Engagement Policy Implementation Statement

Laurel Pub Pension Scheme

29 February 2024

Introduction

The Directors of the Laurel Pension Trustee Company Limited (the "Trustee") are obliged, acting in their capacity as Trustee of the Laurel Pub Pension Scheme (the 'Scheme), to prepare a yearly statement setting out how they have complied with the Statement of Investment Principles (the 'SIP'), including:

- A description of any amendments to the SIP during the period covered by the statement.
- How and the extent to which, in the opinion of the Trustee, compliance with the SIP has been achieved.
- How the Trustee has demonstrated good stewardship over investments, which includes:
    - a description of how, and the extent to which, policies on investment rights (including voting) and engagement described within the SIP have been complied with;
    - a description of voting behaviour made by or on behalf of the Trustee; and
    - a statement on any use of the services of a proxy voter.

This statement relates to the period from 1st March 2023 to 29th February 2024 (the 'reporting period'), and has been prepared in accordance with regulatory requirements and guidance published by the Pensions Regulator. This statement is based on the SIP that applied during the period, the latest of which is available at the following link: http://www.stonegategroup.co.uk/laurel-pub-pension-scheme/.

The Scheme is a trust-based defined benefit plan with no formal defined contribution section. However, the Scheme does hold money purchase benefits in relation to the historic transfers into the Scheme for a small group of members. There are also money purchase Additional Voluntary Contributions ("AVCs") provided by the Scheme for members who have historically paid AVCs into the Scheme. At the date of the SIP, these members' AVCs are invested in funds managed by Scottish Widows Investment Management (UK) Limited and/or Utmost. These funds include a Lifestyle Strategy. This initially invests in the Scottish Widows Consensus Fund and then gradually switches into the Scottish Widows UK Conventional Gilts Over 15 Years Index Fund once the member is 5-years from retirement so that the member is fully invested in this fund at normal retirement age.

Amendments to SIP

During the reporting period, the Trustee implemented the outcome of a funding and investment review undertaken in collaboration with its professional advisors and the Employer. This resulted in amending the investment strategy to reduce risk and target returns of Gilts + 1.0% p.a. (previously Gilts + 1.6% p.a.). A new SIP was adopted with effect from 11 April 2023, replacing the previous SIP dated 5 January 2022.

After the reporting period, the Trustee implemented the outcome of a further funding and investment review that was undertaken by the Trustee in December 2023 in collaboration with its professional advisors and the Employer. This resulted in a further reduction to the target return from Gilts + 1.0% p.a. to Gilts + 0.8% p.a. A new SIP was adopted to reflect these changes with effect from 4 March 2024, replacing the previous SIP dated 11 April 2023.

Compliance with SIP

The Trustee monitors compliance with the SIP annually, and obtains confirmation from its fiduciary manager, Van Lanschot Kempen Investment Management (VLK), and other advisors that they have complied with the relevant SIP insofar as is reasonably practicable and that in exercising any discretion they have done so in accordance with Occupational Pension Schemes Regulations.

In particular, the Trustee received periodic investment reports and investment updates from VLK that provide:

- details of the asset allocation, and whether the allocations are consistent with the investment policies specified in the SIP;
- details of the value of the Scheme's investments, and the estimated value of the liabilities from which an estimated funding level can be determined;
- progress of the funding level with respect to funding targets;
- details of the performance of the individual investments, including relative to a benchmark;
- details of the performance of the total investments, including relative to the target return and investment objectives;
- details of the hedging of the interest rate and inflation risks associated with the liabilities, and whether the hedging is working as expected, and compliant with the bandwidths specified in the SIP;
- details of the investment risk of the underlying investments, and the change in the total investment risk over time;
- the responsible investment characteristics of the underlying investments; and
- details of the engagement behaviour of both VLK and the underlying investment managers they appoint on behalf of the Trustee, including their voting behaviour.

