LGT CAPITAL PARTNERS

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Active Ownership Report 2023

LGT Capital Partners Sustainable Equities and Fixed Income

"Engagement is an active dialogue that allows us to drive positive change on E, S and G matters and to achieve our goal of net zero by 2050, or sooner, in a responsible way."

Tycho Sneyers, Managing Partner

Introduction: Active ownership – an integral part of our holistic approach to ESG integration

Active ownership is a key component of LGT Capital Partners' investment approach for our sustainable equity and fixed income strategies. It represents one of four pillars in our holistic approach to integrate environmental, social and governance (ESG) considerations into the investment process. We believe that we have a responsibility as a sustainable investor to use our position to try to influence the behavior of companies and to motivate them to act in the best interests of society, investors and other relevant stakeholders.

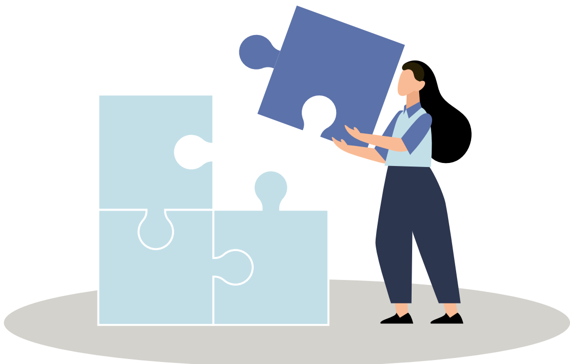
In line with our investment philosophy, our engagement activities are conducted by sector specialists within the Sustainable Equity and Fixed Income investment teams. We believe that this combined assessment model provides our analysts with a holistic view and gives them a deep understanding of risks and opportunities for investee companies. The Sustainable Equity and Fixed Income investment teams have been managing sustainable strategies since 2009. Engaging in dialogue with companies on ESG matters has therefore been an integral part of the investment process for more than a decade. To enable us to better consolidate and track engagement activities, we integrated a proprietary engagement tool into the teams' research platform in 2020. As our tools and processes evolve, we are continuing to enhance the ways in which we conduct and monitor engagement. Our engagement efforts today have an outcome-oriented focus that is both measurable and traceable.

In this publication, we report on the active ownership activities carried out by LGT Capital Partners' Sustainable Equity and Fixed Income investment teams on behalf of investors during 2023. Our active ownership policy can be found here.

Holistic approach: Active ownership–one pillar of our ESG activities

Exclusions
- Activity based: Exclusion of certain harmful sectors
- Conduct based: Exclusion of UN Global Compact violators
- Worst-in-class (exclusion of 4th quartile)

Active ownership
- Proactive dialogue with companies
- Reactive engagement
- Collaborative initiatives
- Proxy voting
- Green and social financing



Integrating ESG factors
- Quantitative and qualitative assessment
- Combining business operations and product/service impacts
- Integration of controversies and negative news flow

Measuring and impact
- Environmental footprint
- ESG scores
- CO_2 attribution
- SDG measurements
- Net zero commitment
- Benchmark comparison

Our approach to active ownership for our sustainable equity and fixed income strategies

Our different active ownership activities include:

- Direct dialogue with companies
  - Proactive engagement to drive positive change and measurable outcomes
  - Research-related engagement
- Reactive engagement
  - Systematic monitoring of news flow on investee companies
- Investor collaboration
- Green and social financing engagements in fixed income investments
- Proxy voting in equity investments
- Engagement selection process
- Escalation process

Direct dialogue with companies: proactive and research-related engagement

As part of the initial and ongoing ESG assessment, sector specialists cultivate an ongoing dialogue with companies within LGT Capital Partners' sustainable universe. This dialogue allows us to discuss the firms' current ESG efforts and to seek to drive positive change in areas with scope for improvement. We may at times be invested in companies that do not perform well in certain ESG aspects but are on track to implement changes in order to improve. In these cases, engagement is key to gain a better understanding of the processes implemented and to identify measurable progress. Research-related engagement gives companies the opportunity to provide further clarification and insight into their ESG practices and ambitions.

Our increased understanding and knowledge of the ESG practices of companies or issuers allow us to identify areas for improvement and to carry out objective-oriented engagements with companies to improve or scale up their efforts on ESG aspects

Reactive engagement through systematic monitoring

We systematically monitor the companies held in our portfolios and recommendation lists based on their ESG score and negative news flow. Data provided by RepRisk – which continuously screens over 100,000 publication channels in 23 languages worldwide – allows us to identify any negative developments in a timely manner. This enables us to focus on specific, relevant issues for reactive engagement. In our reactive engagements, we request clarification of the controversy that was flagged and, if the alleged issue is confirmed to exist, we seek to understand how the company will address that issue, put measures in place and take action to avoid the risk of the issue reoccurring.

Investor collaboration

Over the last two years, LGT Capital Partners made increasing efforts to join collaborative engagement initiatives to work alongside other investors in cases where our engagement objectives are aligned and we believe there is a higher probability of achieving a positive result through such collective efforts. Further details about our collaborative engagement efforts can be found below and in the chapter Engagement examples.

Collaborative engagements ongoing in 2023

Environmental Social Governance

In 2022, LGT Capital Partners joined a collaborative effort of Climate Action 100+, with the aim of ensuring the world's largest corporate greenhouse gas (GHG) emitters take necessary action on climate change. We act as a collaborator in the engagement for Paccar, with a focus on fleet electrification and climate policy engagement.

Environmental Social Governance

In 2023, LGT CP joined engagement groups for Danone, Kellanova and L'Oréal as part of Nature Action 100, a new global engagement initiative with a focus on setting clear expectations and driving urgent action on nature-related risks and dependencies in key sectors that are deemed to be systematically important in reversing nature and biodiversity loss by 2030.

Environmental Social Governance

In 2023, LGT Capital Partners joined the Net Zero Engagement Initiative (NZEI), launched by the Institutional Investors Group on Climate Change (IIGCC). Focus is on fostering credible corporate net zero transitions plans. We are taking a lead engagement role with Geberit and Knorr-Bremse.

Environmental Social Governance

In 2023, we also joined PRI Advance, the largest social stewardship initiative to date, with a focus on human rights and social issues. We have signed up to it as an endorser and are currently on the waiting list for our chosen engagement companies. We expect new company engagements to become available in 2024.

Fixed income green and social financing engagement

Green, social and sustainable bonds have a significant role to play in the urgently needed climate transition and social transition. According to the World Economic Forum, annual investments of USD 4–5 trillion per year will be required by 2030 to finance global clean energy solutions. While the use-of-proceeds bond issuance market is growing rapidly, impact finance flows still appear to be far below the level needed to achieve the goals of the Paris Agreement. Use-of-proceeds bond issuance peaked in 2021 at USD 1,054 billion but has since fallen to USD 679 billion in 2023.

Our engagement efforts, particularly in the area of fixed income, therefore involve encouraging both the private and the public sector to provide green and social financing. As investors, we have committed to a minimum allocation of 50% use-of-proceed bonds in our global-aggregate and corporate sustainable funds.

Exercising voting rights

Exercising our voting rights in line with our sustainable investments objectives and principles is a key aspect of our active ownership efforts. In the section of the report about proxy voting, we explain in detail how we exercise our voting rights – closely following the Socially Responsible Investment (SRI) Proxy Voting Guidelines provided by Institutional Shareholder Services Inc. (ISS) – and we outline our efforts to enhance voting transparency. This includes reporting on our voting decisions, including the applicable rationale, on a monthly and annual basis. We also define the criteria for significant votes, provide examples and give a breakdown of voting decisions in relation to this.

Engagement selection process

With regard to our active ownership efforts, it is crucial for us to efficiently allocate resources, strategically prioritize engagements, build expertise and align our efforts with concerns identified by us and our stakeholders. This ensures deeper and more effective engagement with companies, leading to meaningful change and accountability.

