across the global economy. However, the current path of the energy transition suggests that geopolitical risk will have a significant role to play. The scramble for clean energy resources threatens to divide the global economy. China's dominance over the renewables supply chain poses a challenge to western economies who are responding with increasingly protectionist policies. Meanwhile, the gap between high and low-income countries is widening as energy security becomes a greater priority than the energy transition.

High Geographical Concentration of Critical Minerals

History suggests that the concentration of strategic energy resources among a handful of producers can lead to geopolitical conflict and global instability. This was most evident in the first oil shock of the 1970's when Arab oil producing nations restricted oil supplies to those nations that supported Israel in the Yom Kippur War. The weaponization of energy to achieve political goals has continued to today in the Russia-Ukraine war with the halting of Russian gas exports to Europe. In a world where renewables are to make up an increasing share of global energy use, the strategic resource shifts from hydrocarbons to metals and minerals. Chart 1 illustrates the relative importance of different critical minerals for each clean energy source. Lithium, nickel, cobalt and graphite are some of the essential components for EV's and battery storage. Rare earths such as neodymium and dysprosium are used in permanent magnets that are needed in wind turbines.

Minerals used in selected clean energy technologies (chart 1)

Notes: kg=kilogramme; MW = megawatt. Steel and aluminium not included. See Chapter 1 and Annex for details on the assumptions and methodologies.

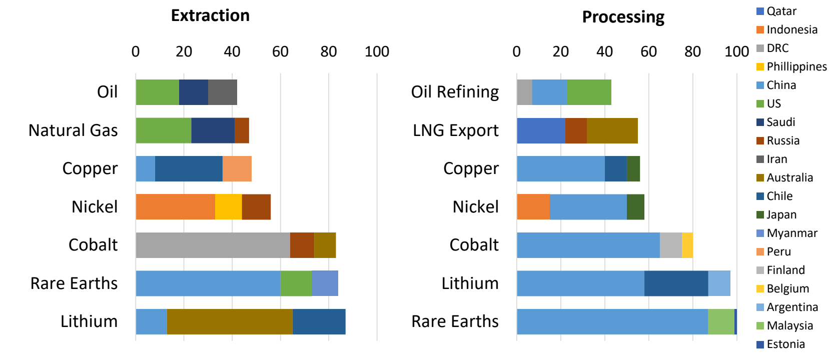
Source: IEA, all rights reserved

It is hard to overstate the amount of capital investment needed to meet future demand for critical minerals. According to the IEA, in order to meet the climate goals set out under the Paris Agreement (climate stabilisation at "well below 2°C global temperature rise), demand for lithium is expected to be 40 times higher than today. Graphite, cobalt and nickel are expected to see demand growth 20-25 times higher and rare earths 7 times higher.[1] Capital investment alone, however, will not be enough to deliver the clean energy transition by 2050. Geopolitical stability and more specifically a peaceful trading relationship between China and the Western world will be crucial.

The geographical concentration of resources is much higher for critical minerals than it is for oil and gas. Chart 2 shows the share of total extraction of each resource that is met by the top 3 extracting nations.[2] The US, Saudi Arabia and Russia account for just over 40% of total oil extraction. Whilst each country is critical to global oil production, the world can still rely on several other sources to meet oil demand. This will likely be much harder for minerals such as lithium and rare earth elements where more than 80% of total extraction is concentrated in 3 countries. When it comes to the processing of these raw materials, concentration is even higher, with China dominating this part of the supply chain (Chart 2 right). More than 60% of Cobalt, for example, is extracted from the Democratic Republic of Congo, but the raw material is then sent to China which accounts for 72% of global cobalt refining capacity. It is one of 5 countries that produce Lithium but is also responsible for almost 60% of Lithium refining capacity. China produces 52% of global cathode supply, 78% anodes, 66% separators and 62% electrolytes, all key components for battery production. Finally, China's supremacy in the race to build out clean energy infrastructure is perhaps best exemplified in solar PV manufacturing. Across all manufacturing stages (polysilicon, wafers, cells and modules) it has over 75% of total manufacturing capacity.[3]

[1] IEA (2021), The Role of Critical Minerals in Clean Energy Transitions, IEA, Paris https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions, License: CC BY 4.0
[2] IEA (2021), The Role of Critical Minerals in Clean Energy Transitions, IEA, Paris https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions, License: CC BY 4.0
[3] CSIS (2021), The Geopolitics of Critical Minerals Supply Chains, Jane Nakano

Share of top three producing countries in production of selected minerals and fossil fuels, 2019 (chart 2)



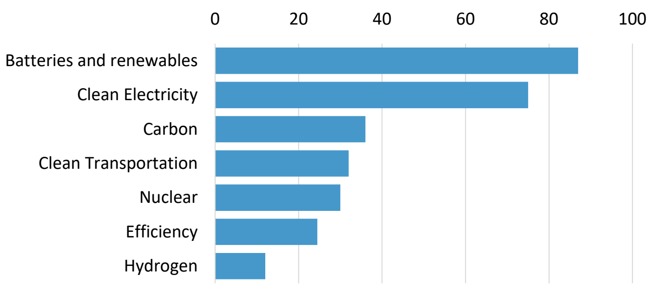
Notes: LNG = liquefied natural gas; US = United States. The values for copper processing are for refining operations.
Sources: IEA (2020a); USGS (2021), World Bureau of Metal Statistics (2020); Adamas Intelligence (2020).

China's dominance over the supply chains for most key renewables poses a risk to the energy transition. Should trading relations with the US and Europe deteriorate further, perhaps due to an escalation in Taiwan, the West could be cut off from vital clean energy technologies and processed raw materials. Fortunately, there have been limited instances of China flexing its power in this space on the global stage. One notable instance occurred in 2010 following a territorial dispute with Japan, off the coast of Taiwan. This resulted in the banning of rare earth exports to Japan for two months. More recently, Beijing has proposed export restrictions to the US for certain solar panel equipment including large silicon, black silicon and cast-mono silicon technologies.[4] This was likely in retaliation to similar moves made by the US in October 2022, which restricted semiconductors made using American technology from being exported to China.

Industrial Competition and Subsidy Wars

The pandemic kicked of a process of friend/re-shoring as businesses became aware of the risks of having undiversified supply chains. The race to acquire clean energy will likely accelerate this process and threatens to reduce the sharing of key technologies and resources as protectionist barriers are put up. Nations are also increasingly viewing the energy transition as an opportunity to build domestic industry and boost job creation. For example, Indonesia, which has the world's largest nickel reserves, has attempted to ban the export of unprocessed nickel ore in order to boost its domestic processing industry and regain share from China. It is currently appealing a WTO ruling against this decision.[5] In the US, the Inflation Reduction Act (IRA) was passed in the summer of 2022. It is the US' most significant attempt to date to reduce future emissions and accelerate the move to renewable energy, with almost $400bn in direct subsidies (Chart 3).

Energy funding by theme and source



Source: McKinsey & Company

The IRA not only addresses the overwhelming dependence on Chinese imports but puts the US in direct competition with Europe and other developing countries. For example, tax credits offered for the purchase of EV's only apply if the vehicle is assembled in the US as well as half of the value of the battery components. The European Commission has argued that 5 other measures 'contain provisions with clearly discriminatory domestic content requirements, in breach of WTO rules.'[6] The IRA has the potential to make the US the most attractive destination for firms that are contributing to the green transition. Volkswagen, BMW, ENEL and Linde are some examples of European companies that have considered

[4] https://asiatimes.com/2023/02/china-bans-export-of-core-solar-panel-technologies/
[5] https://www.bloomberg.com/news/articles/2022-12-13/indonesia-appeals-wto-ruling-on-nickel-ore-export-ban-dispute
[6] https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/739300/EPRS_BRI(2023)739300_EN.pdf

expanding operations in the US to take advantage of generous subsidies and tax credits. In response, the EU have put forward their own 'Green Deal Industrial Plan'. Among other initiatives, the plan loosens rules for state aid until the end of 2025, allowing individual governments to support the renewables industry. The danger here is that this opens the floodgates for industrial competition and triggers a global subsidy war in which each nation attempts to lure in foreign firms to build out domestic clean energy industries. It threatens to stoke rivalries between developed nations but also increase the divide with developing nations that may lack the fiscal space to offer generous subsidies. The spread and adoption of the best technologies is also discouraged, which ultimately hampers the global effort to fight climate change.

Energy Security Before Energy Transition

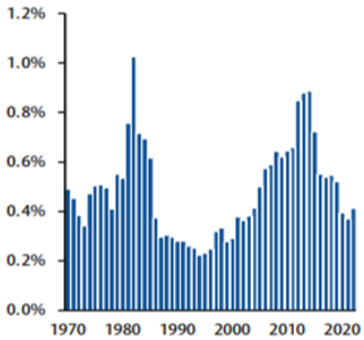
As much as the world pushes for a green future, it cannot yet shrug off its dependence on fossil fuel energy. Fossil fuels still make up 80% of global primary energy use, a level that has remained stagnant for decades.[7] The aggressive push towards renewables, whilst also neglecting the need for further fossil fuel investments has contributed to our latest energy crisis and impeded the energy transition. Importantly, the current crisis began before the outbreak of the Russia-Ukraine war. After a peak in 2014 driven by the shale boom, investments in new oil and gas projects collapsed (Chart 4). Thus, when demand surged post pandemic, supply was unable to respond in time. Crude oil prices hit $90 a barrel in January 2022.

Investment boom and bust

Investment in oil and gas soared between 2000 and 2014, driven by rising demand from emerging markets and the US shale revolution.

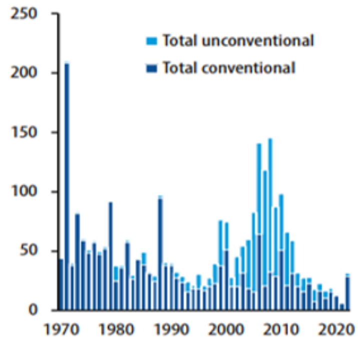
Oil and gas upstream investment

(share of world GDP)



Oil and gas discoveries (chart 4)

(billion barrels of oil equivalent)



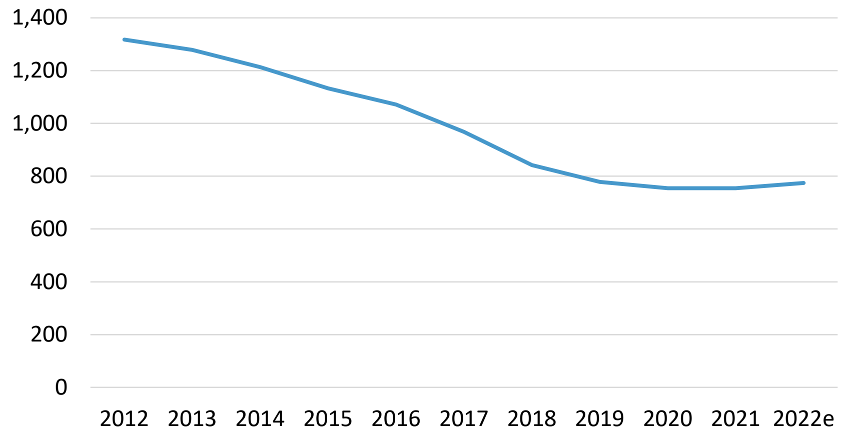
Source: Rystad Energy, IMF

The Russia-Ukraine war was an important reminder that the geopolitics of fossil fuels are still relevant and must be considered in the future energy transition. Before the outbreak of war, Europe was set to increase its dependence on Russian gas with the recently constructed Nord Stream 2 pipeline. It would have been a significant step in the relationship between the two powers that first made energy ties in the late 1950's. The war however has likely permanently severed those ties and has increased Europe's dependence on more expensive US gas for many years to come. Meanwhile, China and India have both taken significant advantage of cheaper Russian crude and natural gas, importing record amounts from Russia in 2022.

The redrawn energy map of the world has significant implications for the clean energy transition. It has raised the price of fossil fuel energy and created an energy crisis for lower income countries which have been forced to prioritise energy security today over the energy transition tomorrow. Europe's demand for gas on the international markets crowded out poorer countries who faced severe electricity shortages. Bangladesh for example suffered its worst power blackout since 2014 after disruptions to its gas supply. Pakistan also experienced nationwide blackouts after Italian energy firm Eni defaulted on its long-term contract in order to supply European markets.[8] For the first time in decades the number of people without access to electricity increased in 2022 (chart 5). It is no wonder then that 2022 was also a record year for coal demand, surpassing 8 billion tonnes for the first time.[9] Several countries, faced with high gas prices made the switch to a dirtier but cheaper energy source in coal.

[7] IEA (2022), World Energy Outlook 2022, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2022, License: CC BY 4.0 (report); CC BY NC SA 4.0 (Annex A)
[8] https://www.thenews.com.pk/print/952062-gas-crisis-deepens-as-eni-defaults-once-again
[9] IEA (2022), Coal 2022, IEA, Paris https://www.iea.org/reports/coal-2022, License: CC BY 4.0

People without access to electricity worldwide, 2012-2022 (Chart 5)



Source: IEA 2022

The energy insecurity faced by lower income countries adds to the differences that already exist between developed and developing countries on the topic of clean energy. Whilst lowering emissions appears to be a high priority goal for developed nations, it is lower down the pecking order for lower income countries that need to address health, poverty and economic growth. There is also a growing sense that richer countries should pay 'climate reparations' after being the largest contributors to climate change over the last century. Indeed, there were positive outcomes on this front at the latest COP27 Summit, where wealthy nations agreed to contribute to a 'loss and damage fund' for vulnerable countries affected by climate disasters.

What role can we play asset managers?

Pyrford fully recognises that as we move towards a low-carbon economy, companies that are currently dependent on fossil-fuel based energy production will ultimately come under significant financial pressures. The potential impact of this move forms part of the ongoing research and analysis we carry out on all companies and has led to the continued reduction in our exposure to fossil fuels. Yet, as the energy crisis last year has showed, keeping fossil fuel prices affordable is an important part of the energy transition and therefore traditional energy producers still have a critical role to play. Specifically, continued investment in natural gas capacity will be necessary to keep the price of gas lower than coal and prevent further coal emissions. The energy transition will also require vast amounts of capital investment in mining for critical metals and minerals as well as building out renewable energy infrastructure – a highly energy intensive process. Pyrford would like to see companies that are currently engaged in fossil-fuel based energy production continue to innovate and find cleaner ways to produce energy and ultimately move more into renewables. As investors, we can use our engagement with companies to encourage them to do so, acting in our clients' long term economic interests. By "disinvesting" we would lose that option.

5. Review and Assurance

Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Our Approach

Pyrford's business policies and process are reviewed periodically to ensure their effectiveness in serving the best interests of our organisation and our clients. With respect to Stewardship, all policies are reviewed by our ESG Forum before being submitted to the Pyrford Executive Committee ("ExCo") and the Pyrford Risk and Compliance Committee ("RCC").