The Trustee has reviewed the information provided by VLK and its other advisors, and is satisfied that the policies set out in the SIP have been followed, including for:

- investing the assets according to the investment policy and the investment strategy advised and implemented by VLK;
- choosing suitable investments to achieve the right balance between risk and return, so as to ensure the security, quality, liquidity and profitability of the Scheme's assets;
- managing the key risks of the Scheme appropriately;
- monitoring the underlying managers of the investments, and the performance of those managers relative to the objectives;
- managing ESG risks (financially material considerations) appropriately (note that non-financial matters, such as member views, are not taken into consideration); and
- exercising of the rights (including voting rights) attaching to investments.

A summary of the engagement behaviour of both VLK and the underlying investment managers they appoint on the Trustee's behalf is provided in the sections below. This includes information on voting behaviour, and votes considered significant by each of the investment managers. The Trustee has no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are all reasonable and appropriate.

Stewardship – VLK monitoring and engagement behaviour

Background

The Trustee does not monitor or engage directly with issuers of, or holders of, debt or equity, but instead delegates this activity to VLK and to the underlying asset managers appointed by VLK. The Trustee expects VLK to undertake regular monitoring and engagement in line with its own corporate governance policies, taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The remainder of this document provides insights into VLK's responsible investment and engagement activities, which have directly and indirectly helped the Trustee with their stewardship responsibilities.

VLK expects the underlying asset managers they select to exercise rights attached to their investments, including voting rights, and to engage with issuers of debt and equity and other relevant persons about matters such as performance, strategy, management of actual or potential conflicts of interest, and environmental, social and governance ('ESG') considerations. ESG criteria are a set of non-financial indicators relating to a company's operations that are used by investors to evaluate corporate behaviour and to determine how it may impact the future financial performance of companies. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

There are several levels of engagement at VLK: they engage with the asset managers they appoint, with companies they invest in directly (e.g. within VLK products), and via collaborative engagement with industry stakeholders, such as regulators, industry initiatives, benchmark providers, and peers.

The Trustee relies on Scottish Widows Investment Management (UK) Limited and Utmost for engagement with issuers or other holders of debt and equity in relation to the AVCs. The latest AVC review was carried out in June 2024.

VLK monitoring of asset managers

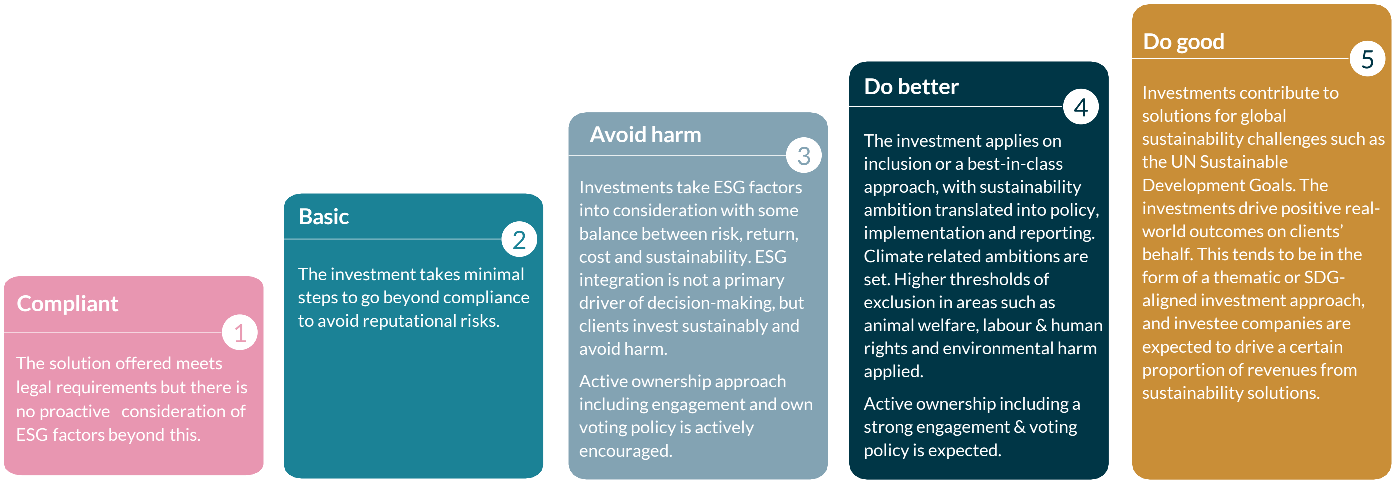
Whilst VLK has limited influence over an asset manager's investment practices where assets are held in pooled funds, it has, throughout the last 12 months, encouraged its chosen managers to improve their own stewardship and engagement practices, and consider ESG factors and their associated risks. VLK uses the following methodology to monitor and engage with the underlying asset managers:

- ESG criteria are assessed based on international conventions and initiatives, such as the UN Global Compact and the Principles for Responsible Investment (PRI);

- All managers are screened against ESG criteria before inclusion in VLK's approved manager list. For example:
    - does the manager have a responsible investment (RI) policy;
    - is the manager open for a dialogue on ESG criteria; and
    - does the manager have exposure to companies that are on VLK's exclusion & avoidance list?

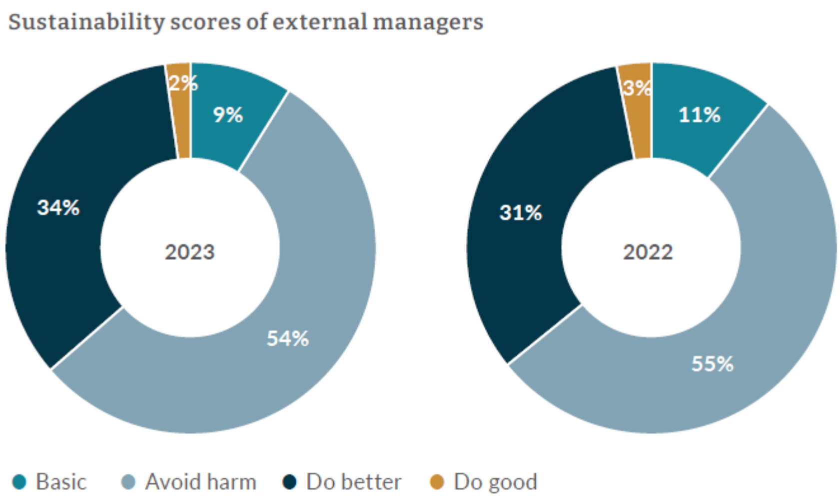
- All managers are reviewed against ESG criteria on an ongoing basis. For example:
    - do responsible investing considerations continue to be integrated into their investment process;
    - is the manager making progress;
    - is the manager well informed and up-to-speed on ESG criteria and initiatives; and
    - is there periodic screening of all the underlying equity and debt securities held by managers within their investment products, to check for exclusion candidates?

VLK have created a proprietary scoring framework (the Sustainability Spectrum) to evaluate how asset managers integrate various ESG factors into their investment products and processes. Within this framework, asset managers and their products are classified into one of five different levels: Compliant (level 1), Basic (level 2), Avoid harm (level 3), Do better (level 4), Do good (level 5).



Scoring listed funds

Over 2023 VLK have continued to apply this scoring methodology to rate the ESG characteristics of the underlying managers and investment products used within client strategies. Out of 600 listed funds that VLK had scored by the end of 2023, as a percentage of scored assets under management, 9% of the funds scored 'Basic', 54% scored 'Avoid harm', 34% scored 'Do better' and 2% scored 'Do good'. Close to 1% could not be scored due to absent data.



VLK do not proactively offer Compliant or Basic products to their clients. Those products that scored within these categories were either legacy products that have been adopted from clients transitioning to VLK's fiduciary solution, or older products (including some in passively managed solutions) which VLK are in the process of replacing with more sustainable investment products.