Further, in 2023 we started to implement a more structured approach for our engagement selection process in which we adopt a top-down data model based on four working streams: reactive, ongoing engagements, proxy voting and thematic priorities. For each of these areas, our aim is to shortlist companies that are relevant for engagement based on certain criteria. This includes companies with flagged controversies and a higher risk of violations of standards, ongoing engagements where we seek to generate high-quality impact, companies where we voted against management on any environmental or socially-related resolution (for our equity investments), and finally, companies targeted for our thematic engagement priority of climate action. Companies are shortlisted in the area of climate action if they show poor performance on ESG metrics – including Principle Adverse Impact (PAI) indicators – that are relevant to our sub-pillars of net zero alignment, circular economy and responsible value chain. For example, the ESG metrics and PAIs considered for the sub-pillar of net zero include: GHG emissions intensity (Scope 1-3 relative to industry peers), Science Based Targets initiative (SBTi) targets and share of renewable energy. Our thematic priorities are outlined in the next section on engagement ambitions and outcome.

Escalation process

We believe that through engagement, we gain the ability to exert greater influence in order to shape real-world outcomes than if we take the alternative route of divestment. If, however, our ongoing assessment of an active engagement case, including the actions of the company or issuer of securities, leads us to conclude that our defined objectives are unlikely to be met, we will either terminate, or pause and review, the engagement process. Further escalation strategies may be implemented. We may use one of the following escalation strategies: reducing or completely divesting our holdings in a company's securities, voting against the company's board of directors and/or considering a collaborative engagement. Our escalation process is shown below.

Escalation process

Research stage
- Extensive research to identify material ESG risks and opportunities
- Selection process in place to prioritize engagements

Objective-oriented engagement
- Dialogue with companies to drive positive change, with clear predefined objectives
- Reminders, more assertive tone and targeted communication at senior level if efforts prove unsuccessful
- Progress, or a lack of it, is monitored in our engagement tool

Collaborative engagement
- Collaborative initiatives are considered if they are aligned with our sustainable investment objectives and principles and if collective action would be a powerful tool to achieve positive results
- An extensive assessment will be carried out to evaluate the initiative and approval is needed from the relevant committee

Proxy voting
- We exercise our voting rights in a way that supports agenda items that are in line with our sustainable investment objectives and principles, such as achieving the goal of net zero by 2050 or sooner. This may include voting against board members or specific voting decisions on agenda items
- We track ongoing engagements with related voting escalations in our engagement tool

Divestment/position adjustment
- Divestment, or the reduction of the position to reflect the risk, is the final step when no progress has been achieved regarding the identified material issue, adversely affecting our investment rationale, and our engagement efforts and voting actions have proven unsuccessful
- Communication externally and to the company if divestment is considered key

Engagement ambitions and outcome in 2023

What are our ambitions and why?

Engagement theme 2020–2025: climate action

Net zero by 2050 or sooner

- Ambition to be 1.5°C aligned
- Science Based Targets for the short, medium and long term
- Transition plans
- Transparency on reporting across the value chain and progress achieved
- Green and social financing

Circular economy

- Promote reusable/recyclable/compostable materials to limit waste
- Increase proportion of recycled content while reducing virgin material consumption
- Efficient use of material with fewer spills across the value chain

Responsible value chain

- Identification, monitoring and disclosure of nature-related risks and dependencies relating to issues such as deforestation and water pollution
- Policies and targets to protect and restore biodiversity and ecosystems, especially in high-risk areas e.g. eco-sensitive zones and water-stressed areas
- Use of high-quality data and transparent reporting that spans the entire value chain; including suppliers, distributors and end-consumers
- Integration of social aspects, e.g. human rights and labor conditions, discrimination and harassment

Our objectives

- Accountability
- Trackability
- Transparency
- Reduction in CO_2 emissions, energy consumption, water consumption, waste

- Safe and responsible use of natural resources
- Protect environment and human rights across the value chain

- Improve human health and wellbeing
- Support diversity, equity and inclusion

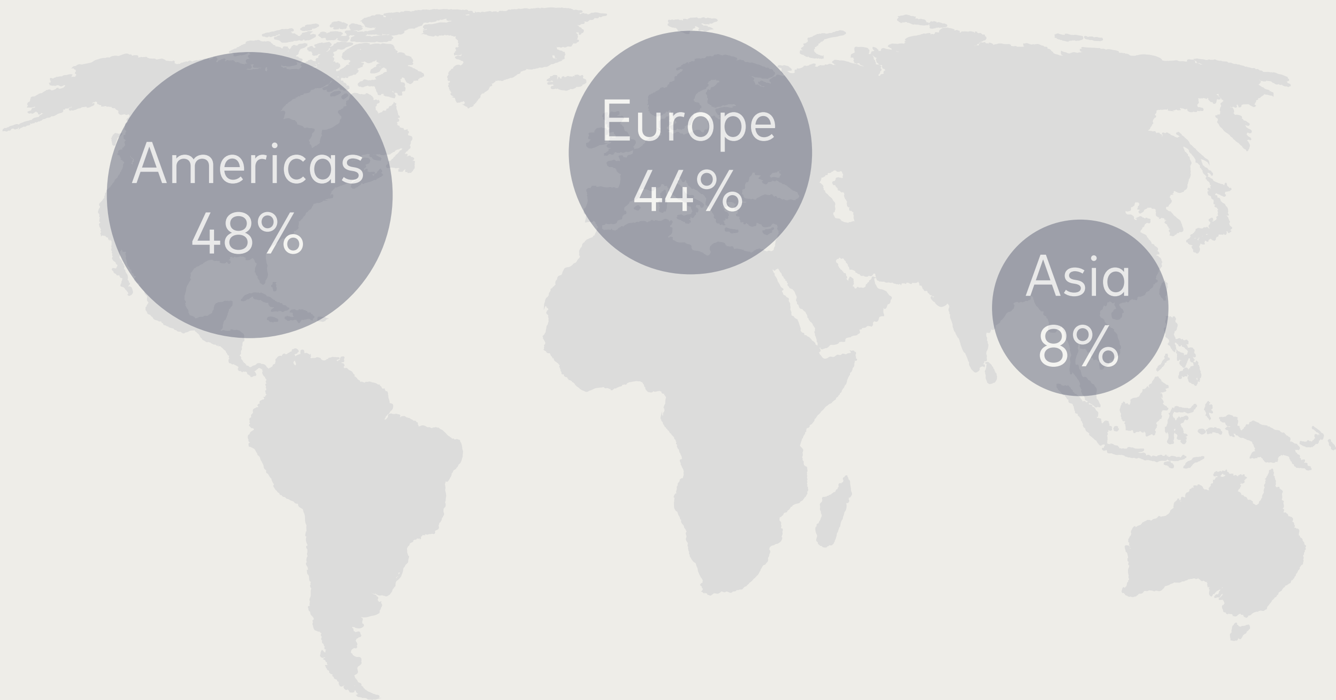
Monitoring our active ownership activities

We track, assess and review the effectiveness of our active ownership activities. Through our proprietary engagement tool, we log each engagement with related company details, ESG category and topics, SDG alignment, type of engagement, activities, response quality, milestones and any escalation steps taken (including proxy voting). Below is the compiled data of our engagement outcomes from 2023.

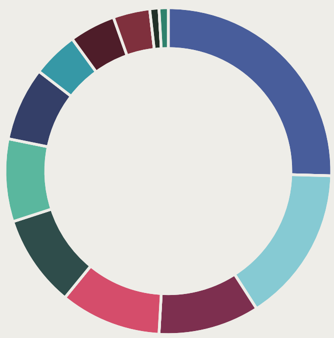
Where did we engage?

93/110[1]	55	18[2]
engagements where dialogue was established	companies engaged with	countries engaged in

Geographical split



Sector



Consumer staples	25%
Utilities	15%
Financials	10%
Consumer discretionary	10%
Information technology	9%
Materials	8%
Health care	7%
Communication services	5%
Industrials	5%
Real estate	4%
Development banks	1%
Energy	1%

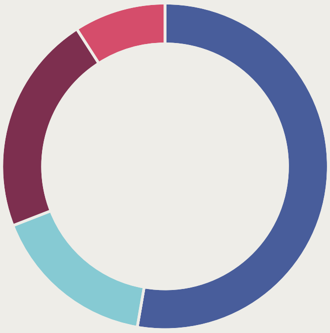
Source: LGT Capital Partners. Data from 1 January 2023 to 31 December 2023.