The table below summarises the policies that the ESG Forum periodically review as a team to ensure the effectiveness of stewardship:

Policy	Review Period	Last Reviewed	Owner	Link
Annual ESG Report	Annually	July 2023	ESG Forum	Found here
Proxy Voting Policy	Annually	July 2022	ESG Forum	Found here
Proxy Voting Records	Quarterly	September 2023	ESG Forum	Found here
Sustainability Risk Policy	Annually	September 2023	ESG Forum	Found here

Any material changes or regulatory developments that impact our stewardship activities are reported to the Pyrford Executive Committee. As detailed in response to principle 2, Pyrford has a comprehensive risk governance structure and oversight to ensure the effectiveness of our policy and processes. Our key oversight activities are set out in the table below.

Risk Governance at Pyrford

Please see page 6 for a detailed breakdown of each group.

Control Functions

At Pyrford our service offering is built on a strong control environment, dependable processes and an effective framework to manage the risks we face. Good governance and management control is fundamental to the success of our operations, supporting prudent and measured risk-taking, while striking a balance between risk and return. We regularly test our control framework through monitoring and testing activity. This is underpinned by control functions, staffed with capable individuals instilled with a strong sense of risk awareness, who are at the heart of effective risk management and monitoring. Management and employees take primary responsibility for monitoring and managing risks associated with their activities. The control functions generally set policy, design frameworks and review and challenge the business.

The Pyrford Executive and Senior Management Team are ultimately responsible for establishing and maintaining effective systems and controls, although all employees have a role to play in managing and controlling risk.

Operational Risk

The operational risk team supports the Pyrford Board in discharging their duty to ensure that effective systems and controls are in place. The team operates independently of any other business line, investment team or function and its key objective is to develop and implement a robust risk and control framework enabling risks to be:

- identified and assessed across Pyrford;
- managed within acceptable tolerance levels;
- monitored on a regular basis; and
- reported to management on a timely basis.

The Risk team covers Operational Risk and Counterparty Risk.

Compliance

The Compliance department is a key control function and is responsible for ensuring Pyrford operates in line with its regulatory obligations. The team also supports the business with advice and guidance on current and future regulatory matters. Their key responsibilities include:

- the review, testing and monitoring of key controls and regulatory risk responsibilities identified via Regulatory Compliance Risk Assessments. These include controls regarding our proxy voting arrangements
- pre and post trade compliance monitoring of our clients' exclusion policies and sustainable investment policies, where applicable, and providing independent oversight and mandate checking of portfolio restrictions.

Findings are escalated to the Risk & Compliance Committee, the Executive Committee and the Investment Teams

Internal Audit

The Columbia Threadneedle Internal Audit team are part of the Ameriprise Risk and Control Services Division and are responsible for performing independent risk-based audit reviews and highlighting control deficiencies and issues to senior management for remediation. Internal Audit is independent of the day-to-day operations and management of the business; they are an integral part of the risk framework and work closely with management and governance Committees.

Risk Appetite Framework

The Risk Appetite Framework encompasses the overall approach, including principles, policies, processes, roles and responsibilities, and systems through which Risk Appetite is established, communicated, implemented and monitored.

Pyrford maintains a cautious approach to risk in order to ensure that it remains sufficiently liquid and capitalised. While our primary strategic objective is to obtain optimal growth and return for our clients, our approach is measured so as to ensure best possible performance while remaining within our defined risk appetite.

The Risk Appetite Statement:

- reflects the strategic direction of Pyrford;
- is aligned to the key risks faced by Pyrford;
- details / defines both qualitatively and quantitatively the amount of risk that Pyrford is willing to accept when carrying out its business and in the pursuit of its business objectives;
- is supported by maximum risk tolerance levels by risk category and appropriate risk measures and limits;
- details the roles and responsibilities of key individuals and committees and the reporting and escalation process; and
- is supported by appropriate policies and procedures which set out the components of the risk framework.

Due to the complexities of quantifying the anticipated impacts and likelihoods posed by each type of risk, Pyrford also expresses its risk appetite by risk category. Where any risk is assessed and found to be in excess of the risk appetite, a specific risk management action plan is put in place and subject to review by the Board.

The Pyrford Board owns and reviews its own risk appetite statement and associated key metrics on a quarterly basis. In particular, the Board will re-assess the risk appetite in light of changes in the environment, objectives or strategy of Pyrford. If any metrics on the Risk Appetite dashboard are outside of agreed tolerances, the Board is provided with proposed remedial actions to consider and approve.

Finally, Pyrford's key operational controls are reviewed **independently by an external auditor** on an annual basis as part of an internal controls review based on the AAF 01/20 (ISAE 3402) standards. A copy of our latest AAF report is available on request.

Review of Stewardship

With respect to stewardship, Pyrford continually reviews and assesses the effectiveness of our activity in this important area. The responsibility for this lies with the Pyrford ESG Forum who on a quarterly basis discuss all engagements and proxy voting activity over the quarter. A full list of the groups delegated responsibilities is detailed on page 7.

Also, our investment team's internal ratings are reviewed by the chair of the ESG forum on an annual basis to ensure a consistent approach to ratings from each investment professional. These ratings are based on an internal rating framework which is reviewed and signed off by all members of the investment team. This ensures that the investment team are able to discuss and approve a consistent approach and that everyone is using the same framework. The framework can be updated to capture further metrics and information as industry reporting requirements change.

Additionally, a Compliance representative is a full-time member of the Forum and on a quarterly basis provides oversight, challenge and assessment of stewardship activities. We also invite and encourage our clients to provide feedback on our annual engagement report as well as other reporting metrics we provide to them and welcome our clients' input into the Forum, via the "client seat", represented by a Client Relationship Manager. For example, in 2022 the ESG Forum's client relationship manager informed the group that a number of our UK institutional clients required further information on proxy voting, and therefore, we subsequently updated one of our proxy voting internal procedures to identify 'significant votes' and outcomes to provide to these clients if requested. This has been well received so far.

Finally, the information we provided in our annual ESG report has been sourced from multiple internal stakeholders in their respective areas of responsibility who check and verify the accuracy of data as at 31 December 2022. The content of this report was written and edited by members of the ESG Forum. It has also been reviewed by our CIO and members of Executive Committee as well as Compliance to ensure the information is fair, balanced and not misleading.

Investment Approach

6. Client and Beneficiary Needs

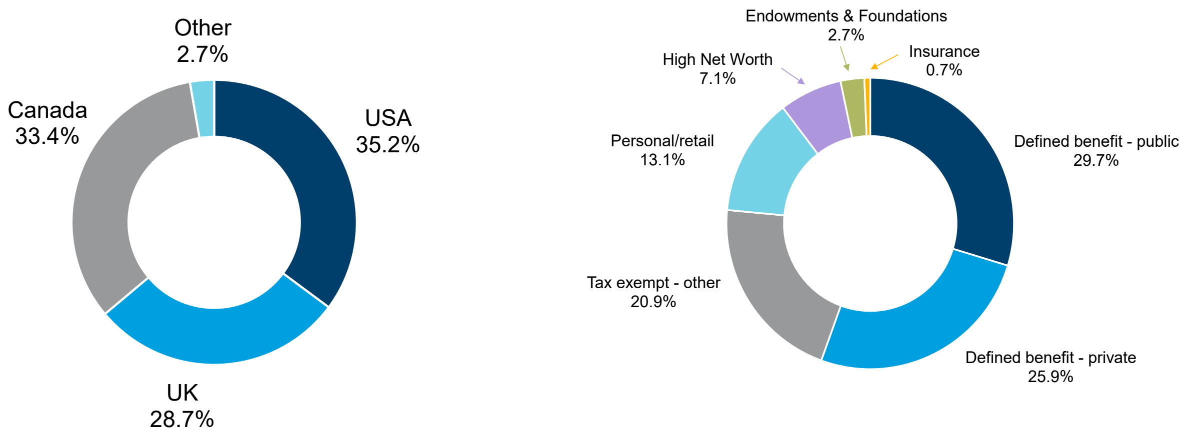
Principle 6 - Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Serving our Clients

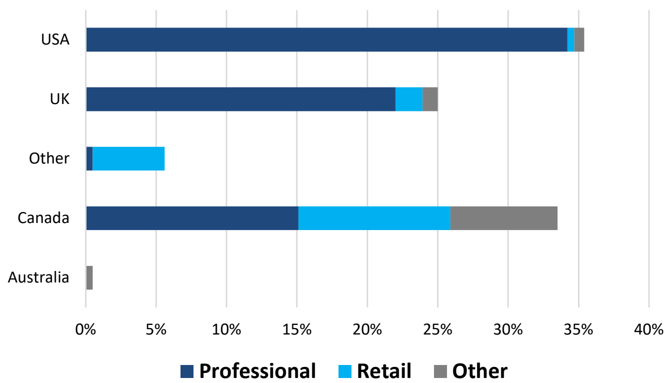
Pyrford manages over £7 billion in assets under management (as of 31 December 2022). Our client base is solely institutional, though some of our funds do allow for and include retail investors accessing our funds through intermediaries and investment platforms.

The UK market makes up around a third of our global assets under management with the majority of assets based in North America.

Assets Under Management - Investor Domicile



Assets Under Management - Investor Type



We have one investment process and one investment team across all portfolios at Pyrford. The companies we invest in will overlap across strategies. There are no competing teams or strategies at Pyrford.

The following table shows the breakdown of our three main strategies:

Strategy	GBP
Global Absolute Return	£1.93bn
International Equities	£3.36bn
Global Equities	£1.88bn
Total	£7.17bm

Finally, the following table provides a breakdown of our invested assets under management:

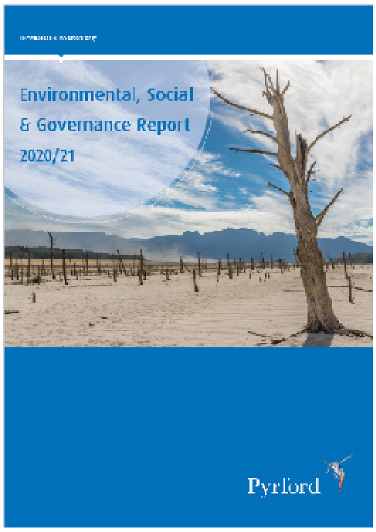
Asset Class	% Firm AUM	£ Firm AUM
Listed equities	79.5%	£5,696,631,894
Europe	24.6%	£1,874,509,571
UK	12.3%	£877,399,509
Asia Pacific	30.1%	£2,290,987,606
North America	9.1%	£652,314,994
Government Bonds	16.3%	£1,168,432,352
Europe	0.0%	£4,300,978
UK	11.4%	£813,601,669
Asia Pacific	1.5%	£103,940,301
North America	3.4%	£246,589,404
Cash	4.2%	£303,232.94
Total	100%	£7,168,296,640

Communicating with Clients

Pyrford regularly communicates the activities and outcomes of our stewardship and investment activity to clients. Our most comprehensive communication of our stewardship activity is through our **annual engagement report**.

Our latest report can be found on our webpage.

In March 2023 we released the seventh edition of our report covering our ESG activity over the previous calendar year:



Our primary method for communicating regularly with our clients is through their monthly and quarterly investment reports. The reports include a transparent and complete list of holdings, investment commentary, transactions over the period and performance information. Our quarterly investment reports also provide a snapshot of proxy voting activity over the quarter as shown in the example below:

Proxy Voting Activity

The table below highlights those resolutions in the period where Pyrford have voted against or abstained. All others we voted in favour.

Company	Meeting Type	Corporate Governance	Director Related	Remuneration Policy Executive Incentive Schemes	Other
Imperial Brands Plc	Annual			Against	
Novartis AG	Annual	Against			
SGS SA	Annual	Against			Against
Essity AB	Annual		Against		

Proxy Voting Activity Analysis

Please find below the analysis of the company meetings held during the period.

Meetings during the period	Number
Number of meetings at which the fund's shares were voted	7
Number of meetings where all resolutions were voted with management	3
Number of meetings where one or more resolutions were voted against management	4
Number of meetings where one or more resolutions were abstained on	0

We believe that listening to clients is key to maintaining long-standing relationships. Within our dedicated ESG working group, the Pyrford ESG Forum, we have a permanent "**client seat**" within the group, represented by a Relationship Manager. This gives our clients a voice at the ESG forum. Additionally, if clients feel strongly about a particular issue at a company that we invest in on their behalf, we will discuss the issue internally before potentially raising the issue with the company via a direct engagement. For example, in 2022 the topic of biodiversity arose in some of our client meetings. This was discussed in the ESG forum, and our investment team performed a thematic engagement on biodiversity. We were interested in understanding how pharmaceutical companies are assessing their dependency on natural ecosystem services, what targets they have in place around biodiversity and how they are protecting biodiversity in their operations. This has been written about in detail under Principle 9.

Our relationship manager continually interacts with our clients and investment consultants to ensure we are able to meet their evolving needs in respect to stewardship reporting, ensuring our chosen methods remain effective and relevant to our clients' needs. Over 2021, as client and consultant demand increased for carbon reporting metrics, the Client Relationship Manager highlighted this to the ESG Forum. Our analysts contacted our current ESG specialist MSCI to understand the reporting they provide around carbon metrics especially scope 1 & 2 emissions and if this can be made suitable for our clients reporting needs. In 2022 the investment team performed a carbon emissions review on our investee companies and reviewed external providers of carbon emissions data to ensure this reconciles with our own extensive company research. We used this research to help set our Net Zero Asset Managers Initiative targets and ability to monitor these over time.

We are seeing a continued demand for additional **ESG related information** and regulated requirements relating to ESG issues. An example of an ESG request is the Trustee **Implementation statements** which have been a requirement since October 2020 and have evolved since. Trustees of both defined benefit (DB) and defined contribution (DC) schemes, with more than 100 members, are required to include a new implementation statement relating to their scheme's investments in their annual report and accounts (and make it publicly available).

Pyrford has always taken a **long-term view to investment decisions.** At no point do we take a short term, speculative position in a company. We invest in high quality companies that can clearly demonstrate robust and sustainable business models. Every decision is taken over a minimum of a 5-year timeframe.

Unless client directed, we do not apply negative screens to exclude entire sectors, nor do we set minimum weightings for sectors deemed to have positive sustainability credentials. Our approach is to **consider both positive and negative ESG factors** within the totality of our investment research alongside our customary regard for competitive advantage, balance sheet risk and valuation. We do manage accounts with restrictions in place for a number of clients, but again these restrictions must always be client directed.

We regularly meet with our institutional clients. Our senior investment team are involved in every institutional client meeting, as it is our belief that clients wish to hear about investment strategy and engagement activity from the people making the decisions. It is this policy that will constrain the number of clients that Pyrford can attract and capacity is therefore carefully managed so that Pyrford can continue to **offer a bespoke and personal relationship with our clients**. This gives our clients a platform to engage with our team, challenge our processes and ask questions that are important to their members and beneficiaries.

7. Stewardship, Investment and ESG Integration

Principle 7 - Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Our Approach

ESG research, analysis and stewardship activities are integrated in our investment process across all portfolios and is the responsibility of individual portfolio managers.

Our investment process has always focused on quality, value, and the long-term sustainability of earnings and dividends. Our belief is that sustainable earnings can only be achieved through responsible environmental and social practices and that shareholders only fully benefit from these at well-governed companies.