Scoring alternative funds

In 2023, VLK continued to assess funds in private markets and alternative asset classes. Although the ESG scores are not completely aligned with the listed asset classes mentioned above, they do give a good indication about the sustainability approach of the underlying managers. In 2023, 78 of these funds have been assessed on sustainability, of which 10 scored 'Basic'; 35 scored 'Avoid harm'; 20 scored 'Do better'; and 13 scored 'Do good'. The scores of Basic is not unexpected, as it has historically been more challenging to apply sustainability to alternative funds than to listed / traditional investment funds.

VLK highlights

During 2023, VLK have:

- Regularly encouraged the managers they work with to apply responsible investment policies and engage themselves into dialogue with the companies they are investing in. VLK engaged with over 200 managers on over 600 products regarding sustainability and stewardship;
- Researched over 300 sustainability focused products across all asset classes;
- Approved 12 new strategies with the highest sustainability rating ('Do good') for use in client portfolios;
- Rejected or downgraded 25 strategies based significantly on sustainability concerns;
- Introduced minimum standards on climate, modern slavery and engagement reporting for asset managers;
- Collaborated with an external asset manager to integrate responsible investment into their listed real estate benchmark via inclusion of best-in-class selection of companies with high (MSCI) sustainability scores;
- Assessed a range of funds and indices that VLK use to target Sustainable Investment Goals (SDGs). Together with their clients, VLK determined whether these indices have met expectations and what gains they have generated in the sustainability arena;
- Made good progress with cutting VLK's own carbon emissions by 42% per full time employee (compared to 2019 baseline);
- Set more ambitious targets to decrease VLK's carbon footprint and to reduce carbon emissions via their discretionary assets under management - Climate strategy & action plan;
- Continued to put most of their efforts into the energy transition – focusing in particular on their role as active owner, engaging on carbon emissions. VLK have also made strides in the food transition – particularly through the lens of preserving biodiversity and soil health. They did this by, among other things, putting in place an investment framework for biodiversity and engaging on this theme;
- Joined Nature Action 100, a newly created collaborative engagement initiative, where VLK are a participating investor in engagements with Novo Nordisk and Sysco Corporation;
- Continued their involvement in industry initiatives, as members of PRI, GIIN (the Global Impact Investing Network), and ICGN (the International Corporate Governance Network); and
- Remained signatories to the Dutch and UK Stewardship Codes.

Below are some engagement examples to demonstrate how VLK are monitoring and engaging with underlying managers with respect to stewardship and ESG criteria.

Engagement topic	Engagement on credit funds to be aligned with the 1.5°C goal of the Paris Agreement
Manager	Insight Investment Management
Funds / mandates involved	Maturing Buy & Maintain Credit Funds
Reason for engagement	VLK has an ambition that liquid, listed funds used in client portfolios will be Paris Aligned by 2025. Considerable work had already been done with equity funds, but investment grade credit is a core and growing part of client portfolios and therefore engaging with their corporate bond managers on this topic was key.
Summary of discussion with manager	Many of VLK's fiduciary management client portfolios are better funded today, and subsequently corporate bonds constitute a growing allocation within their lower risk investment portfolios. VLK therefore undertook a market review to understand which investment manager could deliver both on achieving the required investment objective, whilst also having a credible process to be Paris Aligned by 2025. Insight has been VLK's chosen manager for buy-and-maintain credit for over 5 years. Having spoken to a range of different credit managers on how they were approaching net zero in corporate bond portfolios, VLK were keen to partner with Insight to find a solution that was in line with their investment process but was also in line with VLK's climate requirements. Following discussions, it was agreed that a framework from the Institutional Investors Group on Climate Change (IIGCC) would be adopted. IIGCC is an industry-wide body that aims to support and enable the investment community in driving significant and real progress to Net Zero. The IIGCCs Paris Aligned Investment Initiative (PAII) looks at how investors can align portfolios to the goals of the Paris Agreement. Insight initially proposed launching a new fund specifically for VLK that would use this framework. However, VLK were insistent that this should be implemented in the flagship funds so that their clients would benefit from the wider liquidity, and also because they felt the wider industry would benefit from this change.
Conclusion	Insight implemented the Paris Alignment process within their flagship buy-and-maintain portfolios. They are now working to remove corporate issuers who are either "not committed" or "not rated" in their fund ahead of 2025.
Next steps	VLK to engage with other bond managers on how they can incorporate this framework into their portfolios.