[1] From 2023, we clearly identify engagements where dialogue has been established, further details can be found in the chart "Milestones".

[2] Data based on location of company headquarters.

On what topics did we engage?

Category



Topics – Top 10[1]

Climate action (GHG, transition)	21%
Water risks	13%
Biodiversity	10%
Circular economy	8%
Green and social financing	8%
Supply chain management	6%
Leadership and business ethics	5%
Sustainability disclosure	5%
Diversity, equity and inclusion	4%
Executive remuneration	4%

Sustainable Development Goals (SDG) split

85% of our engagements in 2023 were linked to the UN SDGs

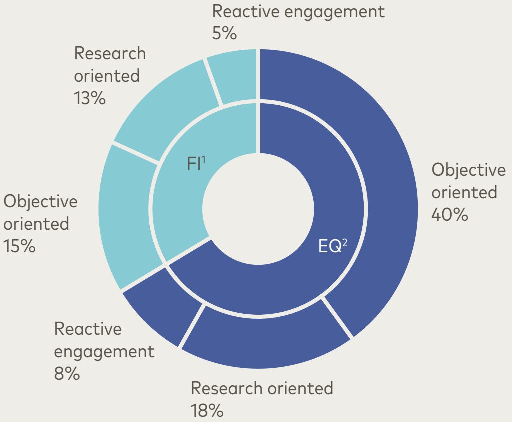
1	"No Poverty"	0%
2	"Zero Hunger"	0%
3	"Good Health And Well-Being"	2%
4	"Quality Education"	0%
5	"Gender Equality"	2%
6	"Clean Water And Sanitation"	8%
7	"Affordable And Clean Energy"	6%
8	"Decent Work And Economic Growth"	5%
9	"Industry, Innovation And Infrastructure"	2%
10	"Reduced Inequalities"	3%
11	"Sustainable Cities And Communities"	2%
12	"Responsible Consumption And Production"	15%
13	"Climate Action"	18%
14	"Life Below Water"	6%
15	"Life On Land"	11%
16	"Peace, Justice And Strong Institutions"	3%
17	"Partnerships For The Goals"	0%

Source: LGT Capital Partners. Data from 1 January 2023 to 31 December 2023.

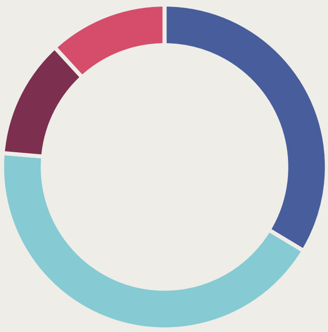
[1] To enhance transparency on ESG topics we engage on and align with regulations; we revised the ESG topics for reporting engagements in 2023. For example, we have removed categories such as "general ESG" and added topics such as biodiversity, data privacy, product quality, and green and social financing.

How did we engage and what was the response?

Type of engagement

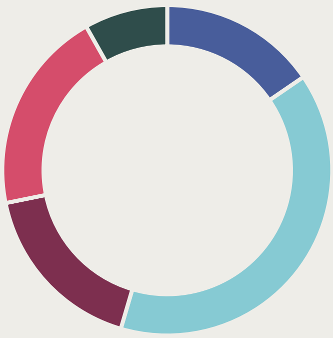


Response quality[3]



Good	34%
Standard	43%
Poor	12%
None	12%

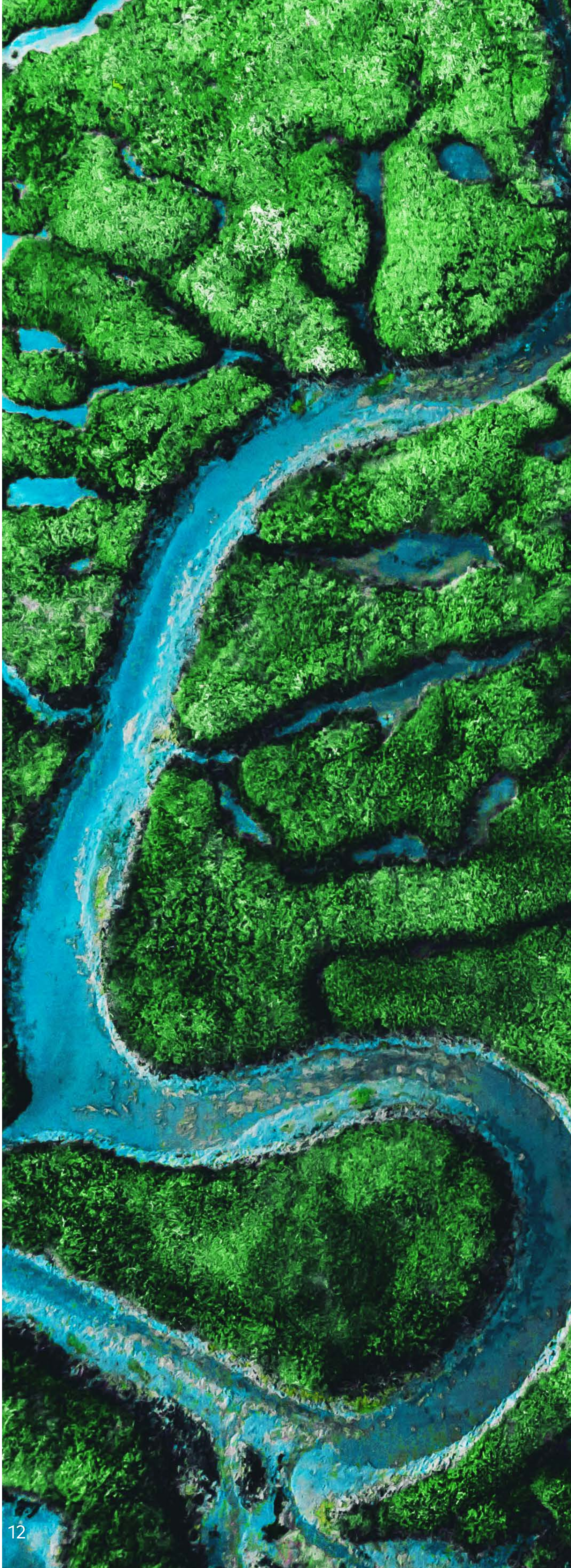
Milestones



Milestone 1: Initial communication sent to engagement company	15%
Milestone 2: Dialogue established	39%
Milestone 3: Company commits to address issue(s)	17%
Milestone 4: Company develops a strategy to address issue(s)	20%
Milestone 5: Issue(s) resolved/ strategy effective	8%

Source: LGT Capital Partners. Data from 1 January 2023 to 31 December 2023.
[1] Fixed income
[2] Equities
[3] Good: Company responded with detailed information on specific issues addressed and/or was open to actively engaging in a dialogue on the matter. Standard: Company provided answers to the topics addressed during the dialogue and referred to relevant documents for further information on actions taken. Poor: Company responded but provided generic responses and avoided the specific questions asked; referred to generic documents and has shown little commitment to issue addressed.

Engagement examples environmental



Algonquin

Utility company Green financing

Engagement type: Individual, objective oriented

Background: Algonquin Power & Utilities Corp. is a diversified energy company with operations across the US, Canada, Chile and Bermuda that serves about 1.2 million customers. Algonquin also generates and sells electricity through a portfolio of non-regulated renewable and clean energy power generation facilities at Algonquin Power Corporation. In the first half of 2023, Algonquin announced that it had concluded a strategic review of its renewables business and that it intends to pursue the sale of all of its unregulated power businesses. While the sale of its renewables business would strengthen the company's business risk profile by reducing the profit contribution from its higher-risk, unregulated power business, which increases cash flow volatility, this move would have some negative implications for the company's outstanding green bonds. The company has been an issuer of green bonds for many years. It is planned that the strategic divestment will take place by end-2024.