Unless client directed, we do not apply negative screens to exclude entire sectors, nor do we set minimum weightings for sectors deemed to have positive sustainability credentials. Our approach is to consider both positive and negative ESG factors within the totality of our investment research alongside our customary regard for competitive advantage, balance sheet risk and valuation. We do manage accounts with restrictions in place for a number of clients, but again these restrictions must be client directed.

We believe the best approach to ESG research is a combination of internal analysis and specialist external, independent research.

In addition to our analysis of companies, our internal ESG Forum provides a platform to encourage, review our approach and promote best practice within our business.

ESG issues have always and will always continue to be a standing item in our monthly Global Stock Selection Committee meeting, as well as an agenda item in every company meeting we attend where ESG risk is identified.

Internal Research

The first step in Pyrford's ESG research is background reading on the ESG factors that are relevant to each of the companies we look at. The sources of this information include specialist ESG research from MSCI (see below under external research), company sustainability reports, and publications from bodies like UNPRI, Carbon Tracker and the CFA Institute, as well as sell-side brokers.

Distillation of this material enables our investment professionals to identify the key questions to ask management during the face-to-face interviews, which have always been a fundamental part of our investment process. Once these meetings have taken place, the next stage is to complete an internal ESG rating template.

At Pyrford our portfolio managers assign an ESG rating to every stock we invest in. This rating ranges from '1' where we feel a company faces no material ESG risks over the next 5 years to '5' where a company faces moderate to high ESG risks over the same period and is not adequately addressing them. Ratings are reviewed annually and where a review identifies a material concern this will be pursued as an engagement with the investee company.

Pyrford Internal ESG Ratings:	
1	The company faces no material ESG risks over the next 5 years.
2	The company faces low to moderate ESG risks over the next 5 years but has a public and credible plan to mitigate them.
3	The company faces low to moderate ESG risks over the next 5 years and is developing plans to mitigage them OR the company faces moderate to high risks over the next 5 years and has a public and credible plan to mitigate them.
4	The company faces low to moderate risks over the next 5 years but is not adequately addressing them.
5	The company faces moderate to high ESG risks over the next 5 years and is not adequately addressing them.

The rating is derived by examining the 15 factors we concluded were the most relevant to our investment philosophy and process. The factors are split broadly evenly between Environmental, Social and Governance concerns and are shown below. These ratings will be reviewed at least annually and must now be presented for any new stock proposed for inclusion in a portfolio.

Environmental	
GHG Emissions	Does the company measure and report on its GHG footprint? Does it have credible initiatives to reduce this?
Climate change	To what extent might climate change negagively impact the operations of the company?
Depeletion of resources	Does the company rely on the use of natural resources (including water) which are becoming scarce in its area of operations?
Toxic chemical use and disposal	Does the company use chemicals, the accidental release of which into the environment would be damaging?
Business opportunities	Does the adaption to climate change or other environmental issues present new business opportunities?

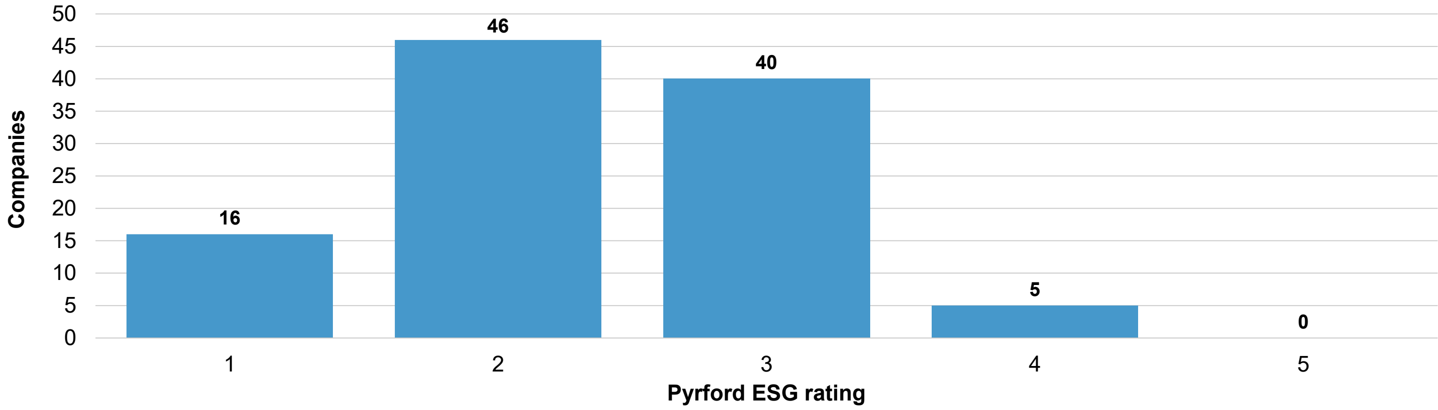
Social	
Social impact	Do the company's products or services create negative societal impacts.
Health and safety	If aspects of the company's operations are hazardous does it have clear policies, accountability and disclosure of Health and Safety metrics?
Discrimination	Does the company have public policies against workplace discrimination?
Diversity	Does the company have a public commitment to increase the diversity of its workplace against which it is reporting progress?
Political risk from involvement in troubled markets	Does the company have material operations in parts of the world where politics is volatile?
Living wage	Has the company made a commitment to pay all employees the local living wage?

Governance	
Executive compensation	Are the interests of shareholders and executives aligned?
Separation of Chairman/CEO	Are the CEO and Chairman different?
Dual or single share class	Do all shareholders have equivalent voting rights?
Board independence	Is the majority of the board independent?

The potential impacts on company earnings of ESG related risks or opportunities are captured in the financial forecasts for a company through our forecasts of Return on Equity over the 5-year investment horizon. Where investment is proposed for a stock with material ESG risks, the Portfolio Manager concerned must explain how these risks are captured in their forecasts.

Summary of Pyrford Internal Ratings

The following chart shows a summary of our internal ESG ratings across all 107 companies held within Pyrford's portfolios. Of the companies we invest in, in our view none of them face moderate to high ESG risks over the next 5 years that are not being adequately addressed. We have identified 5 companies that we invest in which we believe are not adequately addressing the low to moderate ESG risks facing them and we plan to engage directly with all these companies about these issues in the year ahead.



External Research

To provide independent external research, we have engaged the services of a specialist ESG provider, MSCI ESG Research. MSCI provide us with detailed research reports examining the ESG impacts on investee companies and the wider universe. MSCI ESG Ratings uses a rules-based methodology designed to measure a company's resilience to long-term, industry, material environmental, social and governance (ESG) risks. Leveraging Artificial Intelligence (AI), machine learning and natural language processing augmented with their 200+ strong team of analysts, MSCI research and rate companies on a 'AAA' to 'CCC' scale according to their exposure to industry-material ESG risks and their ability to manage those risks relative to peers.

If a company's MSCI rating falls, an alert is sent to the relevant portfolio manager or analyst and the reasons for the downgrade are discussed in detail by the Pyrford investment team. If the rating falls to B or CCC an 'out-of-cycle' engagement takes place with the company to identify why.

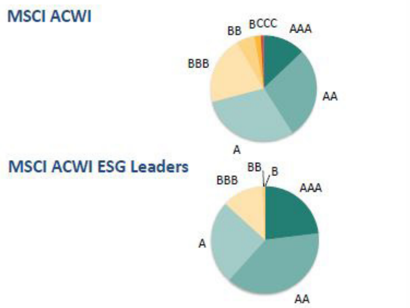
In addition to stock level reports, MSCI ESG Research also provides us with portfolio level ESG analysis reports which help us to identify any potential risks to the portfolio as a result of underlying ESG issues.

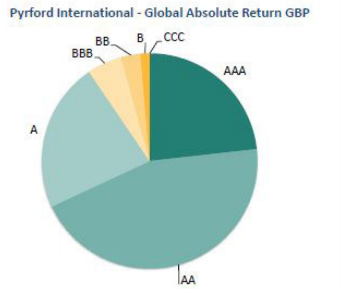
To show an example of the level of independent output we receive, the following snapshot is taken from MSCI analysis of one of Pyrford's core strategies; the Pyrford Global Absolute Return Strategy (equities only):

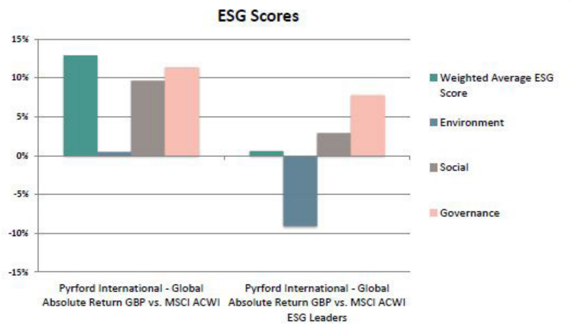
Portfolio Summary - MSCI ESG Ratings

MSCI ESG Portfolio Analytics
Pyrford International - Pyrford International - Global Absolute Return GBP

	MSCI ACWI		MSCI ACWI ESG Leaders		Pyrford International - Global Absolute Return GBP		Pyrford International - Global Absolute Return GBP vs. MSCI ACWI		Pyrford International - Global Absolute Return GBP vs. MSCI ACWI ESG Leaders	
SUMMARY	**SCORE***	**WEIGHT****	**SCORE**	**WEIGHT**	**SCORE**	**WEIGHT**	**SCORE COMPARISON**			
% Covered by ESG Research		99.74%		99.83%		100.00%				
Weighted Average ESG Score	6.78	100.00%	7.61	100.00%	7.65	100.00%	↑	12.88%	↔	0.57%
ABSOLUTE PILLAR SCORES										
Environment	5.98	20.44%	6.61	19.66%	6.01	20.59%	↔	0.48%	↓	-9.06%
Social	5.10	42.12%	5.43	42.83%	5.59	41.84%	↑	9.64%	↔	2.89%
Governance	5.61	37.43%	5.79	37.51%	6.24	37.57%	↑	11.36%	↑	7.79%
ESG RATINGS							**WEIGHT COMPARISON**			
Distribution of holdings with ESG Coverage										
AAA		12.90%		23.06%		23.24%		10.34%		0.18%
AA		28.05%		38.63%		44.82%		16.77%		6.19%
A		29.95%		25.07%		22.44%		-7.51%		-2.64%
BBB		20.70%		12.37%		5.25%		-15.45%		-7.12%
BB		5.59%		0.84%		2.88%		-2.71%		2.03%
B		1.90%		0.02%		1.38%		-0.53%		1.35%
CCC		0.90%		0.00%		0.00%		-0.90%		0.00%
Sum of ESG Coverage		100.00%		100.00%		100.00%				







We increasingly value the level of detailed analysis and output from MSCI ESG Research and we continue to engage with them at every opportunity to ensure we receive a service that complements and enhances our internal ESG analysis. Pyrford previously wrote to the heads of research of all the brokers we use to ask them to include more ESG analysis, which they all uniformly now do.

Fixed Income Research

Finally, a note on fixed income research. Within our multi-asset absolute return strategies, Pyrford invests in bonds. Our investable universe is limited to conventional and index-linked sovereign bonds from governments who achieve an AA or above credit rating. Currently this includes sovereign debt in the US, Canada, Australia and the UK.

Internal research provides forward estimates of interest rate direction and the likely shape of the yield curve in order to determine potential returns in the next two to five years. This analysis allows us to manage the 'duration' (sensitivity to changes in interest rates) of our fixed income exposure.

Whilst we monitor the government level ESG rating assigned by MSCI to the countries in our fixed income universe we do not believe there is yet a reliable way of differentiating between these sovereign issuers within our small investable universe on ESG grounds and therefore we are unable to provide the same level of ESG coverage as we do in equities. Nor are we able to engage with these sovereign issuers. We keep under constant review fresh ideas and new sources of data that could meaningfully inform our investment process for this asset class.

8. Monitoring managers and service providers

Principle 8 - Signatories will monitor and hold to account managers and/or service providers.

Our Approach

We do not outsource any fund management decisions. Pyrford is subject to the Ameriprise Vendor Risk Management Policy, which aims to establish effective and sustainable vendor risk governance. It applies to vendors engaged across Ameriprise, its affiliates and subsidiaries. Pyrford monitor their providers' performance closely and have agreed escalation mechanisms in place should any deterioration in service levels occur. Service providers are appointed after a process of seeking what we believe to be the most appropriate solution for our needs.

Service providers

To enhance and indeed complement our Internal ESG analysis and in-house ESG rating system, Pyrford have employed a range of external providers to assist us with our stewardship activities. This includes specialist ESG Research, third party company research and proxy voting service providers as detailed in Principle 2. All external vendors are periodically reviewed to ensure quality and value.

ESG Specialist research – MSCI ESG Research provide Pyrford with specialist, ESG-focused research to complement and challenge our internal research. MSCI ESG Ratings uses a rules-based methodology designed to measure a company's resilience to long-term, industry, material environmental, social and governance (ESG) risks. Leveraging Artificial Intelligence (AI), machine learning and natural language processing augmented with their 200+ strong team of analysts, MSCI research and rate companies on a 'AAA' to 'CCC' scale according to their exposure to industry-material ESG risks and their ability to manage those risks relative to peers.

In addition to stock level reports, MSCI ESG Research also provides us with portfolio level ESG analysis reports which help us to identify any potential risks to the portfolio because of underlying ESG issues. In the last quarter of 2021, three members of the ESG forum interacted with Pyrford's MSCI account manager to understand further their methodology and information on carbon analysis and improvements they will be working on for clients throughout 2022. Although we received carbon data reports, we have been proactively asking for improvements on the reliability of data, calculation transparency and methodology and increased company coverage for Scopes 1 and 2 and 3. We constantly review new products and capabilities and follow up where necessary.

The service levels received are continuously reviewed with any issues encountered discussed at our quarterly ESG Forum. ESG is also a formal agenda item within our Global Stock Selection Committee (GSSC) meeting and portfolio managers are given the opportunity to raise any service issues with the wider investment team. On an annual basis we formally review the overall service provided by MSCI as our ESG Research provider and have the power to recommend a retender of service should the group feel it necessary based on service received.

External company research – Company and market research is obtained from a wide range of third-party investment brokers and independent research providers. Our Portfolio Managers use external research in combination with our own proprietary research as part of the overall decision-making process. At Pyrford we use Bloomberg for company and market data which provides comprehensive real-time pricing/trading data including bids, offers, volumes, daily trade records, participating market makers etc. For historical statistical data, Pyrford uses Thomson Reuters Datastream, CEIC and Global Financial Data Inc. These give access to National Government Statistical sources plus databases from organizations such as the IMF, OECD, World Bank and Oxford Analytics. All third-party research is subject to ongoing review and can be terminated with 3 months' notice. A formal review of each provider takes place annually where universe coverage, value-added by analysts, and research and value for money are all considered.

Proxy voting services – Pyrford has appointed ISS Proxy Voting Services to monitor meetings data and to produce a voting schedule based upon individual client proxy voting guidelines, or Pyrford's guidelines where a client does not provide their own. A formal annual review of service levels is led by the ESG Forum. On a quarterly basis however, we review voting records to ensure that votes have been cast according to our policies and stated preferences. Our Portfolio Managers also review all votes as they are presented and investigate any apparent inconsistencies between vote suggestions and policies. Any service issues encountered over the quarter are also discussed by the group. The service levels received from ISS in 2022 continue to be at an exceptionally high standard.