Engagement type	Engagement on ESG indices and potential fund alternatives
Manager	Legal & General Investment Management
Funds/mandates involved	Defensive Synthetic Equity Fund
Reason for engagement	Evaluating the possibility to move from non-ESG screened indices based approach to ESG screened indices. At the time of launch, liquidity in the ESG screened indices futures was insufficient.
Summary of discussion with manager	The fund's equity exposure is based on a basket of futures, namely 70% S&P 500 and 30% EURO STOXX 50. This means the fund does not incorporate any of the VLK exclusion listed companies and is a reason why the fund scored a 2 (Basic) on VLK's Sustainability Spectrum . At the time of launch (Q4 2021), liquidity of the futures on the ESG screened S&P 500 and EURO STOXX 50 indices was insufficient. In Q2 2023 VLK revisited the conversation with LGIM and reconvened again in September 2023 to discuss the outcome. The most liquid ESG futures are the S&P 500 ESG and the STOXX Europe 600 ESG-X (the comparison EURO STOXX 50 vs STOXX Europe 600 ESG-X is not a like-for-like comparison, but the best comparison for this analysis). The analysis showed that only a very tiny fraction of contracts and exposure in the ESG screened indices was traded compared to the non-ESG screened indices. In the case of the S&P 500 0.025% of contracts and 0.02% of exposure, and in the case of the STOXX indices 1% of contracts and 0.4% of exposure. The substantially lower level of liquidity translates, according to LGIM, to an anticipated increase in implicit costs which would range from 2.5 basis points to 15 basis points (6x). Despite the relatively low level of liquidity in the ESG screened index futures, LGIM has still observed an improvement compared to when this was first discussed in 2021. This makes LGIM optimistic that liquidity will increase further and a shift to the ESG-screened indices should be re-evaluated again in the coming years.
Conclusion	The insufficient improvement of liquidity in the ESG-screened index futures would result in a substantial increase in costs. VLK have therefore concluded LGIM should not be changing the underlying index for the fund in question.
Next steps	VLK and LGIM agreed to repeat the analysis in the coming years in order to re-evaluate.

Stewardship – asset manager voting and engagement behaviour

The Shareholder Rights Directive (SRD II) and The UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest, and stress the importance of exercising shareholder voting rights effectively.

Via VLK's monitoring and engagement activities, the Trustee encourages all its asset managers to be engaged investors, and furthermore encourages the managers to report on these activities and to disclose information about responsible investing on their website and in their reporting.

The assets are invested in a diverse range of asset classes, however the intention of this section of the statement is to provide specific details of the voting and engagement behaviour of the equity managers who manage equity investments which have voting rights attached, as well as the engagement behaviour of the fixed income corporate bond managers. Alternative assets and government bonds are excluded.

While managers may have used proxy voters, the Trustee has not used proxy voting services themselves during the last 12 months.

EQUITY MANAGERS' RESPONSE

The Scheme had no exposures to traditional listed equity funds over the reporting period. As a result, there is no information to display here.

Insight Investment Management - Maturing Buy and Maintain Bond Fund 2021-2025

Voting Statistics:	
Fund / Mandate Information	
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQW74
Question	**Response**
How many entities did you engage with over the last 12 months?	571
How many entities did you engage with over the last 12 months which were relevant to this strategy?	29
How many engagements were initiated over the last 12 months?	2521 total engagements (over 850 separate engagement meetings)
How many engagements were initiated over the last 12 months which were relevant to this strategy?	67
Number of ESG related engagements by theme (relevant to this strategy):	
Environment - Climate change	23
Environment - Natural resource	7
Environment – Pollution and waste	1
Governance - Board effectiveness	3
Governance - Remuneration	4
Governance - Shareholder rights	2
Social - Conduct, culture and ethics	6
Social - Human capital management	6
Other	8
Note: One engagement may cover multiple themes	