Objective: Establish a dialogue with Algonquin to encourage it to stay on its sustainability path and to analyze the impact of the divestment of its renewable energy business on its outstanding green bonds.

Engagement:
Our exposure to Algonquin bonds centers on the 2029 green bond but the company's plan to divest its renewable energy assets could trigger a divestment. We began our initial engagement efforts in the first half of 2023 with an e-mail setting out the ESG impact data, factoring in a lower share of renewable energy generation. In the third quarter of 2023, we held a call with its Investor Relations team and expressed our concerns regarding the divestment plans. The focus of the call was on discussing the role and the treatment of the outstanding green bonds in the capital structure in the event of a renewable asset divestment. We also sought to clarify whether there will be a change to Algonquin's sustainability strategy and to the statements made in the ESG Report 2022.

Regarding the green financing strategy and the outstanding green bonds in Algonquin's capital structure, we requested that the company explain its plans concerning the treatment of outstanding green bonds due to renewable energy divestments. A divestment of such assets would mean that the green bond's status is at risk, as outstanding green bonds had been issued in relation to those renewable energy assets. Given that there is a change of control (CoC) clause in the bond prospectus, we requested a statement on the planned treatment of those green bonds in relation to the planned divestment of renewable energy assets.

Combination of green financing assessment and other engagement topics: As we also have other ongoing engagements with Algonquin on topics such as its net zero strategy and Science Based Targets (SBTi), we conducted an analysis of how its issuer-specific carbon intensity would potentially develop if the divestment scenario materialized. Based on our analysis the expected total carbon intensity excluding wind and solar assets would rise above the threshold that applies to keep the issuer investable. As a result, this additional analysis also supports the likelihood of a potential divestment if the plans materialize, as we could not stay invested in Algonquin if the green bond were to be "downgraded" to a traditional bond.

Outcome and status:
During our call with Algonquin's Investor Relations team, several of our questions on its ESG strategy could not be fully answered and the company suggested it would follow up on the treatment of its green bonds as soon as more details on the divestments are public. The company pointed out that it intends to reassess its ESG role. We responded with a list of questions that have not yet been answered.

We expect Algonquin to pursue its sustainability efforts and the targets set in the ESG Report 2022 and to improve transparency around its strategy. Our dialogue with the company to date was helpful but fell short of our expectations, given the scope of the issues and objectives related to this engagement case. We will continue our dialogue with Algonquin in the course of 2024 and will consider divesting our exposure if no progress is made in the coming months.

Geberit and Knorr-Bremse

Sanitary product / capital goods producer Net zero transition – part of NZEI

Engagement type: Collaborative, objective oriented

Background: In March 2023, the Institutional Investors Group on Climate Change (IIGCC) launched the Net Zero Engagement Initiative (NZEI) to help investors align more of their investment portfolio with the goals of the Paris Agreement. NZEI aims to build on and extend the reach of investor engagements beyond the Climate Action 100+ focus list. On the 16th of March, 107 focus companies were sent letters by a total of 93 investors, calling on them to develop a net zero transition plan. LGT Capital Partners acts as the lead investor for the engagements with Geberit and Knorr-Bremse.

Objective:
Develop a net zero transition plan with the following key elements:

1. Comprehensive net zero commitment: Reach net zero by 2050 or sooner across all relevant business areas and all material greenhouse gas (GHG) emissions.
2. Aligned GHG targets: Short-, medium- and long-term GHG targets in line with the goal of limiting the global temperature increase to 1.5°C.
3. Emissions performance disclosure: Scope 1, 2 and 3.
4. Credible decarbonization strategy; Disclose and quantify the principal actions to deliver the GHG emissions targets, including setting out capital expenditure plans and investing in climate solutions where relevant.

Additional elements include governance of the transition strategy, political lobbying, a just transition and integration of climate risks into the audited financial accounts. Clarification is also needed on whether a transition plan will be submitted to a shareholder vote.

Engagement: The first phase included sending transition plan request letters signed by several investors taking part in NZEI and seeking confirmation about the management of climate-related financial risks and transition planning. We received responses from both Geberit and Knorr-Bremse in 2023. Based on the responses and related materials (e.g. annual reports and other relevant documents), we carried out an evaluation using the IIGCC framework for corporate transition plans and the four key tasks outlined in the transition plan request letters. We identified some gaps and requested clarification of those matters, as well as information on how the transition plans could be strengthened.

Geberit: Its letter of response outlined its progress in emission reductions and provided clarification of its reduction targets, the implications of the new CO_2 strategy from 2022 and the process for emissions disclosure. Our follow-up letter to Geberit focused on gaps identified in relation to NZEI requests, such as the 1.5°C aligned net zero commitment, scope 3 emissions targets and long-term targets. Geberit was very responsive, with the matter addressed at Board level, and it provided further details at the end of 2023. We have reviewed the answers and identified priority areas for 2024.

Knorr-Bremse: We received a letter of response from the Head of Investor Relations, elaborating on the firm's climate strategy and progress on emission reductions, including the impact of its products. The company referred to its Sustainability Report 2023 to address the rest of our NZEI engagement questions. We have reviewed the Sustainability Report and our follow-up letter focused on potential gaps identified in areas such as the 2050 net zero commitment and action plans to reach a 1.5°C scenario, as well as decarbonization capex and expected emissions impacts.

Outcome and status:
Geberit: The company said it is very possible that its reduction plan as of 2024 will be aligned with a 1.5° scenario, which we view very positively. It has significantly reduced its CO_2 intensity since launching its CO_2 strategy in 2022, with a 22% reduction in 2022 and an estimated double-digit reduction in 2023. As a Swiss company subject to the new Climate and Innovation Act, Geberit is legally required to seek to achieve CO_2 neutrality by 2050. Its CO_2 strategy includes scope 1 and 2 emissions, as required by law, but it is not clear whether scope 3 will be integrated. Geberit has improved with regard to scope 3, with an increasing share of sales covered by environmental product declarations (EPDs), collaboration with suppliers to reduce emissions (including target setting) and a greater focus on sustainability in the procurement process. We consider it important for supplier evaluation and monitoring to include supplier alignment with Geberit's emission targets. Further, Geberit has decided to focus on short- and mid-term targets, which are bonus relevant for the short-term incentive

plan for group management. The new Swiss law prescribes sector-level targets, including for the long term (industrial sector: –90% by 2050) and we would like to better understand how this applies to Geberit. Other areas of focus include: SBTi, quantification of its main actions to reach emissions targets, financial capital flows towards low-carbon development and Just Transition principles. Geberit has not yet taken a final decision on whether it will submit its climate action plans for a shareholder vote.

Knorr-Bremse: On the positive side, the company has a 1.5° commitment for its 2030 climate strategy, and related targets gained SBTi validation in the third quarter of 2023. Targets include a 75% reduction in scope 1 and 2 by 2030, and a 25% reduction for most relevant categories in the upstream and downstream value chain (scope 3). However, as communicated to the company, we would like to learn more about the plan for its 2050 net zero commitment as we only know that a comprehensive qualitative scenario analysis for 2030 and 2050 has been carried out, but have no other details. The focus will be on progress in scope 3 reduction by 2030, as this represents the majority of emissions. According to Standard & Poor's, scope 3 emissions account for 99% of total emissions. We would also like to learn about measures needed to reduce carbon emissions "to the greatest degree and at the earliest time possible". No specific comments or numbers were published that link investments to its climate targets. According to the company, 70% of its long-term capital market financing instruments are already linked to sustainability-related criteria. It only stated that investments to increase the share of self-generated renewable energy represent an important step to reduce scope 1 and 2 emissions. As investors in the Knorr-Bremse Sustainability-Linked Bond, a potential escalation process would be to divest the bonds.