ISS have standard reporting templates and we have explored with them the possibility of providing enhanced reporting. We have also spoken about possibilities with split voting should this be required to reflect variations in client best interests.

We also explored the ISS offerings on proxy voting outcomes due to the increased focus on outcomes in Pension and Lifetime Savings Association (PLSA) templates for our UK Institutional clients. Although the offering was sufficient, we decided to decline their offering and instead stayed with our internal reporting method in order to provide voting outcomes for significant votes.

Engagement

9. Engagement

Principle 9: Signatories will engage with issuers to maintain or enhance the value of assets

Our Approach

Pyrford has always taken a long-term view to investment decisions. At no point do we ever take a short-term, speculative position in a company. We invest in high quality companies that clearly demonstrate robust and sustainable business models. Every decision is taken over a minimum of a 5-year timeframe.

As long-term shareholders of companies for our clients, we have the ability, and in our view the responsibility, to encourage best practice on ESG issues through a process of ongoing company engagement. In our opinion this is a key factor in reducing risk in the portfolio. Companies are put on notice that we expect them to manage their businesses responsibly whilst pursuing profit growth. It may even be that through our exposure to competitors, suppliers or customers or to similar companies elsewhere in the world we can help them identify risks facing them earlier than they might otherwise have.

It is Pyrford's belief that engagement through direct discussions with not only management of investee companies, but also with all companies we meet, is the most effective way for us to do this. At Pyrford, we use a range of engagement methods, most commonly one-to-one with companies as we believe this method yields the best results. Our Portfolio Managers must visit every company we invest in prior to the first investment and we aim to meet with the company at least annually thereafter. Despite the challenges presented by the COVID-19 crisis, our team have continued to meet virtually with companies, meeting with over 250 in 2022.

In almost every meeting with companies, questions on ESG issues will be raised. However we would not necessarily classify these as actual "ESG engagements". For an engagement to be classified as such it needs to be a purposeful communication on particular matters of concern with the goal of encouraging change at the company level around the management of ESG issues.

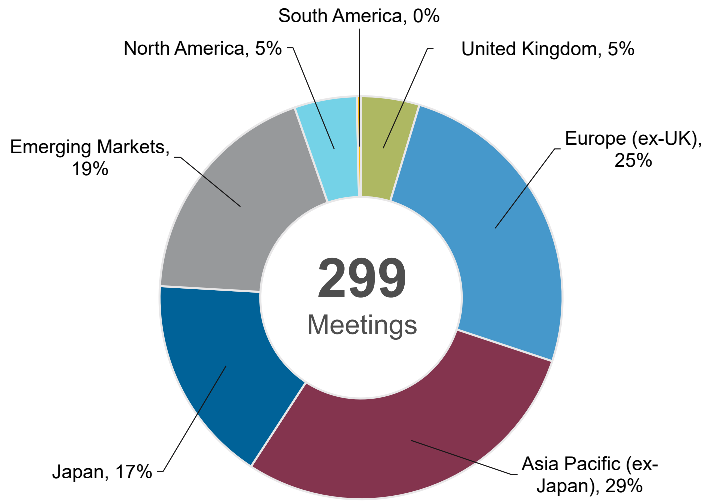
Additional forms of engagement include collaborative engagement as discussed in response to principle 10 and proxy voting – please see our response to principle 12.

2022 Company interactions

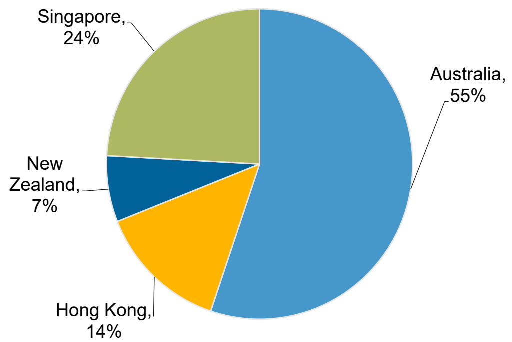
In 2022, Pyrford's investment team carried out one-on-one meetings with over 250 global companies. When preparing for a meeting, our Portfolio Managers and Investment Analysts will assess if there are any ESG issues that they wish to raise. The source of this information might be MSCI ESG Research reports (our external provider) or our own ESG analysis.

Engagement at Pyrford does not differ across our strategies or indeed geographies. We look to meet with every company where we invest, no matter where they are based, at least once a year. We track and record the results of every company meeting. Below we have provided a geographical split of all company meetings held in 2022:

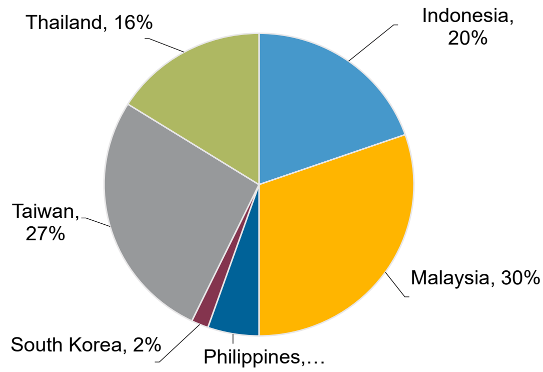
Company meetings, split by region in 2022



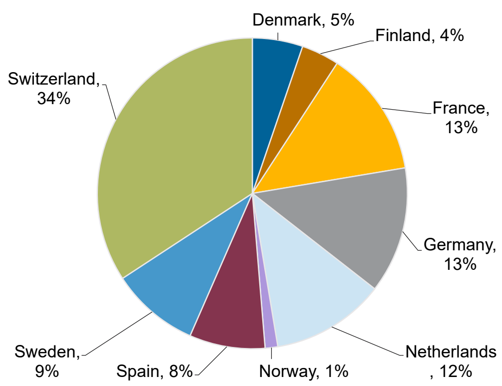
Asia Pacific ex-Japan meetings - Meeting breakdown



Emerging Markets meetings - Meeting breakdown



Europe (ex-UK) meetings - Meeting breakdown



Pyrford engagement examples, 2022

Below we have provided a number of case studies from company meetings held across geographies and on a variety of important ESG issues:

Company	Country	ESG Issue	Holding
Abbott Labs	USA	Social – Infant formula contamination/recall	Yes
Ansell	Australia	Social – Forced Labour	No
BP	United Kingdom	Environment – Russia Ukraine War	Yes
ComfortDelGro	Singapore	Environment – Climate change	Yes
GSK	United Kingdom	Social – Access to Medicines	Yes
Imperial Oil	Canada	Environment – Carbon Emissions	Yes
Japan Tobacco	Japan	Governance – Strategy, Financial and Reporting - Risk management	Yes
Mitsubishi Electric	Japan	Social – Quality Control Issues	Yes
Novartis	Switzerland	Governance – Bribery & Fraud	Yes
Novartis, Roche	Switzerland	Environment – Biodiversity	Yes
Rubis	France	Environment – Kenya Fuel Crisis	Yes
Singapore Telecom	Singapore	Governance – Data Breach	Yes
Vodafone	United Kingdom	Governance – Tax Transparency	Yes
Vopak	The Netherlands	Governance – Remuneration	Yes

Engagement case studies are provided for informational purposes only. Positive engagement outcomes are not guarantees of future engaged company, firm, or product performance.

COMPANY: Abbott Labs **COUNTRY: United States** **HOLDING: Yes**

ISSUE: Infant formula contamination/recall

BACKGROUND: Abbott Labs is a diversified medical device company – Its main segments include generic pharmaceuticals, structural heart devices, diabetes care and nutrition.

In Feb 2022 the company recalled some brands of infant formula after some infants fed the formula contracted corona bacteria. Four babies were hospitalised and two of these ultimately died.

SUMMARY of ENGAGEMENT: First year of engagement 2022 after announcement of the initial cases. Pyrford monitored the situation in 2022 and had an update call with the company in December 2022. The main reasons for the engagement were to get an update from the company and to reinforce our view that ultimately in situations such as this there should be management (past and present) accountability. Pyrford engaged with Investor Relations and members of the sustainability department at Abbott Labs.

OUTCOME of ENGAGEMENT: Abbott recalled its powdered infant formula in February 2022 following the adverse incidents described above. This was purely a precautionary measure as Abbott and the FDA wanted to establish the exact reasons for the corona bacteria contamination. The recalled infant formula was manufactured at Abbott's Sturgis, Michigan plant. The FDA inspected the facility in Q1 22 and found evidence of bacterial contamination in the facility but not the actual production parts of the factory.

Abbott keeps a sample of every product shipped. On testing the samples which caused illness for the infants, no corona bacteria were found in the samples. In addition, Abbott carried out genomic testing on the 4 corona bacteria samples taken from the unwell infants and the genomic sequence for each sample was different for the infecting bacteria. Corona bacteria were found on some of the equipment used by the infants.

Corona bacteria are prevalent in the environment, and it is essential that baby feeding bottles and equipment are thoroughly cleaned.

THE FDA granted Abbott a consent decree to restart production at the plant in Q2 2022 and Abbott was required to make further modifications to the plant.

The key benefit of the engagement was that Abbott understood that Pyrford was monitoring the situation and that Abbott should maintain production plants that meet the most stringent quality protocols. In addition, Pyrford explained that there should be accountability for any short comings in production, ultimately with the CEO.

Abbott explained that quality breaches would have an ultimate impact on CEO remuneration as TSR over a three-year period was a component of the CEO remuneration calculation. No further action is planned at this stage – but Pyrford will monitor any future failures at production facilities. There will be no changes to voting intentions or portfolio allocation decisions.

Pyrford has suggested that the clawback provision for the current and future Abbott CEO's should be increased from 3 to 5 years. This will ensure that CEO's do not take decisions or underinvest in the business to boost short term results. This may be submitted at the next AGM as a written shareholder proposal.

COMPANY: Ansell **COUNTRY: Australia** **HOLDING: No**

ISSUE: Forced labour

BACKGROUND: Ansell is a manufacturer of healthcare and industrial use protective equipment, mainly gloves. Ansell outsources the majority of manufacturing of white-label single-use gloves to 3rd party manufacturers, given that production requires dedicated machinery lines and economies of scale to remain cost competitive. This 3rd party supply chain network has exposed Ansell to higher risks of labour exploitation. Malaysia accounts for 65% of global glove supply, but has been riddled with forced labour issues. Explosive industry growth during Covid-19 shed light on these. Since 2019, a number of Ansell's Malaysian glove suppliers have been investigated by the US Customer & Border Protection (CBP) agency. Four were subject to Withhold Release Orders (WROs), which prevents imports of goods into the US. In August 2022, a lawsuit was issued in the US against Ansell and Kimberley-Clark by 13 former employees of Brightway (a Malaysian supplier) for these two companies 'knowingly profiting' from forced labour.

SUMMARY of ENGAGEMENT: Our objective was to understand the severity of the lawsuit, and what Ansell is doing to address forced labour issues within its supply chain and across the industry.

OUTCOME of ENGAGEMENT: Our discussion first focused on the implications of the lawsuit. Public disclosure is somewhat limited by the ongoing legal proceedings. Thus far, 13 former Brightway employees are suing Ansell and Kimberley Clark, under US legislation, for 'knowingly profiting' from forced labour at the Malaysian supplier. There is no case being made against Brightway directly. Evidence is yet to be given in court, but media reports have claimed instances of physical violence. This apparently was unknown to Ansell, which would have terminated its supplier relationship with immediate effect if this had been independently discovered. This case follows the US CBP issuing a WRO against Brightway. On issuance of the WRO, Ansell engaged with Brightway to establish what were the identified problems. Engagement is no longer permitted whilst the lawsuit is underway. Ansell state that its liability is 'without merit' and has hired a US law firm to assist in its defence. Ansell has not given a quantitative provision, as the details of the case are still largely unknown. The 13 employees are still even to be identified, for example. Brightway only constituted 1-2% of Ansell's outsourced supply, and a much larger proportion of Kimberley-Clark's supply, so it is also unclear as to whether the companies will be held jointly liable. To Ansell's knowledge, no similar cases have favoured the plaintiff.

The conversation then turned to the focus areas that Ansell has identified as being critical to improving labour rights: (1) grievance monitoring, (2) worker engagement, (3) risk assessment and monitoring, (4) accountability and awareness, and (5) policies and commitments. Ansell ran a sustainability webcast at the end of September, which provided colour on these points. Our questions sought clarification and extra detail.

Ansell has bolstered its grievance channels over the last year, extending platforms to mobile apps and adding features such that reports can be made in native languages. An initial issue had been the lack of literacy amongst plant workers, which was resolved by allowing grievance reporting by voice. Ansell has seen a rise in reporting as these initiatives have been rolled out; a sign of success. This has been encouraged by the no-retaliation policy and the ability to submit complaints anonymously. No business-critical issues have been raised. The longer-term hope is that the widespread use of grievance channels will allow faster responses to issues, so audits can be used as a check-up.

Under risk assessment and monitoring, the audit process has also evolved. Ansell has recently adopted F-11 assessments, on top of the SMETA audits, which focus solely on the 11 indicators of forced labour. Ansell plans to launch unannounced audits in FY23. Ansell contends that the CBP investigations and WROs have led to more thorough and disciplined audits, bettering the whole industry. For instance, auditors will now also visit hostel accommodation for migrant workers. Ansell clarified that none of its own plants in Malaysia were investigated by the CBP.

The outcome of audits guides Ansell's policies on supplier relationships. Ansell takes a pragmatic approach to any non-conformances identified. It looks to work with the supplier to overcome these, rather than just terminate the relationship. An example of this was where suppliers had insufficient cash flow to remediate recruitment fees to workers, then Ansell would accelerate their payments to help alleviate this constraint. Saying that, if any critical issues are identified in the audit, then escalation to executive leadership would be immediate. Typically, if no material improvements or willingness to change was seen within 1-2 years, then Ansell would look to stop sourcing from that particular supplier. Ansell noted that timing on this is becoming stricter.

In March 2022, Ansell was one of seven founding members of the Responsible Glove Alliance (RGA). This aims to drive change in the Malaysian glove industry. The RGA's initial focus has been on creating guidelines for due diligence, which others can follow. Ansell was positive about the progress that has so far been made in the Malaysian glove industry. As of September 2022, Malaysian suppliers representing 98% of Ansell's total finished goods spend, had completed their recruitment fee reimbursement program for currently employed migrant workers. In total, over US$30mn has been reimbursed to over 18,000 workers. To give background to this, migrant workers entering Malaysia are often charged a fee by recruitment agents who act as middlemen in the employment process, but concerns have been raised about the resulting debt bondage.

There has been less disclosure on concerns and progress outside of Malaysia, despite Ansell having plants across Southeast Asia. When we queried this, Ansell shared that it had conducted an assessment with an independent consultant to determine risks elsewhere. This did not identify any material issues outside of Malaysia. Ansell is planning to rationalize its supplier base.