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2021-2025

Name of entity you engaged	Rolls-Royce Holdings plc – Q4 2023
Topic / Theme of the engagement	Environment - Climate change
Rationale for the engagement	Rolls-Royce (RR) is a leading global manufacturer of aero-engines, gas turbines and reciprocating engines. This engagement was a follow up to discuss historic bribery issues and carbon emissions progress but also to engage on new topics around labour management, policy and lobbying. This engagement is aligned to Sustainable Development Goal (SDG) 8 Decent Work and Economic Growth, SDG 9 Industry, Innovation and Infrastructure and SDG 13 Climate Action.
What has been done	RR has shown progress where it relates to legacy business ethics/ bribery cases but concerns around labour management due to headcount reductions as a result of COVID and planned efficiencies in coming years warrant this 1:1 engagement that was conducted in collaboration with Climate Action 100+. RR's activity levels have increased and headcount is starting to grow again but new management have outlined plans to boost profitability by reducing headcount by 2-2.5k out of a total workforce of 40k, whilst avoiding compulsory redundancy by actively engaging with unions. RR is also continuing with programmes to boost diversity across their ranks. RR has set a long-term net zero target but acknowledges the lack of short-term targets. The Company flags that climate metrics are baked into executive remuneration, where plans include establishing RR as a climate enabler with their fleet being compatible with sustainable aviation fuel with increased Research & Development spend to support this. Concerns were also raised with regards to their trade/ lobbying group associations and their associated climate objectives.
Outcomes and next steps	RR conducted an extensive review of their trade / lobbying group associations, which they found to be broadly aligned with their climate objectives. Given the sensitive nature of some of the end markets, trade body activity can be opaque. Insight have encouraged greater disclosure around membership so third-party verification of alignment with climate objectives can be undertaken. Insight will continue to monitor and advocate for more transparency. The Company also evidenced controls that have since been put in place to guard against historic bribery issues reoccurring that Insight were broadly satisfied with, reducing the risk associated with this issue from a credit quality perspective at present.

Insight Investment Management - Maturing Buy and Maintain Bond Fund 2026-2030

Voting Statistics:

Fund / Mandate Information	
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGR021
Question	**Response**
How many entities did you engage with over the last 12 months?	571
How many entities did you engage with over the last 12 months which were relevant to this strategy?	51
How many engagements were initiated over the last 12 months?	2521 total engagements (over 850 separate engagement meetings)
How many engagements were initiated over the last 12 months which were relevant to this strategy?	102
Number of ESG related engagements by theme (relevant to this strategy):	
Environment - Climate change	41
Environment - Natural resource	11
Environment – Pollution and waste	4
Governance - Board effectiveness	6
Governance - Remuneration	6
Governance - Shareholder rights	2
Social - Conduct, culture and ethics	9
Social - Human capital management	11
Other	20
Note: One engagement may cover multiple themes	