Kering

Luxury group
Circularity and sustainable material

Engagement type: Individual, research related

Background: The fashion industry needs to better understand its dependency on nature and to consider how it impacts on the climate through its use of energy, water and natural resources and via chemical pollution. This is a matter of urgency, since the entire industry needs to pivot towards climate- and nature-positive approaches by 2030 to achieve the UN Fashion Industry Charter for Climate Action and the goal to limit global warming to 1.5°C. Circularity and the use of sustainable materials are vital to ensure the industry's sustainable growth and to deliver on its climate and biodiversity strategies.

In terms of circularity, the luxury resale business is dominated by watches at present. Efforts to move beyond recycling to a truly circular model (including for brands selling clothes, handbags, sunglasses etc.) are still in their infancy. The same applies to efforts to increase the share of sustainable materials used, which brings new challenges and increases the complexity of supply chains. The transition will require companies like Kering to rethink production methods, the use of resources and the longevity of products.

By intensifying their efforts focusing on circularity and sustainable materials, we think companies like Kering can truly have a positive impact on the environment, further advance their sustainability agenda and improve their client offering for the next generation. We also believe that luxury resale is an attractive business model that can enable sales of second-hand items at high prices as providers are able to authenticate items and generate significant margins.

Objective: We are currently in the research phase of the engagement. Hence, we are seeking to learn and understand Kering's investment in more sustainable materials and its commitment to circularity, especially through the reuse/resale of second-hand items, where Kering can offer authentication of items and reactivate clients.

Engagement: In 2021, Kering unveiled its circularity ambition and the innovative material Demetra (made mainly from sustainable, renewable and bio-based raw materials) and announced it would stop using animal fur in its products. Since then, we have sought to improve our understanding of these topics. In 2023, we met again with Kering's Investor Relations team and representatives of its ESG team to hear about Kering's progress since 2021. We asked questions about sales and the development of more sustainable products, addressing topics such as supply chain management, how consumer demand for sustainable offerings differs across regions, progress in the shift towards using alternatives to leather and other materials, and circularity and the percentage of Stock Keeping Units (SKUs) this represents, as well as the price structure and margins.

Outcome and status: The discussion with Kering provided useful insights and confirmed that the company is taking important steps to accelerate its commitment to circularity and the use of sustainable materials. Examples include:

- Kering Venture: Investment in Vestiaire Collective (leading global luxury resale platform), among others
- Alexander McQueen & Vestiaire pilot scheme: Clients can sell pre-loved pieces in return for store credit
- Brioni: Repair and after-care service for suits
- Gucci: Vault platform for vintage pieces
- Pomellato: Upcycling of damaged gemstones
- Ulysse Nardin: Blockchain technology to verify authenticity and track maintenance

Kering has committed to go fur-free and is investing in bio-based materials. Animal leather is still being used in its products but it is sourced entirely from slaughterhouses, i.e. as a by-product of the food industry, with Europe as the dominant source. The main challenge with alternative materials is to match the quality of the original material (e.g. color and robustness) and to achieve scale. With Demetra, which is an 80% animal-free/bio-based material used for Gucci sneakers, Kering says that it can deliver similar quality, aesthetics and longevity, attracting a positive market response. The cost structure for raw materials like Demetra is similar and costs could potentially come down as production increases. Kering does not disclose the percentage of SKUs for Demetra but it is limited.

Traceability and transparency are important to the company. For key raw materials, traceability is currently 95% globally, and it is targeting 100% by 2025. Supply chain monitoring of leather production is high at 96%. Audits of slaughterhouses are carried out every two years.

As our knowledge develops and we learn about Kering's progress in the area, this might develop into an objective oriented engagement as we would like to see Kering become a pioneer with an innovative and radical approach to circularity and the use of sustainable materials, leading to more sustainable "slow" luxury.

L'Oréal

Personal care company
Re-fillable packaging

Engagement type: Individual, objective oriented

Background: Millions of tonnes of plastic end up in landfills, are burned or pollute the environment each year. If this continues, it is estimated that by 2050, there may be more plastic in the ocean than fish (by weight).[1] An urgent rethink is therefore needed around how plastic is designed and used.

Consumers are increasingly calling on cosmetics companies to reduce the environmental impact of their products, with re-fillable containers potentially playing a key role in this context. This is important as recycling facilities are not always equipped to process certain plastics, for example, and even the process of recycling a glass container requires more water and heat than the production of a plastic bottle. Reuse helps to eliminate plastic waste, lowers pollution and can result in significant reductions in greenhouse gas (GHG) emissions.[2] Cosmetics companies are, however, still reporting very low numbers in terms of the proportion of their packaging that is refillable/reusable. Further, this is a new concept for most consumers who need to grow accustomed to reusing packaging. The refillable concept is on L'Oréal's sustainability agenda but is still in the early stages.

Objective: Set an industry-leading example by expanding L'Oréal's offering of refillable containers and achieve substantial progress by 2025.

Engagement: In 2023, we held a meeting with the Investor Relations team at L'Oréal and its ESG specialist. We sought to gain a better understanding of L'Oréal's progress when it comes to reducing plastic waste and we communicated our expectations around refillable packaging. We pointed out that the number reported by the Ellen MacArthur Foundation (1% of packaging is re-usable) seems low, especially as we are used to seeing L'Oréal lead the way in various areas of sustainability. We therefore emphasized that this is an area where we would like to see further progress. We asked questions about whether L'Oréal is planning to set a separate target for the proportion of reusable packaging, the availability of refillable containers across various brands and its thinking around take-back initiatives through retailers.

Outcome and status: The company highlighted that we should view its packaging strategy as a sequence: the first step is to reduce the amount of packaging by 20% by 2030 (vs 2019 levels). The other key target is to use 100% recycled or bio-based plastics by 2030 (50% by 2025). All brands are on a journey to launch refillable packaging. However, this process is still in the very early stages and the reusable concept is not applicable for all product formats. L'Oréal has launched refillable containers in various markets and is working on developing more reuse solutions for plastic, glass and metal – both with "refill at home" options (assessed as having the most positive environmental impact) and "on-the-go" initiatives. Examples include: refillable serum from Biotherm, refillable shampoo from Kérastase and Elvive, and refillable offerings for many fragrances, such as Prada, Armani and Lancôme.

L'Oréal has indicated that several brands are expected to strongly expand their refill offering across other product lines by 2025. A key focus is on making refill options more attractive. This will be done through measures such as marketing (e.g. the recent campaign with Emma Watson), visibility in stores and attractive pricing. To succeed, another important part of the strategy is to "teach" clients to use refillable containers by e.g. sending orders as a set, together with refill pouches.

We consider L'Oréal's strategy around refillable packaging to be ambitious and we believe it is demonstrating progress. We will follow up on our dialogue with L'Oréal regarding refillable packaging and how it is expanding its offering across its brands. By 2025, we want to see several product lines offering reusable models. We will also engage with L'Oréal through the Nature Action 100 initiative, addressing how to reverse nature and biodiversity loss by 2030; packaging could also be a relevant engagement topic in this context.

[1] Ellen MacArthur Foundation, Plastics and the Circular Economy – Deep Dive
[2] Ellen MacArthur Foundation, Towards a Circular Economy Vol.3: Accelerating the Scale-Up Across Global Supply Chains

Newmont

Gold mining company
Water risks

Engagement type: Individual, objective oriented

Background: Newmont's operations are located in watersheds characterized by a limited water supply, increased population growth and pollution. Newmont already developed a Global Water Strategy in 2014 to guide its efforts, understand challenges, reduce water-related risks across the business and improve its water management performance. The company has set water efficiency targets to reduce freshwater consumption and it implements annual action plans to work towards good water stewardship. Since Newmont introduced the Path to Zero Cyanide Spills program in 2021, with a renewed focus on the potential risk/hazard of cyanide spills, it has seen a decrease in the severity of cyanide-related spills. However, in addition to cyanide spills, Newmont reports on other events with level 3 or higher consequences that have occurred with a serious negative impact on the environment. We believe that the next important step for Newmont would therefore be to further increase accountability and to also set itself the ambition of reaching zero significant water incidents in general.