An important consideration is the fact that industry wide change will likely drive-up costs. Audits tend to be funded by suppliers themselves, but it is likely that this expense, and the necessary others, will be passed on. Ansell welcomed this change and added that its commitment to improved labour rights should give it a competitive advantage given customers are increasing particular about where they source from.

In sum, we are satisfied that Ansell is taking necessary steps to address forced labour concerns. The issue is evidently systemic, with no simple solution, but Ansell remains committed to the cause.

COMPANY: BP **COUNTRY: United Kingdom** **HOLDING: Yes**

ISSUE: Russia Ukraine War

BACKGROUND: BP is a global hydrocarbons producer with ambitions to move towards a greener portfolio of energy assets over time.

In February 2022, Vladimir Putin ordered Russian forces to conduct a comprehensive invasion of Ukraine, in addition to the annexation of Crimea (2014) and alleged support for separatist forces in the Eastern Ukraine regions of Donbas and Luhansk. As one of the companies with the greatest economic exposure to Russa in the Pyrford portfolio, BP was a natural candidate to engage with on this issue.

SUMMARY of ENGAGEMENT: The invasion of Ukraine and the ostracization of Russia is a sudden, recent event. It will take time for the full consequences of the episode to play out. One area of interest will be how the sale process of Russian assets develops. With the barriers to any deal very high given the current restrictions on doing business in Russia, it may be an intention that takes a while to enact. BP will have to balance their fiduciary duty to seek out the best price for their asset with the demands to exit the market as quickly as possible. Tensions between these two forces could become apparent.

It will also be interesting to observe how this episode changes the way that BP thinks about making investments in countries that are not liberal democracies. Doing business in such environments has long been the norm in the Oil & Gas business but the risks associated with that have been magnified by recent events. The effect this will have on longer term policy at BP is something that we will continue to monitor.

OUTCOME of ENGAGEMENT: The discussion began with a reiteration of the BP approach to its assets in Russia. The company have announced its intention to exit the Russian market by seeking to sell its assets in the country in an orderly fashion. Clearly, the ability to conclude such a sale in the current environment is extremely challenging so no guidance on the timing of such a transaction has been given. With regards to employee safety, the company have no employees in Ukraine so their focus has been on their colleagues in Russia. Foreign nationals have all been evacuated to other locations and Russian employees based in Russia have received support in various guises too, which is symptomatic of BP's strong commitment to pastoral care for all staff. Although BP have no operations in Ukraine, the company does have a retail presence in both Poland and Hungary. In these locations BP have tried to help refugees displaced by the conflict with the provision of food and fuel cards that can be used in their retail stations. The company has also granted time off for staff who wished to volunteer to help the refugee effort. It has also made a sizeable donation to the Red Cross to assist their initiatives.

Next, the conversation turned to the extent of supply chain disruption that had been caused by the invasion and subsequent sanctions. It was rightly pointed out that, to an extent, the entire energy market was being disrupted by geopolitics, but that BP did not have specific exposures that exacerbated these pressures once the decision to exit all Russian assets had been taken. For example, the company has no refinery exposure that has been disrupted by current events. In relation to the consequences for the Energy Transition in Europe, BP noted that the impact would be different for different countries. For example, France, with its extensive use of nuclear power, is far less reliant on Russian energy than Germany. However, common themes can be detected across the whole continent. In the recent past, the attention has firmly been on making the energy mix cleaner; post the Ukraine conflict, Europe will concentrate more on both the affordability and reliability of new energy arrangements although the commitment to clean energy will not be completely overshadowed.

COMPANY: ComfortDelGro **COUNTRY: Singapore** **HOLDING: Yes**

ISSUE: Regulatory risk on carbon emissions and future business opportunities from climate change.

BACKGROUND: ComfortDelGro (CD) is one of Asia's largest land transport operators offering public transport and taxi services. CD operates across seven countries with its main exposure being in Singapore, Australia, UK & China.

CD ranks in the top quartile in Green House Gas Intensity amongst our portfolios. We wanted to understand how the company's business is at risk from regulatory changes surrounding carbon emissions and generally the steps the company was taking to position itself in a low carbon world.

SUMMARY of ENGAGEMENT:

Understand:

a. what regulatory changes from the Land Transport Authority (LTA) of Singapore or other regional regulators that could impact their rail/bus/taxi operations.

b. whether any regulators in the country they operate in have made any progress in implementing carbon taxes.

c. to what degree the company is at risk from carbon taxes.

d. whether the LTA has changed its stance in the way it will transition the bus feet to electric buses and whether the 2040 target to be run on clean energy will be brought forward.

e. where the company lies in upgrading their taxi fleet to EVs and the timeline to become fully electric.

f. whether they have modelled how their scope 1-3 will change as the fleet transitions to EVs.

g. for the rail business, apart from replacing chillers and lighting and deploying solar at their depots, what the opportunities are to reduce electricity consumption and whether the lines can be run using renewable electricity.

h. what other future business opportunities there are from climate change adaption apart from rolling out EV chargers and installing solar panels on buildings.

OUTCOME of ENGAGEMENT:

a. Impacts from regulatory changes

Regulators are advocating cleaner transport operations using EVs, hybrids or hydrogen vehicles to support government's de-carbonisation or net zero ambitions. This is through mandating clean energy vehicles in the near future or expanding low emission zones in the city, such as Australia's Victoria state legislative commitment to net zero or UK's Transport for London's low emission zones, which will be extended in 2023. Governments are also promoting usage of clean energy vehicles and supporting infrastructure (such as EV chargers) through incentives and subsidies. For example, Singapore's LTA recently increased the statutory life of EV taxis from 8 years to 10 years, improving the cost competitiveness of EV taxis. CD regularly review their fleet transition plans to ensure they can integrate more EVs or hybrids where possible. Regulators are also refining safety standards for EV operations and maintenance, as EV adoption accelerates. This includes LTA's National EV Charging Standards that was updated in Mar 2022 and the new EV safety standards enforced in China since Jan 2021. CD expect updates to EV safety standards to continue and CD will need to be adaptable in implementing these updates as part of their standard operating procedures (SOPs). In response to this they are upskilling their technicians to maintain EVs safely, beyond investing CAPEX to procure EVs and their required supporting infrastructure.

b Development of carbon taxes

Several of CD's operating geographies have implemented carbon taxes or emissions trading schemes to limit emissions from companies, such as Singapore, UK and China. In Singapore and UK, the carbon tax does not impact the transport industry directly, but indirectly through higher electricity costs or fuel excise taxes.

c. Risk to company of carbon taxes

Singapore has recently announced that carbon taxes will increase in the coming years, from \$5/tCO2e to \$25 in 2024, and \$45 in 2026, and to about \$50-\$80 by 2030. This currently does not apply to transport industry directly. CD may be impacted indirectly through higher electricity costs as power generation companies will likely pass on some of the carbon taxes to electricity users. But CD assess the impact to be manageable, as electricity usage is less than 10% of their operating costs.

d. LTA change to bus fleet transition timeline

LTA has committed to 100% cleaner bus fleet by 2040, but also 50% by 2030. This is re-iterated in the national budget announced in March 2022. LTA's stance remains the same, where it will watch the lifespan of vehicles as part of its fleet transition.

e. Timeline of taxi fleet transition to EV

CD's transition is guided by the availability of EV infrastructure. In Singapore, they have committed up to 400 EV taxis in 2022 and up to 1,000 in 2023.

f. Modelled changes of emissions to taxi fleet change

Yes, this has been a part of their carbon emission reduction targets, which have been submitted and approved by SBTi.

g. Opportunities to reduce electricity consumption in rail business

CD has incorporated solar energy and other electricity reduction features into their rail operations as much as possible. Going forward, the Singapore government is making arrangements to import renewable energy to meet up to 30% of Singapore's electricity needs by 2035. This will help SBST Rail to reduce its carbon emissions associated with electricity use. In New Zealand, where CD have commenced rail operations in January 2022, the price for renewables vs traditional electricity is quite close, so they expect renewable energy to be an option for their electricity usage.

h. Other future business opportunities from climate change adaption

CD has prepared their testing and maintenance businesses for EV fleets by developing specialised programmes for EV fleets and maintenance staff. Their business units are also developing opportunities to leverage the growing interest in green mobility. For B2B clients, examples include advertising opportunities on our EV fleet of vehicles and leasing of electric commercial vehicles (DHL Express Singapore Spearheads Sustainable Logistics With 80 Additional Electric Vehicles - DHL - Singapore). For B2C clients, examples include electric taxis and public bus services operated by electric and hydrogen buses (such as their UK (London) and Australia (Victoria) operations).

COMPANY: GSK **COUNTRY: United Kingdom** **HOLDING: Yes**

ISSUE: Access to Medicines

BACKGROUND: GSK is a global pharmaceuticals group with plans to become a pure play by demerging its Consumer Healthcare division.

The issue of Access to Medicines for developing economies is one that has relevance for all companies in the Healthcare sector. This is one opportunity for a much maligned industry to show that it takes its corporate responsibilities seriously and has the power to make a positive difference on this important matter.

SUMMARY of ENGAGEMENT: The aim of the engagement was to examine in greater detail the GSK policy on Access to Medicines in developing economies.

Specifically, the intention was to explore how GSK's policy on Access has evolved over time, how their efforts can be made more effective and what the key obstacles are to even greater successes in the future.

OUTCOME of ENGAGEMENT: The discussion began with an attempt to better understand the forces that shape GSK's approach to expanding access to its medicines in areas that struggle to afford such treatments.

In order to maximise the reach of their initiatives, GSK needs to work in partnership with a variety of stakeholders to distribute the medicines as widely as possible and reach the areas where the needs are greatest. Voluntary Licensing agreements, where GSK works with a generic manufacturer to make products for which GSK has supplied the intellectual property of the formula, are essential to provide the most cost effective production of the medicines. Keeping costs down means more medicines can be produced and, therefore, more people can be helped. These types of arrangements are particularly important in the provision of GSK's HIV treatments.

The role of multilateral organisations such as Gavi (the Vaccines alliance) was also recognised. Gavi takes a tiered approach whereby the poorer a nation, the more vaccine gets reserved for them. GSK's Rotarix vaccine reaches children in 32 Gavi eligible countries.

Next followed a discussion on how the company decides whether to make donations (give away a product for free) or merely to offer a subsidy for the product in the form of a discounted price. Both approaches are used by the company. The guiding principle behind decisions is to ensure that GSK's overall approach remains sustainable. The company argues that, in the long run, it will be able to offer higher quality help to more people if the actions that it takes are affordable for the company and, therefore, reliable for potential recipients.

When asked about how the company decides what to concentrate on when considering research projects that might meet the needs of developing nations, GSK referenced their Global Health Team, which has a remit to consider what medicines are highest on the World Health Organisation priority list. This means the most acute needs of the developing world are taken into consideration when deciding what research projects to pursue.

Finally, the barriers to improving access to medicines in developing countries were examined. The paucity of investment in healthcare infrastructure is a key obstacle to improving the outcomes for developing nations; a lack of clinics and hospitals where drugs can be administered, incomplete distribution networks that prevent drugs from reaching where they are needed, and the low number of trained healthcare professionals are all relevant factors. Working with national governments to increase the political commitment to the provision of such resources is a crucial component in maximising the reach of GSK medicines.

The topic of Access to Medicines is clearly an opportunity for Pharma companies to demonstrate their commitment to socially responsible causes. There can be no doubt that facilitating the provision of relevant medicines to those in need, but unable to pay, can materially improve the quality of life of recipients.

One area that we will continue to monitor is whether the corporate restructuring that will see the Consumer Healthcare division separated from the Biopharmaceuticals business will have any consequences for the strength of its commitment to expanding access. The company is adamant that the transition to New GSK will not dilute the efforts that have been demonstrated in the past by the group.

COMPANY: Imperial Oil **COUNTRY: Canada** **HOLDING: Yes**

ISSUE: Carbon Emissions

BACKGROUND: Imperial Oil is an integrated Canadian oil company with upstream and downstream capacity of ~ 400kb/d. A majority of Imperial's production comes from oil sands mining projects, which have a large environmental footprint. Oil sands are water intensive, are high in CO2 and other emissions (such as SO2 and NOx). They also produce significant quantities of tailings that have high concentrations of heavy and other compounds that can potentially be toxic.

The objective of the engagement was to discuss Imperial's current level of GHG and other emissions and what their plans are for reducing these going forward.

SUMMARY of ENGAGEMENT: We have been engaging with Imperial on an on-going basis given emissions is an ongoing issue for them. The first written engagement is from 2020 but this is a matter we have been discussing with them over a number of years. Whilst Imperial has had emission reduction targets for a number of years, they were short term in nature and somewhat unspecific. We have been asking for the company to provide longer term goals and also for more detail on exactly how these goals will be achieved. Most of the current focus of emissions reduction is on the E&P side. Targets for the refining and chemicals division are also needed.

During October 2022, we engaged with a number of Imperial Oil's employees. Our first meeting was with Brad Corson (CEO) and David Hughes

(IR). We followed this up with a call with the VP of Policy & Advocacy, and the VP of Commercial & Corporate Development.

This follows a similar pattern of engagement over recent years. It is worth noting that the visibility and willingness of Imperial Oil to have meetings solely on ESG issues has increased considerably over the last few years.

OUTCOME of ENGAGEMENT: Given the current goals culminate in net-zero by 2050 this engagement will be on-going. We will continue to monitor

Imperial Oil's progress on meeting their stated objectives and also look forward to updated goals being shared with the investment community.

COMPANY: Japan Tobacco **COUNTRY: Japan** **HOLDING: Yes**

ISSUE: Child Labour, Deforestation & Executive Pay

BACKGROUND: In October 2021, Pyrford engaged with Japan Tobacco on three important issues: Child Labour, Deforestation & Executive Pay.

Child Labour: Worldwide approximately 152 million children are victims of child labour, and 73 million of these work in hazardous occupations. 71% of reported child labour is within agriculture, where there are substantially fewer protections for workers. This issue is especially acute for the tobacco industry, due to the toxicity of produce. The handling of green tobacco, in particular, can lead to severe illness.

Japan Tobacco (JT) has developed its own policies on child labour, in conjunction with the ILO Minimum Age Convention (C138) and Eliminating the Worst Forms of Child Labour Convention (C182). These are integrated into the firm's Agricultural Labour Practices (ALPs), of which 87% of JT's total supplying entities and 76% of the leaf volumes are covered, as of 2020. Similar policies have been implemented by the other major international tobacco firms, and regulatory boards exist that aim to unite these efforts. The latter includes the Sustainable Tobacco Programme, managed by the agricultural division of Associated British Foods, and the Eliminating Child Labour in Tobacco (ECLT) Foundation, which is a holder of the UN Economic and Social Council special consultative status.

Despite these seemingly positive initiatives, big tobacco firms have received widespread criticism for their policies not going far enough. Investigative journalists and human rights activists have sought to uncover the realities of child labour within the tobacco industry and shed light on existing failures across supply chains.