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2026-2030

Name of entity you engaged	NatWest Group plc - Q1 2024
Topic / Theme of the engagement	Environment - Climate change. Social - Human and labour rights
Rationale for the engagement	The issuer is a major retail and commercial bank with operations in the UK. The issuer maintains a leading position in financing environmental impact but it has had a number of governance controversies, including the recent departure of its CEO and Chairman due to the de-banking scandal (where bank accounts were abruptly closed). The issuer's continued investment to maintain its leadership position in climate strategy is contingent on the new CEO's position on ESG, which remains unclear. NatWest registered an increase in climate and sustainable funding and financing year-on-year from £24.5bn (2022) to £29.3bn (2023). This engagement is aligned to Sustainable Development Goal (SDG) 10 reduced inequalities and SDG 13 climate action.
What has been done	The Company's focus on ESG was in part accelerated by its former CEO and saw strong targets being set, reporting of financed emissions for its material sectors and strong fossil fuel financing policies being introduced. It also provided an estimate of its facilitated emissions for the first time. The issuer retains a green rating for its green bonds under our proprietary impact bond assessment framework due to strong ESG performance with well-defined use-of-proceeds categories that are likely to have a positive impact. Human rights are an increasing area of focus for the issuer as evidenced by its publishing of its salient human rights issues as part of its UN Guiding Principles Reporting responsibilities. The issuer expects to improve on its score under the next Banktrack global human rights assessment in 2024 from their current 4.5/14 ("Follower" rating). Of 50 banks assessed, 28 are followers, 12 are front runners with scores between 7-9, with no leaders. The issuer has a special focus on modern slavery and has been accredited as a global living wage employer. During 2023, it developed a standalone Environmental, Social and Ethical (ESE) Human Rights Risk Acceptance Criteria (RAC) which applies requirements around human rights due diligence to additional sectors with heighted human rights risk not already covered by an ESE RAC. This includes a sustainability questionnaire, escalation process, considers supply chain, European regulation Corporate Sustainability Due Diligence Directive (CSDDD) and identification of best practice examples. Work continues on carbon pathway models. They are cognisant of Scope 3 finance emissions that are likely to increase for activities enabling the net-zero transition. This is driving their purchase of carbon offsets and credits and training of frontline bankers and relationship managers via a partnership with Edinburgh University and sectoral deep dives. They also engage with politicians and other banks on the transition, but recognise the limitations of current metrics (e.g., EPCs). They have also appointed their first Head of Nature but they are not ready to report against TNFD.
Outcomes and next steps	Insight continue to monitor the issuer, and reissued the counterparty engagement programme questionnaire in early 2024 which explores the themes discussed above in more detail.

Insight Investment Management - Maturing Buy and Maintain Bond Fund 2041-2045

Voting Statistics:	
Fund / Mandate Information	
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQZ06
Question	Response
How many entities did you engage with over the last 12 months?	571
How many entities did you engage with over the last 12 months which were relevant to this strategy?	34
How many engagements were initiated over the last 12 months?	2521 total engagements (over 850 separate engagement meetings)
How many engagements were initiated over the last 12 months which were relevant to this strategy?	72
Number of ESG related engagements by theme (relevant to this strategy):	
Environment - Climate change	33
Environment - Natural resource	8
Environment – Pollution and waste	4
Governance - Board effectiveness	12
Governance - Remuneration	6
Governance - Shareholder rights	2
Social - Conduct, culture and ethics	5
Social - Human capital management	7
Other	11
Note: One engagement may cover multiple themes	

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2041-2045

Name of entity you engaged	Citigroup - Q3 2023
Topic / Theme of the engagement	Environment – climate change
Rationale for the engagement	Citi is a US diversified financial services company that serves consumer and corporate customers. Citi scores highest amongst its US peers in terms of ESG and may be considered progressive on ESG matters in its home market. It has improved on its social score given improvements to its ESG-linked remuneration and diversity since their responses to Insight's counterparty engagement questionnaire. This engagement is aligned to Sustainable Development Goal (SDG) 5 Gender Equality, SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities and SDG 13 Climate Action.
What has been done	Citi has been a first mover in reporting financed emissions for key material sectors. It has set absolute targets to reduce emissions and intensity targets for specific sectors, though Insight have requested clarification around their rationale for setting intensity targets. Insight welcome their reporting across both committed and drawn exposures, which improves transparency. It is the first US bank to announce a partial coal phase-out and confirmed plans to reduce its credit exposure to such companies by 50% by 2023 and to 0 by 2030. At present, it still finances the development of new mines (e.g., Glencore, Adani). Citi has in place, some of the strongest requirements for customers relating to biodiversity in the US tied to Roundtable for Sustainable Palm Oil membership and certification requirements for those wishing to become / remain clients of Citi. It has one of the largest commitments of $1tr by 2030 to sustainable financing. This is largely resulting from its issuance of impact bonds. Insight provided recommendations to improve their framework. Citi has been progressive amongst US peers in setting diversity targets in regions ex-US, led by a strong, independent board but has work to do in improving representation by female, Black colleagues in light of its higher than average turnover rate.
Outcomes and next steps	Citi is expected to report facilitated emissions when the Partnership for Carbon Accounting Financials standard is launched. Insight has recommended that Citi improve their fossil fuel financing policy to be comparable with their European peers given they are still one of the largest financiers of fossil fuels and continue to get pressure from the German government to finance the German company RWE, despite its plans to expand coal production. They are cognisant of the challenges in navigating the political agenda around ESG but are using the opportunity to clarify their focus and navigate different client preferences under global policies by highlighting different elements of the policy in different regions, which has raised concerns around possible greenwashing. Insight continues to monitor progress on the areas discussed.