Objective: Set an overall target for zero level 3 or higher water discharge incidents.

Engagement: In 2023, we looked deeper into Newmont's water practices. The company reported back in 2021 that it "experienced 20 environmental events that were designated as having actual level 3 or higher consequences in terms of environmental impacts. Among these, 11 were cyanide related." Whilst, Newmont has a program for Path to Zero Cyanide Spills, we could not determine whether it also addressed the other types of level 3 and higher incidents, or whether its focus is solely on cyanide spills. Further, we could not identify any externally communicated target to achieve zero level 3 or higher water discharge incidents. We therefore followed up with Newmont on this and asked about its thoughts on introducing such a target for zero water incidents (level 3 or higher). We informed Newmont that we have seen that certain mining peers (e.g. AngloAmerican) have a target in place for "zero level 3 or higher water discharge incidents", and we pointed out that this would be in line with leading industry practices and would demonstrate a strong commitment to responsible water management. Newmont was responsive to our request and its ESG team provided us with detailed answers.

Outcome and status: Newmont came back to us and explained that it assesses the level of an event at a site using its internal environmental calculator, which considers factors such as gravity, extent and vulnerability. It reviews and tracks events and then investigates those that are deemed to have a potential material impact. That information is then shared internally across teams to support capacity building. Newmont also discloses externally in its Guide to Water report the water risks it tracks and indicates where controls have been implemented.

All level 3 and above events are required to be reviewed and investigated. Newmont does not, however, currently have an overall target to reduce water incidents. The company mentioned to us that it looks for opportunities to achieve improvements in terms of potential impacts from water supply, water discharge, dewatering and long-term water management. While the company clearly addresses water risks, provides detailed disclosures and has a well-developed strategy, it is still unclear to us whether it intends to set a target to reduce significant water incidents in general. In 2024, Newmont will review water-related targets (during the normal review process) and evaluate whether any updates are needed going forward. We will continue to monitor its work around water risks, especially regarding a target for zero level 3 or higher water discharge incidents, which we think would increase its ambition and accountability for water management work.

Nordea Bank

Financial institution
Green and social financing

Engagement type: Individual, objective oriented

Background: Nordea is the largest bank in the Nordics and is listed on the Helsinki, Stockholm and Copenhagen stock exchanges. Nordea has ambitious growth targets, which also relate to financing business opportunities to support the transition towards a low-carbon world. The bank states that its growth strategy is consistent with its 2030 emission targets.

In August 2023, Nordea launched a new instrument on the market as part of its "sustainability-linked loan funding framework": a sustainability-linked loan note, which we declined to invest in. Based on our assessment, we concluded that the instrument's financing framework was not aligned with the market standards that we would expect either for use of proceed instruments or for sustainability-linked bonds. We reached this conclusion despite our generally positive assessment of Nordea's efforts to innovate and introduce new models of sustainable financing that are aligned with the UN Sustainable Development Goal of Climate Change Mitigation.

Objective: Set out the requirements and recommendations for a sustainable linked loan framework pioneered by Nordea.

Engagement: After a review of Nordea's sustainability-linked loans funding framework, including through a dedicated road show meeting and syndicate feedback loops, we decided to not participate in this investment opportunity. Nordea proactively reached out to us to request feedback from our assessment and to discuss the necessary steps to improve the framework and make it investable for us from a sustainability perspective.

We discussed the outcome of our assessment, which concluded that this framework:

- Did not directly adopt sustainability-linked loan principles (e.g. ICMA);
- Did not incorporate step-ups or other economic penalties for the issuer if underlying loan KPIs were missed;
- Did not specify the use of proceeds, as the targeted financed "transition assets" would not be eligible for a "green" or "social" pool;
- Was only subject to an ad hoc review, given that there are no broadly adopted principles to align to; that review was, however, conducted by an independent and reputable external second party (ISS);
- Achieved underlying loan climate targets only periodically and reported them ex post;
- A breach of the KPIs of underlying loans would not lead to a discontinuation of financing activities but rather to partial loan margin adjustments.

Outcome and status: Nordea committed to address our concerns and we agreed to continue our dialogue and to work together on necessary refinements to the framework during 2024.

Reckitt Benckiser

Hygiene, health and nutrition company
Chemical footprint

Engagement type: Individual, objective oriented

Background: A topic that we have prioritized in our engagements lately has been pollution concern in downstream use and the end-of-life phase of products, e.g. with regard to small particulate matter (e.g. microplastics) and solids (e.g. cleansing wipes and packaging). Whilst companies are generally good at reporting on water consumption and related targets around water efficiency, we rarely see any disclosure on pollution concern. Further, this is an area where regulations are increasing, e.g. UN member states agreed to a legally binding treaty to address plastic pollution, which will come into force at the end of 2024, with 1,300 chemicals subsequently being banned in the EU. We are therefore interested in gaining a better understanding of this specific topic and in pushing companies to improve disclosures and increase their ambitions.

Objective: Improved disclosure on the biodegradability of the portfolio and the ambition to reduce the non-safe chemical footprint, including in the use- and end-of-life phase of the products.

Engagement: Reckitt has adopted a target to achieve a 65% reduction in its chemical footprint by 2030. To better understand the implications of this target, we reached out to Reckitt in 2022. In 2023, we held two meetings with its Sustainability team and its Investor Relations team and had in-depth discussions on the topic. We asked about the progress made in terms of disclosures and action to reduce its non-safe chemical footprint and how this is reflected in terms of the use and end-of-life phase of its products. We voiced our concern that the visibility of the polluting factor of products in downstream use and in the end-of-life phase is usually very poor for the household and personal care sector. We explained that we need to better understand what is being done by Reckitt to improve disclosures and whether it plans to expand the scope of its chemical footprint target. We have seen ambitious reporting and target setting by some of its peers. Colgate-Palmolive discloses the biodegradability of its product portfolios, for example, and Unilever has set the target that 100% of its ingredients will be biodegradable by 2030.

Outcome and status: Exploring bio-based ingredients and synthetic alternatives is a key part of its journey to reduce its chemical footprint and to develop more sustainable products. Reckitt announced its efforts to launch products with a smaller chemical footprint in 2021 and its ambition that all new innovations and product developments will improve on the environmental impacts of the products they replace. To achieve this Reckitt, uses its internal Sustainable Innovation Calculator, a streamlined lifecycle assessment tool.

The company states that it applies a Restricted Substances List (RSL). Reckitt is continuously monitoring and working to reduce ingredients of concern, e.g. it began introducing lilial-free versions of products in early 2021 (ahead of the EU ban on selling products containing lilial from March 2022) and it aimed to remove it from products in other markets by the end of 2023. Disclosure around its RSL will be further improved in 2024.

The current chemical footprint target covers the production phase at this point; measured by looking at net revenue from SKUs containing Chemicals of High Concern (CoHC), at <0.1% (by weight). It is still a major challenge to measure pollution in the use and end-of-life phase of products. Reckitt participates in initiatives such as the Chemical Footprint Project (CFP), which helps it to further improve its ambitions in this area. Further, Reckitt is working in partnership with University of Oxford to better understand the balancing act between carbon, biodiversity and socio-economic aspects when developing sustainable ingredients to protect and strengthen ecosystems. We believe that Reckitt is taking important first steps in the area of chemical impact. It is taking action to improve transparency and to consider its chemical footprint beyond the production phase. We think it is crucial for the sector to intensify efforts in this area and we will keep monitoring Reckitt's progress and maintain our dialogue with an increased focus on the impact of products in the use- and end-of-life phase.

Engagement examples social

Akamai Technologies

Content delivery and security provider
Supply chain management

Engagement type: Individual, objective oriented

Background: Companies need to navigate the evolving landscape of sustainability regulations, the scope of which is expanding, with due diligence in operations and transparency across the full value chain now becoming a reality. Effective 1 January 2024, for example, larger companies need to comply with the EU Corporate Sustainability Reporting Directive in their reporting. The Directive extends sustainability reporting requirements to cover supply chains.