Deforestation: The tobacco industry contributes to deforestation in several ways. This includes the direct impact of clearing land for tobacco cultivation, the burning of wood during the tobacco curing process, packaging, and producing cigarette paper, and the indirect impact from the use of matches. A recent WHO report claimed that up to 5% of global deforestation is caused by tobacco farming which may be up to 10x more aggressive in terms of deforestation compared with other causes (e.g. maize farming). We sought to understand JT's policies and efforts to reduce the impact of tobacco on forest cover.

Executive Pay: Executive pay increased in 2020 at a time when historic results were poor. KPIs for performance pay are not in alignment with shareholder interests, in our view.

SUMMARY of ENGAGEMENT: Our objective was to engage on a few issues which we consider material and consistently pursue those

over time.

Child Labour: Our initial meeting in 2020 was to understand the policies employed by JT and the wider industry whilst bringing the concerns of industry watchers to the company's attention.

For this meeting we have relied on reports from the following institutions, many of whom are very critical of general industry practice and, more specifically, the polices enacted to address child labour: Human Rights Watch, Tobacco Tactics – Bath University, STOP – A global tobacco industry watchdog, and the WHO.

Japan Tobacco's main policy for addressing farmers rights, including child labour, remains the roll out of its Agricultural Labour Practices (ALP). However, it is unclear to what extent these polices are successfully improving conditions on the ground. Disclosure by tobacco companies tends to be selective, highlighting positive projects or case studies. Standardised data, over numerous years, which would allow comparisons across time or versus peers, is lacking. The focus of this meeting was to encourage a move to more data-dependent disclosure.

Japan Tobacco deals with over 76,000 contracted growers, in more than 30 countries, many of which are amongst the world's poorest. Oversight of conditions on numerous small lot farms is clearly a complex and difficult process. Nevertheless, the company agrees that more can be done to help investors and other parties analyse the effectiveness of its policies to improve human rights.

Instances of child labour remain tied to the wider issues of poverty, education and to some degree culture, which the tobacco industry can't solve on its own. Still the recent court case against BAT from Malawian farmers highlights that farmers rights should be considered a material ESG issue and a potential financial risk for tobacco companies.

Deforestation: The aim of our first engagement on this topic was to understand the policies put in place to combat deforestation, initially focusing on the direct impacts of tobacco farming. Reports suggest that tobacco farming has a high level of nutrient extraction and can lead to soil erosion, requiring frequent clearing of virgin forest for new fertile land. Another significant driver of deforestation is the wood fuel burned to cure tobacco in the drying process.

According to the company no virgin forest is cut down to make way for tobacco farming under its control. The main source of wood use is curing, and the company has committed to using 100% sustainable fuel by 2030. Disclosure remains limited and again we encouraged the provision of metrics to verify the company's claims.

Executive pay: Executive pay increased substantially in 2020 despite poor operational results. CEO pay benefited from a much larger bonus pay-out than in 2019.

The company has aimed to increase the level of variable pay for executives, driven by various KPIs, the most significant of which is "adjusted earnings at constant FX". As Japan Tobacco has made several acquisitions in emerging markets, the impact from currency movements has become more significant, widening the gap between reported earnings and management's preferred KPI. The company has recently cut its dividend using a percentage of reported earning as the calculation method.

We made it clear that a focus on constant FX does not align with shareholder value creation. Furthermore, we argued that the current increase in CEO pay is in stark contrast to recent returns to shareholders and indeed other stakeholders.

OUTCOME of ENGAGEMENT: The company is clearly taking on board our concerns and requests for more data and taking these matters seriously. It has hired outside consultants to look at its supply chain and survey farmers and this process must therefore generate data on which to measure outcomes.

The company has agreed that moving to better disclosure and standardised metrics would help investors gain better insight into policy effectiveness. We, however, appreciate that given the scale and locations of farming operations this is not an easy task and will take time. Our engagements will continue on these issues.

COMPANY: Mitsubishi Electric **COUNTRY: Japan** **HOLDING: Yes**

ISSUE: Quality Control Issues

BACKGROUND: Mitsubishi Electric is a large industrial conglomerate with a particular strength in energy efficient motors and turbines. The group's operations span many product areas many of which are integral to the energy transition and efficient power usage. Key growth products include:

- Factory automation equipment
- Automotive parts for electric & automated vehicles
- Air conditioning units and heat pumps
- Energy efficient elevators
- Next generation power semiconductors

In June 2021 the company announced that an investigation had uncovered that some inspection data had been falsified for certain train air conditioning products and that procedural problems may go as far back as the 1980s. Subsequent investigations have revealed a culture of improper inspection procedures for other products and a companywide investigation is still ongoing.

So far there have been three updates and the company has proposed significant reforms to deal with the issue, however, the full investigation is expected to conclude by the end of 2022. The issue seems to be one of engineers choosing to follow internal protocols and safety standards, seen as sufficient, rather than more stringent client specifications. So far there have been no safety concerns, nor customer cancellations. However the issue has damaged the reputation of one of Japan's preeminent industrial conglomerates.

SUMMARY of ENGAGEMENT: Our engagements with the company, in part, have focused on the interim reports from the investigative committee and related recommendations and company reform proposals. That said, there are wider issues that relate to staff being overworked and under undue pressure which may have played a part in employees not adhering to quality assurance protocols. Whilst Mitsubishi Electric has some world class business segments a complex and fragmented operational structure may have led to a culture with negative ramifications beyond the issues under investigation. Furthermore, the presence of many low profit business segments may have contributed to internal pressure to cut costs.

We do not doubt that the company will resolve the quality control problem and whilst we have kept abreast of the issue the main thrust of our engagement is to ensure that the company uses this opportunity to conduct a wider appraisal of its operational structure and internal culture.

OUTCOME of ENGAGEMENT: The investigative committee have made several recommendations, which have been implemented by the company. However some cases are still being investigated and we await a full report by the year end.

During this process employees have been encouraged to fill out internal surveys highlighting further breaches of quality controls and the committee has received over 2,300 responses of which 80% have been investigated. So far this has resulted in 148 instances of improper quality control procedures of which 66 are considered intentional by the committee.

We sought to gain some context on the scale of the cases reported so far during our meeting with the President. They total roughly ¥200bn in sales out of a company total of ¥4.5trn, so in reality the impact is small. The culture and structures that allowed these problems to persist are therefore the focus of our attention.

The previous President and CEO has stepped down and has been replaced by Kei Uruma. The company is conducting wide and varied structural reform, with some notable changes including a new outside quality control officer, attempts to break down company divisional "silos" via 4 new business units and encouragement of greater inter-unit cooperation.

A company-wide team focusing on employee suggested cultural improvements has been set up, whilst changes to the personnel system are ongoing to help support middle management. A key issue highlighted by the investigative committees was overstretched middle management failing to perform proper oversight. The company appears to be implementing the recommendations of the committee in full and we are relatively optimistic that the operational procedures required to prevent a repeat of the improper quality control checks should be in place.

We remain less convinced that the company is sufficiently dealing with its less profitable or competitive business units. We appreciate that cultural considerations and employment law in Japan make corporate restructuring more difficult than in Western countries. That said, we remain concerned that pressure to improve profits in fundamentally low margin businesses may have contributed to the motivation to cut corners.

The current president & CEO is presently considering which units to restructure. We need some time to see how the current reform proposals play out and we will continue to engage with the company to encourage greater focus on the several medium-term growth drivers within the group.

COMPANY: Novartis **COUNTRY: Switzerland** **HOLDING: Yes**

ISSUE: Bribery & Fraud

BACKGROUND: Novartis is a pharmaceutical company making medicines in a range of therapeutic areas.

Over time Novartis and its subsidiaries have been involved in multiple accusations of bribery and improper payments. This is an ongoing engagement. 2020 was the first year of engagement.

To date we have engaged with the company by talking to ESG representatives and the investor relations team to understand the outstanding liabilities and the steps the company has taken to strengthen governance and ethical compliance to prevent the recurrence of these issues.

SUMMARY of ENGAGEMENT: : We continue to monitor Novartis' efforts in improving ethics and culture at the company and we took this opportunity to speak with top executive leaders from the ESG and ethics divisions to question them on the ethics strategy and understand further the changes made.

OUTCOME of ENGAGEMENT: The Global Head of ESG, Chief Ethics, Risk & Compliance Officer and interim Chief Strategy & Growth Officer described to us the strategy taken to implement a more ethical culture at Novartis. This stressed the importance of local engagement of employees and co-creation in ensuring that the context and environment of each region is understood and monitored locally. They believe that the empowerment and individual responsibility the company gives to its associates leads to an engaged workforce with the ethical tool kit to conduct their work. Furthermore, better support from data and digital technology also helps managers to see the picture in their regions more clearly. Novartis measure the progress in cultural change with the engagement of their employees with surveys and local round tables for example.

As discussed previously, 'the tone from the top' has been key in ensuring ethical business practices are not compromised in growing the business. Additionally, Novartis is one of the very few listed companies that integrate values and behaviour explicitly in their incentive programs for top management.

The executives also described to us the strengthening of the third-party risk management system, which brings together all relevant risks under one comprehensive system. Their process ensures deep dive due diligence, mandatory training and auditing of third parties to ensure standards are upheld. This covers everything from bribery and fraud to cyber security and supply chain. The company also takes part in industry wide collaborations to define standards and auditing of third party suppliers. This should further control risks and set high standards.

This meeting has further cemented our belief that Novartis has made a concerted effort to improve their culture into one that is more ethical, transparent and responsible. The company is engaging its employees to drive this cultural change whilst also building a robust risk management system. We acknowledge that cultural change is a slow-moving process, and its impact is difficult to measure quantitatively. Therefore, we believe this is an issue that must continued to be monitored over the long-term with further engagement to be taken if new significant issues in ethics and compliance occur.

COMPANY: Novartis, Roche **COUNTRY: Switzerland** **HOLDING: Yes**

ISSUE: Biodiversity

BACKGROUND: This is a themed engagement. Biodiversity is an emerging yet critical issue. As part of the Investor Forum Development Program, we were involved in a project that looked at biodiversity challenges facing companies. We worked on a case study involving pharmaceutical companies' dependence on biodiversity. Our research found that biodiversity is linked to human health in a myriad of ways. One of which is as a resource for medicines and drug discovery. Given drugs discovery is a key earnings driver for pharmaceuticals companies, the ongoing loss of biodiversity may be a risk for them. Therefore, we thought it necessary to investigate this topic further by raising it with the pharmaceutical companies in the Swiss portfolio.

SUMMARY of ENGAGEMENT: Following research on the topic of biodiversity we were interested in understanding how pharmaceuticals companies are assessing their dependency on natural ecosystem services, what targets they have in place around biodiversity and how they are protecting biodiversity in their operations.

OUTCOME of ENGAGEMENT: Novartis told us that biodiversity is a topic that they have just started looking at more closely. They have not yet produced a dependency assessment or have specific biodiversity targets in place. However, they have acknowledged the importance of this topic and it is included in their enterprise risk management program. Their wider environmental and carbon reduction objectives and projects should reduce their environmental footprint which should indirectly flow back into protecting biodiversity. This includes carbon, plastic and water neutrality by 2030 and net-zero emissions by 2040. Further, they have a comprehensive environmental risk management framework in place. From this they aim to minimize the impact of waste from both their sites and supplier's sites (including anti-bacterial discharge). Finally, in their 'Position on Biodiversity' Novartis states they only use natural sources for obtaining potential drugs in accordance with the UN Convention on Biological Diversity.

Roche recognised the importance of biodiversity and the importance it has for society. They outlined that they support the principles of the Convention on Biological Diversity (CBD) of the United Nations Environment Program. This charter ensures equitable sharing of the benefits from genetic resources and recognises the conservation of biological diversity. The group states that they avoid the use of non-commodity natural resource materials as a source for discovery but if they do develop something that is derived from natural plant, microbial or animal genetic materials then the use of them is guided by the principles of the CBD. The company provides internal training tools on how to comply with national access and benefit sharing legislation. By adhering to the broad principles in the CBD they will support sustainable biological resource development. The wider eco-balance metric that the group uses to monitor their environmental impact helps the group to view the pressures they put on the Earth's ecosystems. The group then has targets on its ecological footprint with the aim to reduce their environmental footprint by 50% from 2019-2029. This target includes the environmental impact of medicines and diagnostic products throughout the product lifecycle. Indirectly this goal will support biodiversity. Additionally, no Roche sites are in areas that are protected or have high biodiversity values.The group did not disclose specific biodiversity targets or whether they have conducted any dependency assessments. Biodiversity is not treated as a separate topic in the enterprise risk management framework but feeds into the overall environmental risk assessment.

Overall, it seems like biodiversity is not yet a topic that is of distinct focus at the pharmaceutical companies we engaged with. Instead, the approach seems to be one using wider environmental targets to protect ecosystems and biodiversity indirectly. Despite this, both companies do acknowledge the importance and significance of biodiversity as an environmental topic. Both Roche and Novartis follow the principles of the CBD in their approach to biodiversity. This allows the equitable sharing of benefits from genetic resources but also has the aim of conserving biological diversity. Furthermore, the companies are including environmental factors in their enterprise risk management frameworks and so the broader risks are factored in.

Given that this is an emerging topic, with few industry frameworks in place yet, we will continue to monitor the approach that the pharmaceutical industry takes towards biodiversity and how they assess the risks.

COMPANY: Rubis **COUNTRY: France** **HOLDING: Yes**

ISSUE: Kenya Fuel Crisis

BACKGROUND: Rubis distributes LPG and petroleum products in Europe, the Caribbean and Africa. It is the third-largest player in Kenya with a 10% market share after Vivo Energy and Total Energies. In April 2022 local press articles stated that Kenya was planning to deport the Rubis Energy Kenya CEO amid a fuel crisis.

The supply of oil in Kenya is centralised and handled by the state and is then shared across all oil distributors. On the back of the steep increase in oil prices, the government decided to cap prices at gas stations while subsidising the price differential for oil distributors. The rapid increase in prices inflated the amount of subsidies that the government owed and extended payment delays to distributors. The government suspected that some oil distributors favoured export markets at the expense of domestic demand, resulting in oil shortages and protests across the country.

SUMMARY of ENGAGEMENT: The objective was to establish the veracity of the accusations. We also wanted to establish whether Rubis had acted appropriately and not disadvantaged customers in Kenya. Lastly, we wanted to establish whether there was a leadership vacuum for Rubis in East Africa following this episode.

Rubis refuted the allegation that it had prioritised export markets, stating that the share of export volumes (mainly to its subsidiary in Uganda) has remained unchanged compared to historical levels.

According to the company, the shortage was explained by:

i. Panic buying
ii. Anticipated purchases ahead of upcoming price hikes
iii. Financial difficulties of independent players
iv. Increase in exports by other players

Rubis provided evidence that the volumes of fuel sales at service stations in Kenya grew in the first months of 2022 – i.e. that Rubis was not limiting fuel at its petrol stations. The company also demonstrated that export volumes (to its supply network in neighbouring countries) had not exceeded 20% of overall volumes.

It appears that there was a small spike in export volumes in March (to 19% of total volumes from 13-14% in January and February) before normalising, but this is far from the figures cited by the government of export volumes in the range of 40-60% over this period. This would appear to show that Rubis acted far more responsibly than some of its competitors in the region.