Insight Investment Management - Maturing Buy and Maintain Bond Fund 2046-2050

Voting Statistics:	
Fund / Mandate Information	
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BK1MB907
Question	Response
How many entities did you engage with over the last 12 months?	571
How many entities did you engage with over the last 12 months which were relevant to this strategy?	29
How many engagements were initiated over the last 12 months?	2521 total engagements (over 850 separate engagement meetings)
How many engagements were initiated over the last 12 months which were relevant to this strategy?	51
Number of ESG related engagements by theme (relevant to this strategy):	
Environment - Climate change	28
Environment - Natural resource	2
Governance - Board effectiveness	5
Governance - Remuneration	5
Governance - Shareholder rights	2
Social - Conduct, culture and ethics	5
Social - Human capital management	8
Other (includes environmental, social and governance controversies)	7
Note: One engagement may cover multiple themes	

Name of entity you engaged	Crédit Agricole - Q3 2023
Topic / Theme of the engagement	Environment - Climate change
Rationale for the engagement	Crédit Agricole (CA) is a French international banking group and the world's largest cooperative financial institution offering banking and insurance services. This engagement was identified as part of Insight's counterparty engagement programme. CA's ESG disclosures are poor despite fairly strong policies. Insight engaged with the objective of improving their disclosures and policies. This engagement is aligned to Sustainable Development Goal (SDG) 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action.
What has been done	Despite being a first mover on coal and having strong policies, CA was reported to have the highest amount of fossil fuel financing amongst its European peers. CA has committed to ceasing project financing directly related to unconventional hydrocarbons extraction as of January 2022 and exclude direct financing of oil and gas projects in the Arctic zone in their annual report but have yet to reflect this in their policies. Its commitments to reduce absolute financed emissions by 30% for oil and gas clients is progressive but could go further to target reduction of exposure to oil and gas. Insight believe that they should also provide clearer reports on their client transition plan assessments and carbon impact of new loans. They are not reporting facilitated emissions as they believe this is not their responsibility as bookrunners (issuers and investors are responsible) but Insight think this overlooks the role they play in advising issuers, which plays a key aspect in reducing global emissions. Their green bond framework was discussed and Insight recommended including maximum lookback periods. Their biodiversity policy is lagging peers given agriculture (and therefore biodiversity) is the 3rd highest sector that CA reports financed emissions for and is therefore a key risk in its financing. There is strong board-level diversity and a long-term incentive plan (LTIP) in place but more transparency around the ESG metrics used to determine LTIP allocations should be disclosed. They have set targets to increase their international workforce from 35% to 40% and are expecting their human capital score from MSCI to improve in time when their 2022 reporting is taken into consideration.
Outcomes and next steps	CA is fairly progressive with regards to their environmental policies, ESG strategy and approach but its lengthy and unclear reporting approach (e.g., their TCFD report is embedded within their Universal Registration Document and sector-based targets for agriculture, aviation, residential real estate, shipping and steel are expected towards the end of 2023, alongside targets for oil and gas, power, auto, commercial real estate and cement – though these numbers do not always reconcile) has cost it to score poorly in our Net Zero model ('committed'), falling short on targets, disclosure and decarbonisation strategy. Insight followed up over several emails following the meeting and will continue to engage with CA.