In 2021, Akamai announced its new 2030 Sustainability Goals. This included the goal of establishing a responsible supply chain, with top suppliers expected to have environmental and social goals that are aligned with its own corporate goals. Akamai has committed to engage with its top suppliers to baseline and quantify scope 3 emissions with a view to securing a measurable reduction by 2030. Akamai has a comprehensive supply chain policy in place, and it evaluates suppliers during the procurement process. However, we found the compliance monitoring process to be unclear.

Objective: Introduce relevant KPIs over the next two years to monitor and evaluate the effectiveness of supply chain management.

Engagement: We first reached out to the company in 2022 to better understand its practices around supply chain management. We asked Akamai questions about its 2030 goal of establishing a responsible supply chain, including its supply chain policy, a responsible supply chain program and the consideration of any KPIs going forward to monitor compliance and progress amongst suppliers. At that point in time, Akamai had not published any specific KPIs for its supply chain management. Suppliers were evaluated during the procurement process but there were no monitoring processes in place. We continued the dialogue and followed up with Akamai in the beginning of 2023. During our dialogue, we encouraged the company to share further details regarding its supply chain management, and to initiate a continuous monitoring process and aim to define relevant KPIs.

Outcome and status: In 2022, Akamai informed us that it would talk to its ESG team about initiating the continuous monitoring of its suppliers and said it was looking into the introduction of related KPIs. When we followed up with Akamai in 2023, it said that it was still working on the procurement metrics.

We view it as positive that Akamai is seeking to ensure a responsible supply chain of diverse, environmentally and socially conscious suppliers. Its Responsible Supply Chain Program (RSCP) is an important step to further engage and monitor its suppliers' alignment with the company's values and to meet regulatory requirements. Akamai has been able to expand its program, gather more data and align more suppliers through its partnership with EcoVadis that began in 2022. In the first campaign with EcoVadis, Akamai invited 179 suppliers (representing 70% of total annual supplier spend) to participate in its RSCP. By March 2023, 65% of those suppliers had been evaluated against the EcoVadis scorecard.

We think it is clear that Akamai is working to improve its due diligence procedures to identify risks across the supply chain. We have also been encouraged during our dialogue with the company that it is willing to address concerns regarding monitoring processes and is working to introduce procurement KPIs. We will therefore continue the engagement and push for the relevant KPIs to be implemented over the next two years.

Cofinimmo

Real estate company
Human rights

Engagement type: Individual, objective oriented (update)

Background: Cofinimmo is a pan-European, real estate investment trust listed in Belgium. its business mainly focuses on leasing properties to healthcare services providers. They include the French care home operator Orpea, which has been embroiled in various cases involving alleged patient abuse. While Cofinimmo is simply a real estate owner and does not run any of the businesses housed within its properties, we nevertheless believe the company has a responsibility to ensure high standards are met by its key tenants. Further, we believe that the whole of society must work together to fix the fundamental problems in the elderly care sector.

Objective: We expect Cofinimmo to put further steps in place to address social issues within its ESG framework and to introduce specific policies and/or contractual terms to allow it to influence the policies of major tenants.

Engagement: We already divested our exposure to Orpea back in 2022 following a lack of concrete engagement from the company after the initial social abuse allegations emerged. We subsequently decided to engage further with Cofinimmo to express our concern about malpractices at Orpea and possibly other healthcare providers leasing properties from the company. We first contacted Cofinimmo in early 2022, with multiple follow-ups throughout the year to ask it to explicitly account for social responsibility issues such as these in a pre-emptive manner by drafting and enforcing specific policies. We also called on it to define an engagement framework when issues arise and to transparently report on any activities they engage in to monitor compliance by their tenants, e.g. through a periodic review process. As stated in our Active Ownership Report 2022, the outcome of our engagement was not satisfactory and necessitated further follow-up, which we undertook in the course of 2023.

Outcome and status: Our latest exchanges with Cofinimmo show that the company has certainly made some progress in recent months, especially as it has introduced two new social policies: an ESG policy and a human rights policy. While they are currently only applied to office tenants (accounting for only a small proportiom of the company's revenues and assets), Cofinimmo expressed its intention to apply them to a broader scope of contracts in the future. While we certainly see this as important progress, it still stops short of our main objective since, for instance, Cofinimmo's Supplier Code of Conduct (which forms part of the new ESG policy) does not apply to tenants. We expect this issue around tenants to remain under scrutiny and we will follow up again with Cofinimmo in the course of 2024. We will consider divesting our exposure if no additional specific progress is made in the coming months.

Universal Display

OLED company
Diversity, equity & inclusion

Engagement type: Individual, objective oriented

Background: Universal Display has employees in 25 different countries. In the US, which represents 89% of its workforce, it has 22% female employees and 20% female leaders. Its gender diversity figures are not disclosed on a global level. In 2019, female representation on the Board was 14%; by 2022, that number had increased to 33%. We value Universal Display's efforts to create a workplace that encourages and embraces diversity, equity and inclusion (DEI). Nevertheless, we believe that its diversity efforts could be further improved.

Universal Display's Board comprises less than 40% underrepresented gender identities and less than 20% racially or ethnically diverse directors. In line with the recommendations of the Socially Responsible Investment (SRI) Proxy Voting Guidelines provided by Institutional Shareholder Services Inc. (ISS), which we closely follow in our voting practices, we believe that it is in the best interests of shareholders for management to give serious consideration to the topic of board diversity and to strive for a board composition of at least 40% underrepresented gender identities and 20% racially or ethnically diverse directors.

Objective: Increase board diversity so that it comprises at least 40% underrepresented gender identities and 20% racially or ethnically diverse directors, and increase the proportion of women in leadership positions so that it exceeds the proportion of women in the workforce.

Engagement: At the beginning of 2023, we held a meeting with the Chair of the Board/Human Capital Committee and the Vice-President/ CFO at Universal Display. We discussed the company's DEI efforts and the question of whether it is planning to introduce any dedicated diversity targets.

At the Annual General Meeting (AGM) in June 2023, we voted against the election of the proposed Chair of the Nomination Committee. In the case of a lack of diversity on the Board according to the SRI definition, we vote against the Chair of the Nomination Committee, or other Board members, on a case-by-case basis. We chose not to vote against the incumbent members of the Nomination Committee in general and to instead show our dissatisfaction about the lack of Board diversity by voting specifically against the Chair and engaging on the topic with the company. We are reluctant to vote against all the members of the Nomination Committee as they themselves often strengthen the Board's diversity.

Outcome and status: The gender diversity of Universal Display's Board has continued to improve. Following the AGM in 2023, female representation on the Board has reached 38%. In terms of racial or ethnic diversity, according to the company one out of eight Board members is considered ethnically diverse. Hence, there is still scope for improvement in this respect. In our dialogue with the company, it was very positive to hear that it is considering introducing dedicated diversity targets, which we will encourage and monitor. In terms of our voting decisions going forward, we will continue to take account of the SRI definition of a lack of board diversity and if the future level of Board diversity does not meet the threshold, we will again vote against the Chair of the Nomination Committee.

Engagement examples governance

Bank of America

Financial institution
Net zero transition disclosure

Engagement type: Individual, research related

Background: Bank of America is a global systemically important financial institution. It operates with a clear and substantial impact and sustainability agenda firmly integrated into its culture and operations. Bank of America is a serial issuer of impact financing (green, social and sustainable) bonds and a promoter of this class of instruments across its high-profile corporate relationships. It is one of the US banks that is capable of making a tangible difference in the path to renewable energy and the net zero transition. Its commitment to having USD 1.5 trillion of funds dedicated to promoting sustainable financing by 2030 speaks for itself in terms of the management team's ambition and capacity. While Bank of America issued a strategic plan to reduce its financing emissions by 2030, the plan lacks detail as to how this would be achieved. We therefore contacted Bank of America to request a more detailed description of its plans.

Objective: Obtain a commitment from the issuer to provide a more detailed description of its plans to achieve emission reductions by 2030 associated with the financing of activities in three key sectors: automotive, manufacturing, and energy and power generation.