Our latest engagement with Rubis on this topic occurred in November 2022. The company assured us that Jean-Christian Bergeron, CEO of East Africa, has been back working in Kenya and Rubis' business in the region is developing very well. The state has been satisfied with all the required information provided by Rubis, with no further questions.

Rubis has undertaken a programme of refurbishing service stations in Kenya, resulting in higher levels of customer satisfaction as well as volumes and earnings up in the country.

OUTCOME of ENGAGEMENT: We will monitor developments in Rubis' Kenya operations over the coming 12 months to ensure that customers continue to be served in a fair and ethical way. No portfolio allocation decisions resulted from this engagement given Rubis provided timely evidence of the fair treatment of its customers in Kenya.

COMPANY: Singapore Telecommunications **COUNTRY: Singapore** **HOLDING: Yes**

ISSUE: Data breach

BACKGROUND: Singapore Telecommunications (SingTel) is a telecommunication holding company based in Singapore. It is the incumbent operator in Singapore and owns the number two operator in Australia, Optus. It also has affiliate holdings in India, Indonesia, the Philippines and Thailand. On 21st September 2022, Optus suffered a data breach potentially impacting 9.8m customers.

SUMMARY of ENGAGEMENT: : Pyrford wanted to understand the following:

- How this breach occurred given they sell services to clients in cyber security?
- What were the timelines of the breach and the steps taken to address the breach?
- What were the lessons learnt? Has this exposed a weakness in their approach to cyber security and how do they plan to rectify this?
- Will the breach impact the future sales of their cyber security business?
- Would SingTel share the number of customers impacted?
- What the contingent liability is of the breach.

OUTCOME of ENGAGEMENT: Number of customers impacted.

Of the potential 9.8m customers, 2.1m unique IDs were leaked. Only 1.2m of the 2.1m customers had valid IDs breached, ie current passports/drivers license/medicare numbers. 0.9m customers had expired IDs compromised. 7.7m customers had only personal information compromised (email, date of birth and phone numbers).

They have been advised by the police not to share any details of the breach as it could lead to further potential breaches.

What were the timelines of the breach and the steps taken to address the breach?

The attack happened on 21st September. They were able to close down the point of vulnerability within a day.

What were the lessons learnt? Has this exposed a weakness in their approach to cyber security and how do they plan to rectify this?

It is too premature to answer these questions currently. They have done an internal assessment of their cyber resilience to see whether there are other forms of weakness that can be exploited. They work already with external companies that look for gaps in their security. Their assessment by these external parties is deemed as healthy. They have commissioned an independent review with Deloitte to go through the history of how the breach happened, highlight where the weaknesses are and to indicate what improvements need to be made. It will take 6-8 weeks for them to complete the report. Each employee gets trained twice a year on cyber security.

Will the breach impact the future sales of their cyber security business?

SingTel's subsidiary, Trustwave, sells solutions to customers for cyber security. The system that was hacked was not part of the product suite that Trustwave sold. Trustwave is currently under strategic review and is expected to be sold. The breach has happened on their consumer business, not enterprise, as they are on different systems. The impact on future sales should be minimal to group revenue.

Understand the contingent liability of the breach.

They are working with different states to assess what the financial burden of replacement would be for passports/driving licenses/medicare numbers as the costs are all different. It is still early days to come up with a number as different states operate in different ways.

They have put their customers first by helping them monitor their credit ratings by offering an opt-in Equifax subscription for 12 months. This would be at a wholesale rate (retail cost is approx. $10/month). This would show if there were any unauthorised account openings. They have also offered to replace the forms of ID that have been leaked.

For class actions, if this happens, customers have a heavy burden of proof to show the loss incurred and to quantify the amount. This is a big undertaking. They have appointed lawyers to defend any class action.

For regulatory fines, the regulator considers the response of the company to the breach and assesses the security levels already in place. Optus has not tried to hide anything and has been very upfront with their customers.

Has there been any impact on the consumer business as a result of the breach?

Since the breach, Optus has seen a small degree of churn and a slower pace of net customer additions. It is very early days to determine whether these numbers have been driven by the leak. Optus has pulled back on marketing since the leak which could be the driver of the slowdown in net additions. SingTel will come back to Pyrford to explain whether each operating company is on the same core platform and hence is exposed to the same vulnerability.

This will not impact how Pyrford plans to vote. There is no change to portfolio allocation and no further action to take based on this engagement. They plan to restart marketing soon which should indicate if there has been reputational damage.

COMPANY: Vodafone **COUNTRY: United Kingdom** **HOLDING: Yes**

ISSUE: Social & Governance

BACKGROUND: Vodafone is a telecommunications group operating primarily in Europe. The company has been in dispute with the Indian government over an alleged tax liability for well over a decade. The issue of tax transparency is relevant for companies beyond the Telco sector and can be especially applicable to multinationals that conduct business across multiple tax jurisdictions.

SUMMARY of ENGAGEMENT: A dedicated meeting was arranged in April 2022 to get an update on the latest developments of the case and to examine Vodafone's broader corporate policy on taxation. The meeting also provided an opportunity to touch upon the ESG priorities of Vodafone aside from its policies on taxation.

OUTCOME of ENGAGEMENT: The discussion began with an overview of the events that have led the company to the current situation regarding the tax dispute.

In 2007, the Indian tax authorities initiated proceedings against Vodafone in an effort to recover around $2bn in taxes that they claimed was owed from the purchase of Hutchison's Indian operations. Vodafone disagreed on the grounds that neither the buyer nor seller involved in the transaction were registered in India. Although the Indian Supreme Court ruled in Vodafone's favour, the Indian government introduced retrospective legislation meaning that Vodafone would indeed have to pay the tax bill if it came before a court again. At this point Vodafone appealed to the International Court of Arbitration, which subsequently ruled in favour of Vodafone in a unanimous verdict. Undeterred, the Indian government are attempting to challenge that ruling in a Singaporean court although no date has been given for that case to be heard yet. Vodafone remain confident that they will be vindicated in this matter.

Despite this dispute, Vodafone is adamant that it has a responsible attitude when it comes to the topic of corporate taxation. The company's approach seeks to embrace transparency in the sense that it makes it easy to identify what country profits come from so they can be taxed accordingly. Vodafone also commit to timely payment of all genuine tax liabilities and pledge to engage with tax authorities in a constructive manner when issues do arise.

The company was also keen to point out that its contribution to state coffers extends well beyond the payment of traditional corporation tax because of the fees it pays for the spectrum that it rents when it wins licences at auctions.

Vodafone confirmed that no other significant tax disputes were currently ongoing involving the group.

To finish, there was a discussion about the major ESG initiatives that Vodafone was undertaking, to get a feel for what the Board of Directors is prioritising. The company pointed to its efforts to promote inclusion for all when it comes to digital services. The company's aim is to ensure that as many people as possible have access to digital connectivity regardless of their economic circumstances. This was described as a "purpose" of the company. There was also an acknowledgement that cyber security was another priority for the group given the need to protect the data privacy of their customers and employees.

Tax transparency is an important way for companies to build trust with other stakeholders. The prompt payment of taxes in full is a necessary component of demonstrating corporate responsibility. It will be interesting to see if any other tax controversies involving Vodafone emerge in future. The balance must be struck between defending their interests against spurious tax claims and paying what is legitimately owed in a timely and efficient manner.

COMPANY: Vopak **COUNTRY: The Netherlands** **HOLDING: Yes**

ISSUE: Sustainability Strategy

BACKGROUND: Vopak operates tank terminals. The company offers total storage capacity over 36m m^3. Vopak operates almost 80 terminals around the world. This includes storage for crude and refined oils, gases and LNG, chemicals, biofuels and vegoils. Vopak is also developing infrastructure solutions for new energies, including renewable hydrogen, ammonia and flow batteries.

Vopak has faced mounting criticism of the remuneration policy for management. There has been a lack of disclosure around the assessment of performance. We have never engaged with Vopak specifically on remuneration, but we did vote against the proposed remuneration at the last AGM.

SUMMARY of ENGAGEMENT: Vopak proactively engaged with many shareholders regarding the company's remuneration policy. They offered us a meeting with a representative from HR, Annette Huiberts. Ms Huiberts was joined by Michiel Gilsing, CFO, and Fatjona Topciu, from Investor Relations. Before the meeting, Vopak sent through a presentation highlighting the major concerns that investors have regarding Vopak's remuneration and how they are approaching each element.

During the Teams meeting we spent about 30-40 minutes discussing the remuneration policy at Vopak. This covered remuneration for the board of directors, the short-term and long-term incentive plans for management, and the remuneration offered to departing employees, notably Eelco Hoekstra, the former CEO. Vopak have acknowledged that the previous disclosures were inadequate. They are proposing a new remuneration policy which will be voted on at the next AGM in 2023.

The HR representative was very open to our concerns and appreciated the honest feedback. The company have already admitted that the discretionary element (which previously allowed the board to adjust the remuneration up or down) will be removed for 2023. There will be more specific KPIs and targets. There will be ex-post disclosure of the performance targets for the STI and LTI. Vopak also promised to give a clearer outline of the ESG components for both the STI and LTI programmes. The executive board will be given a specific, measurable long-term target linked to the company's strategy.

OUTCOME of ENGAGEMENT: Vopak will release further details of the remuneration policy in early 2023. This will give us some time to reflect on the changes before the AGM in April. We are pleased that management have taken on board the criticism and suggestions from Pyrford and other investors. If Vopak can clearly articulate a remuneration policy that aligns the incentives of senior management with the long-term interests of Pyrford, and this remuneration policy is clearly articulated and defined alongside a relevant return metric, then this would be an incremental positive for the investment case.

10. Collaboration

Principle 10. Signatories, where necessary, participate in collaborative engagement to influence issuers.

Our Approach

As outlined in response to principle 9, Pyrford believes that engagement through direct discussions with not only management of investee companies, but also with all companies we meet, is the most effective way for us to do this. At Pyrford, we use a range of engagement methods, most commonly one-to-one with companies as we believe this method yields the best results. Our Portfolio Managers must visit every company we invest in prior to the first investment and we aim to meet with the company at least annually thereafter.

Where an issue of concern has arisen at a company and we have failed to influence management acting privately we will consider acting in co-operation with other investors. This follows our Framework of Engagement Escalation as outlined in principle 11.

Before deciding, consideration will be given to relevant laws, regulations and client guidelines as well as the alignment of other shareholder views.

Our approach to intervention is based purely on our assessment of what would be in the best interests of our clients. The issue being pursued will almost always be directly relevant to either the performance or the valuation of the business in question.

In 2017 Pyrford joined the **UK Investor Forum**. The Investor Forum comprises over 56 members, consisting of both large asset managers, boutique investment firms like Pyrford and a number of asset owners. The Forum's purpose is to position stewardship at the heart of investment decision-making by facilitating dialogue, creating long-term solutions and enhancing value. The Investor Forum has two core objectives: (i) Make the case for long-term investment approaches and (ii) Create an effective model for collective engagement with UK companies.

Pyrford have been involved with on ongoing collective engagement with a UK Pharmaceutical company. The engagement centres around Governance following disappointing performance by the company. As part of our work Pyrford held a one-on-one meeting with the Investor Forum in May 2021 to provide our views on the company as a long-term investor. On 7th October 2021, Pyrford participated in a virtual group meeting with the GSK Chairman, Jonathan Symonds, and Senior Independent director, Vindi Banga. This was organized by the Investor Forum as part of the proposed collective engagement with the pharmaceutical company.

The conversation focused on the opportunities they saw for GSK to improve value creation given its stuttering performance for much of the recent past. The separation agenda, whereby the Biopharma and Consumer Healthcare parts of the business would be split, was discussed in an effort to clarify how the move would improve value creation. The scientific strategy was also examined given that the research and development productivity at the group had proved challenging. The Chairman expressed a desire to increase the scientific expertise on the Board as one response to this, and also pointed to initiatives that are designed to increase the speed of development for the most promising projects and allow a broader range of indications to be targeted outside of the traditional therapeutic area strongholds. The Chairman also recognized the need to deliver on the financial targets that the group set on a consistent basis in order to rebuild trust with the investment community. Overall, the company representatives provided a robust defense of the strategic direction that GSK was taking while recognizing that improvements in communication and tangible results would be required for the company to be rewarded with a valuation that reflected its full potential.

In the aftermath of the meeting the Investor Forum approached the members who had participated to gauge the appetite to commence a formal collective engagement. Ultimately, there was not enough critical mass among members to proceed to that next stage. A factor in this would have been the steps outlined in the meeting that required time to see if they were making a difference to the results and prospects of the company. Pyrford will continue to monitor the progress that the company makes.

Due to the concentrated size of our UK portfolio we do not get frequent opportunities to collectively engage. As a member we have tried to encourage the Investor Forum to broaden its remit to non-UK companies. In the meantime, we continue to look for similar groups operating outside the UK to increase our opportunity to engage collaboratively where this is viewed as being in the long term economic interests of our clients.

Net Zero Asset Managers Initiative

Pyrford became a signatory in 2022 and had our initial targets approved in 2023. Our initial AUM coverage represents the equity component of Absolute Return funds managed for UK-based clients. We are limiting inclusion to equity assets until we are confident in a methodology suitable for sovereign bonds, the only other asset class we invest in. Participation will be limited to this subset of clients until client and regulatory approvals allow for expanding it. By 2025 we have set an expectation that companies representing at least 70% of financed emissions in the equity component of our UK Absolute Return Funds committed to using a net zero methodology should be either aligned, aligning or engaged. We expect this threshold to be monitored and achieved on an ongoing basis, with a first checkpoint at the end of 2025. We have taken a “benchmark-relative” approach to considering portfolio financed emissions intensity, based on the MSCI All Country World Index. The emissions intensity of this benchmark is analysed in 2023 and is assumed to need to decrease by 50% by 2030 reaching net zero emissions by 2050 or sooner. Our methodology will compare the portfolio emissions intensity with a net-zero trajectory for the benchmark. This allows us to take account of the starting point of our portfolio, and whether this is below or above the economy-wide average. This produces a reference pathway for us to track progress against.

11. Escalation

Principle 11. Signatories, where necessary, escalate stewardship activities to influence issuers.

Our Approach

As outlined in response to principle 9, at Pyrford engagement with investee companies is maintained as part of a rolling programme of annual research visits. However, when a matter of concern arises ahead of a scheduled meeting a clear framework of engagement escalation will apply. Our engagement framework is provided in the table below:

Level	Comments
Level 1	Investor Relations contact through email, call or meeting.
Level 2	Divisional or executive management via call, meeting or in writing.
Level 3	Vote against relevant resolutions if presented to shareholder meetings.
Level 4	Board member contact, in writing or by call or meeting if available.
Level 5	Collaborative engagement with other shareholders.
Level 6	Sponsoring or co-sponsoring resolutions at company meetings.

Portfolio Managers responsible for our holding in an investee company will decide the speed with which engagement is escalated based on the materiality of the concern and any key dates relevant to the concern. Our framework of escalation is applied across our universe and we do not treat different geographies or sectors differently. It's worth noting that Pyrford's holdings in companies overlap across our product range and we therefore treat stewardship at a single firm level and not at a strategy level.

To facilitate escalation to levels 5 and 6 Pyrford joined The Investor Forum, a group established to facilitate dialogue between shareholders and companies in the UK. Where we find similar organisations operating overseas we will consider joining these too. More detail can be found in our response to principle 10.

Examples of recent engagements with companies are published annually in our ESG report which is available on our website or on the following link.

This year we have not had the need to escalate an engagement. However, we have an escalation policy and in order to demonstrate this, below is an example from a previous year showing how we used a combination of engagement approaches to pursue an issue with a company.

COMPANY: Home Depot

ISSUE: Social - Diversity/Forced Labour

BACKGROUND: The Home Depot Inc. is a home improvement retailer in the USA. The company's stores sell various home improvement products and building materials, lawn and garden products as well as installation and professional services to assist customers in the do it yourself or do it for me professional customers across the country.

At the 2019 annual general meeting, a shareholder proposal, asked shareholders to vote on whether or not the company should produce an annual report to shareholders on prison labour, summarizing the extent of known usage of prison labour in the company's supply chain. Pyrford supported the motion, voting against management.

In 2020, we decided to escalate the issue and engaged directly with the company on two ESG issues: (1)

diversity within the workforce and (2) reports of forced prison labour being used within the supply chain.

OUTCOME of ENGAGEMENT: In our latest engagement the company explained that there are now dedicated resources allocated to this area and that regular audits were carried out of both domestic and international suppliers to ensure that they were not using forced/prison labour. In addition, all suppliers must sign an agreement committing to not used forced labour. Whilst the sizeable vote against management did not pass, the company had clearly taken on board the views of shareholders and appear to be taking this issue seriously.

We will continue to speak with the company about these issues and the need for full detailed reporting on both workplace diversity and supply chain oversight.

12. Exercising rights and responsibilities

Principle 12. Signatories actively exercise their rights and responsibilities.

Our Approach

At Pyrford, we vote proxies at all meetings involving the companies in our portfolios.

In 2022 we voted 100% of available meetings.

We offer our clients with segregated mandates the option of providing us with their own voting guidelines. Where they do not take up that offer, we vote according to our own policy which, for full transparency, we make publicly available on our website.

Pyrford's practice in voting proxies clearly reflects the issues that we consider important in making investments. Pyrford seeks to invest in well financed companies with a strong management team and sound strategy which is capable of delivering attractive earnings and dividend growth over the long term. It is in this way that we believe our clients will achieve the best investment performance. This practice will involve the active consideration of all relevant and material factors pertaining to ESG issues.

ESG related proposals are thoroughly considered. We have regularly voted against directors whose background, independence or commitment are unsatisfactory. We also support shareholder proposals for improved ESG performance, targets or reporting where they are in the interests of all shareholders.

Proxy Voting Services

Pyrford have appointed ISS Proxy Voting Services to monitor meetings data and to produce a voting schedule based upon individual client proxy voting guidelines, or Pyrford's guidelines where a client does not provide their own. For separate accounts, custodian holdings are interfaced with ISS to ensure that all eligible proxies are voted and any discrepancies in data are investigated fully.

While we consider ISS to be providing us 'proxy adviser' service, Pyrford Portfolio Managers have the final authority to decide on how votes are cast in line with the relevant guidelines.

We do not use the default recommendation of ISS to cast our proxy.

Stock lending

Pyrford has never and has no plans to participate in stock lending on behalf of our clients. Clients may have lending arrangements directly with their custodian or a third-party. Where we own the shares in pooled Funds, we will aim to vote 100% of available shares.

Fixed Income

In addition to equities, Pyrford holds fixed income securities for multi-asset clients. This universe is limited to sovereign bonds from governments who achieve an AA or above credit rating. Today we invest in UK, US, Canadian and Australian Government debt. We do not and will not invest in corporate credit and therefore we are not in a position to influence the terms and conditions of issuances. Therefore we would not seek to amend terms and conditions in indentures or contracts.

Proxy voting portal

Pyrford has a dedicated online proxy voting portal, where for full transparency, details of how we voted on every resolution across our pooled fund range can be found. Where we have voted against management in a resolution, the reason for our decision is highlighted.

Proxy voting policy summary

- Pyrford's policy is to consider every resolution individually and to cast a proxy on each issue; the sole criterion for reaching these voting decisions being the best long term economic interests of the client.
- If the Trustees of the funds under our management direct us to vote in a particular way, we will of course implement their instructions.
- Pyrford will seek to vote on all proxies who have delegated responsibility to vote such proxies. We will only abstain on a vote where it proves impossible to obtain adequate or reliable details of the proposals to be voted on within the required time frame. This is only likely to happen in exceptional circumstances.

Key features of the proxy voting policy

It is not an exhaustive list and the test of how Pyrford should vote will remain on a case by case basis judged by overall shareholder interests.

- Proposals protecting the environment must be individually examined. Vote in support of disclosure type proposals. Vote for reports on the extent to which the company conforms with the CERES Principles.
- Individual board members should be expected to attend all board meetings and prepare in advance of the meetings. A director's continued service should be reviewed if he/she does not attend at least two thirds of board meetings.
- Vote against any compensation measures which can be construed as excessive or likely to diminish the value of the corporation
- Keep informed about corporate governance issues and manage proxy votes to protect stock ownership rights from protection
- Review the recommendations by the Audit Committee and board of directors to ensure the independence and accountability of auditors

Reporting Voting

An annual review of our sustainability related activity has been published since 2016. The latest edition is available at the following link.

In addition, Pyrford provides voting statistics and details of votes against management in client reports on a quarterly basis. We also assist our clients by completing Engagement Policy Implementation Statements for inclusion in their Trustee Report & Accounts.

Voting summary in numbers

Finally, our approach to voting is to vote all proxies in the best long term economic interest of our clients. Pyrford will only abstain on a vote, where it proves impossible to obtain adequate or reliable details of the proposals to be voted on within the required time frame. There is only one client that has a bespoke proxy voting policy, the rest of our clients are covered by Pyrford's proxy voting policy.

2022 Voting summary in numbers

Voted in 1458 resolutions across all portfolios

at 98 individual company meetings

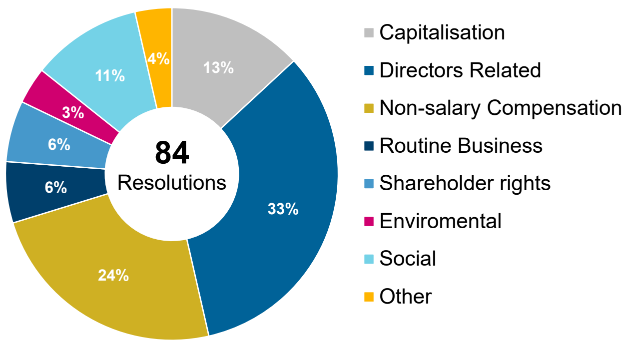
in 19 different countries

We voted 100% of meetings in 2022

In over 45% of meetings Pyrford voted against management in one or more resolution

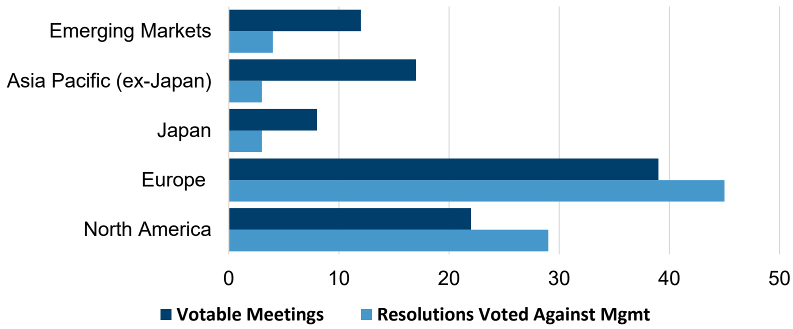
2022 voting summary in charts in 2022, we voted against management in 84 separate resolutions in 45% of the meetings voted (including votes withheld and abstained). The following charts break down those votes against management by proposal type and region:

Votes against management - proposal type



Source: Pyrford international Ltd

Votes against management - regional split



Source: Pyrford International Ltd

Case Study Examples

Below we have provided few case study examples of significant votes carried out by Pyrford in the last 12 months. We believe that all proxy votes are important and aim to vote all ballots received on behalf of our clients. All proxy votes are reviewed by our ESG Forum on a quarterly basis. Those deemed to be "significant" are where we believe the outcome could have a meaningful impact on shareholder returns over our five-year investment horizon. These could include management and board appointments and compensation, decisions affecting capital structure as well as company responses to social, environmental or competitive pressures.

COMPANY: TEXAS INSTRUMENTS INCORPORATED COUNTRY: UNITED STATES DATE: 28 APRIL 2022

ISSUE: Reduce Ownership Threshold for Shareholders to Call Special Meeting

BACKGROUND: A proposal was submitted by a shareholder requesting that the appropriate company governing documents be amended to give owners with a combined 10% of the outstanding common stock (currently 25% required) the power to call a special shareholder meeting. This would give shareholders the same power that directors currently have.

SUMMARY: By reducing the threshold to call a special meeting from 25% to 10% shareholder rights would be enhanced. Ultimately giving shareholders greater power to hold management accountable. Pyrford consider management accountability to be of the upmost importance and hence voted against the management recommendation in supporting the shareholder proposal. The shareholder proposal was not approved

COMPANY: COMFORTDELGRO CORP. LTD COUNTRY: SINGAPORE DATE: 29 APRIL 2022

ISSUE: Elect Director

BACKGROUND: ComfortDelGro is one of Asia's largest land transport operators offering public transport and taxi services. CD operates across seven countries with its main exposure being in Singapore, Australia, UK & China.

ComfortDelgro's non audit fees paid to its auditor Deliotte were deemed excessive in relation to its audit fee. Given that Chiang Chie Foo was the only member of the audit committee up for re-election Pyrford voted against the re-election.

SUMMARY: The higher non audit fees relate to advisory work for the potential listing of the Australian business. ComfortDelgro put the advisory work out for tender and Deloitte was the most cost-effective option which is why they were selected. Pyrford took the stance that Deloitte should have been excluded from the tender as the higher fees generated may take a more lenient approach to future audits. Given Chiang Chie Foo was the only member of the audit committee up for re-election, Pyrford wanted to ensure the company upheld strong governance, and voted against the re-election. The proposal was withdrawn as Mr Chiang Chie Foo had decided not to seek re-election as a director.

COMPANY: COMFORTDELGRO CORP. LTD COUNTRY: SINGAPORE DATE: 29 APRIL 2022

ISSUE: Approve Auditors and Authorize Board to Fix Their Remuneration Auditors

BACKGROUND: ComfortDelGro is one of Asia's largest land transport operators offering public transport and taxi services. CD operates across seven countries with its main exposure being in Singapore, Australia, UK & China. ComfortDelgro's auditors were up for approval at the AGM. Pyrford voted against the re-election as Deloitte had earned non-audit fees that exceeded total audit fees. Pyrford believed this may create corporate governance issues by impairing the quality of future audits.

SUMMARY: ComfortDelgro put out to tender advisory work for the listing of their Australian operations. Deloitte ranked first in terms of cost which is why they were selected. Pyrford believes that Deloitte should have been excluded from the tender as it raises the potential for future corporate governance issues for future audits. The outcome led to the proposal not being approved.

COMPANY: BP PLC COUNTRY: UNITED KINGDOM DATE: 12 MAY 2022

ISSUE: Approve Shareholder Resolution on Climate Change Targets

BACKGROUND: BP is a global oil and gas exploration and production company. The need for an Energy Transition away from carbon based energy sources has posed difficult questions for all companies in this sector. As the evidence that the planet is warming increases, the need for action becomes more pressing and the more Energy company strategies will come under scrutiny.

The shareholder resolution in question was tabled by a consortium of shareholders that wanted BP to publish more targets that would further align the company's goals with the Paris Climate Agreement, an international treaty designed to tackle the issue of climate change.

SUMMARY: Pyrford voted Against the motion, in line with the Board's recommendation. Pyrford recognises the need of Energy companies to adapt their business model to a landscape where the full costs of carbon emissions could become apparent in the form of explicit carbon pricing and stranded assets.

However, despite the prudent motivations behind the resolution, it was noted that the company already has explicitly committed to a range of climate related ambitions that already covers the requests being made by the shareholder consortium. These include the expectation that hydrocarbon production will be 40% lower by 2030 versus 2019 and a target to achieve net zero by 2050. Agreeing to sanction another raft of climate related goals appeared superfluous and ran the risk of diluting the clear strategic direction of travel that had already been set out by the company. This is a direction that has already been supported by Board sponsored AGM resolutions in the past.

The resolution has been designated "Significant" because the potential for the proposed resolution to disrupt the company's current energy transition strategy could have material repercussions for the operational and financial performance of BP. The shareholder proposal did not pass.

COMPANY: MITSUBISHI ELECTRIC CORP COUNTRY: JAPAN DATE: 29 JUNE 2022

ISSUE: Elect Director

BACKGROUND: Mitsubishi Electric is a large industrial conglomerate with a particular strength in energy efficient motors and turbines. The group's operations span many product areas several of which are integral to the energy transition and efficient power usage. Key growth products include:

- Factory automation equipment
- Automotive parts for electric & automated vehicles
- Air conditioning units and heat pumps
- Energy efficient elevators
- Next generation power semiconductors

In June 2021 the company announced that an investigation had uncovered that some inspection data had been falsified for certain train air conditioning products and that procedural problems may go as far back as the 1980s. Subsequent investigations have revealed a culture of improper inspection procedures for other products and a companywide investigation was launched and has recently been concluded.

The previous CEO took responsibility for the issue and resigned, to be replaced by Kei Uruma. ISS recommend voting against the reappointment of Mr Uruma as they were of the opinion that he should take ultimate responsibility for the test data incidents. He has been a long-time executive, who joined the company in 1982, became an executive officer in 2017, and joined the board in 2020. His responsibilities included corporate strategic planning, and operations of associated companies. Before becoming President and CEO in July 2021, he was Chief Strategy Officer.

SUMMARY: Whilst we have some sympathy with the rational of ISS we believe that some level of continuity was required in order for the company to successfully implement many of suggestion made by the investigative committee set up following the incidents. Indeed, following various conversations with management, we are of the opinion that the company will be able to move forward from this incident with a much improve quality assurance regime.

Where we are more disappointed in management is a lack of concreate actions to address some of the wider structural issues holding back profitability at Mitsubishi Electric. The data falsification issue was an opportunity to promote greater restructuring at the company, yet so far CEO Urma has made few moves which convey a drive to significantly change the status quo at the company.

The group has many world class businesses with strong medium term growth prospects but equally the conglomerate structure incorporates many low margin, mature businesses. The group also suffers from a "silo" culture, with poor integration between divisions.

Mr Uruma has vocalised his intention to address many of these issues but at the time of voting few notable steps had been taken. We therefore voted against management in order to convey the urgency with which we expect the company to pursue a more efficient structure.

Proposal approved by 58.46%.

Contacts

We hope readers find our response to the 2022 UK Stewardship Code useful. If you would like to discuss any of the items contained within, please feel free contact us directly:

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