Engagement: We met with representatives of Bank of America's executive team and followed up on the topic through a set of written exchanges, asking whether a detailed breakdown of actions would be shared with investors. Given the complexity and size of its relationships, Bank of America indicated that it would not be possible for the institution to share such a plan in the short term. Instead, it has committed itself to monitoring its clients' agendas and timelines with regard to the implementation of their own net zero transition objectives. While being a key partner in the financial intermediation of these net zero transition objectives, Bank of America will retain a rather reactive, advisory role in the area of corporate and investment banking. Bank of America has also indicated that it would focus on financing and advising on a gradual carbon transition for a number of high-emitting sectors, rather than excluding or eliminating existing relationships with longstanding clients and industries. In other words, overall emission reduction will not necessarily mean that the institution has a lower financial exposure towards these industries compared to the current level.

Outcome and status: We concluded that the likelihood of obtaining further detailed information in the short term is limited. We are maintaining a dialogue with the institution based on the assumption that more information on this topic will be made publicly available at a later stage.

FMO – Nederlandse Financierings-Maatschappij

Sovereign agency, Anti-money laundering

Engagement type: Individual, reactive

Background: FMO is a Dutch development bank providing financial and operational support to private sector businesses in the agribusiness, food and water, energy and financial sectors. Since it places a strong focus on operations in emerging markets and developing countries, sound processes to prevent corruption and money laundering are of particular importance in this issuer's assessment. Being a frequent and long-term investor in FMO's bonds, monitoring for news-based controversies is part of our regular post-investment ESG analysis process. In August 2023, the Dutch financial regulatory authority DNB released a statement indicating that it had taken enforcement measures against FMO, including imposing financial penalties on it, in connection with errors in its anti-money laundering process. Moreover, some news articles in Latin America even connected the enforcement measures to a murder case in Honduras. In this specific case, the CEO of a construction company involved in building a hydro-electric power project financed by FMO was sentenced for being involved in the killing of an indigenous leader. Given the severity of the allegations, we decided to launch a reactive engagement about the case.

Engagement: After our first e-mail enquiry, a call was held with FMO's Director of Compliance, Directory of Treasury and the Head of Funding. During the call, FMO convincingly argued that the sanctions imposed by the Dutch regulator are not related to the Honduras murder case that led to the "very severe" classification in our controversy monitoring framework. Instead, the measures imposed by the regulator (DNB) stem from the findings of a Financial Economic Crime (FEC) enhancement program that was launched in 2020. In this program, FMO strengthened its procedures and processes in relation to client due diligence and the reporting of unusual transactions. As part of a review of approximately 1,000 client files, some unusual transactions were detected and reported to the regulator by FMO's Financial Intelligence unit. Due to the timing of the review process, those findings had to reported as late notifications to the supervisory agency, leading to the enforcement measures. FMO is still in the process of appealing against those measures. In response to a request for information, we also received written confirmation about the FEC, including confirmation that FMO has strengthened its resources, with enhanced processes and additional dedicated staff.

Outcome and status: We concluded that FMO was not connected to the very severe news controversy around the Honduras murder case and we subsequently reclassified FMO's case as a "minor controversy". As a result of this reclassification, the controversy did not have any investment implications for existing holdings of FMO bonds. As a follow-up measure, we will monitor the progress of FMO's appeal against the regulator's enforcement measures throughout 2024. As of early 2024, the issuer has communicated to us that there are no new developments to report in this matter.

LVMH

Luxury goods company Sustainability disclosure

Engagement type: Individual, reactive and objective oriented

Background: LVMH is the largest luxury goods company in the world with a turnover close to EUR 85 billion. Its business interests span multiple areas of expertise, industries and jurisdictions. As a result of the breadth and nature of its operations, LVMH is faced with increasingly complex supply chains, creating potential exposure to controversies in critical areas such as labor and human rights or animal cruelty. It is therefore important for us to establish a solid dialogue with the company to monitor and potentially help improve its ESG practices as well as its sustainability disclosures.

Objective: Based on the successful conclusion of a reactive engagement, we reached an agreement with LVMH to work together to help define better processes that LVMH could put in place to establish faster, clearer and more tailored communications with investors if controversies arise.

Engagement: As part of our monitoring of controversies, we noted that LVMH and other luxury goods companies were cited in a PETA report about animal cruelty issues at a cashmere farm in Mongolia. Our engagement was aimed at gaining a better understanding of LVMH's policies and practices to deal with such issues, as well as understanding which corrective actions had been taken and how the company interacts with the label provider that granted certification to the cashmere farm in question. We had the opportunity to meet with LVMH at a Paris-based investor conference in September 2023, a few weeks after our initial e-mail exchanges. During the meeting, it was made clear to us that LVMH is not using the farm in question for the sourcing of cashmere wool or any other materials. As the discussion touched upon multiple other subjects, it became clear that we could use this opportunity to step up our interaction with the company to establish an objective engagement focusing on sustainability disclosures.

Following the initial e-mail exchanges and the meeting in Paris, we arranged additional follow-ups with LVMH, including an hour-long conference call with our ESG Quantitative team to present the ESG processes at LGT Capital Partners, focusing on scoring, SDG data and our overall objectives. The discussions were designed to help LVMH understand the investor point of view when there are challenges around data collection and reporting and what we see as the best way to communicate this data going forward. The conference call also allowed us to refine our understanding of LVMH's own approach and constraints as well as the ongoing work being done. We understand LVMH will have multiple internal meetings over the coming months at which such topics will be raised and discussed at ESG Committee level. We therefore expect this engagement to be active for many months.

Outcome and status: The dialogue established with LVMH in 2023 will certainly need to continue in 2024 and beyond. We expect to follow up with the company in the first part of this year to understand how its internal work has progressed and what changes are being made. We expect to provide a detailed update in next year's Active Ownership Report.

Microsoft

Computer technology company
Tax optimization

Engagement type: Individual, reactive

Background: In October 2023, Microsoft announced that it had received Notices of Proposed Adjustment (NOPAs) from the US Internal Revenue Service (IRS), which was seeking to increase the company's taxable income for the period 2004-2013 to around USD 28.9 billion, plus interest and penalties. In its statement, Microsoft said that it disagreed with the IRS' demands, also pointing out that taxes paid under the Tax Cuts and Jobs Act could reduce the final amount of tax owed under the audit by up to USD 10 billion and saying that the company intends to appeal. It was unclear whether this means that Microsoft is admitting to having around USD 18.9 billion in back taxes and we found this concerning. We also wanted to better understand any change of practices since 2013 to ensure that no material tax issues will be raised by the IRS in the future.

Engagement: The controversy around tax optimization was flagged in our propriety ESG tool, the LGT ESG Cockpit, in which we systematically monitor companies based on negative news flow. This topic led to a significant deterioration in Microsoft's controversy score. We have reached out to the company twice since the announcement in October 2023, requesting further insight into how we should interpret its statement that the final amount of tax owed could decrease by up to USD 10 billion and whether it should be assumed that a tax claim of around USD 18.9 billion could be legitimate. In addition, we sought to better understand the change of practices since the years covered by the audit, as Microsoft claimed that the issues raised by the IRS only applied to the past. We received a written response in early December 2023.

In both 2022 and 2023, we voted in favor of the shareholder proposal for the publication of a tax transparency report to give investors a better insight into any mismatch between operations and taxable profits. In the case of Microsoft, like for any big and powerful taxpayer, we think it is key for investors and the public to be better informed about risky and aggressive tax practices.

Outcome and status: In its response, Microsoft did not comment directly on the question of whether the USD 18.9 billion could still be a legitimate tax claim. Instead, it stated that "we believe we have always followed the IRS' rules and paid taxes owed in the US and globally". In its response, it added that Microsoft remains under audit for the tax years 2014-2017. Hence, we think this could still pose a material future risk. The current tax dispute is unlikely to be resolved soon; it often takes several years for transfer-pricing tax disputes to be concluded, especially as Microsoft is contesting the IRS' claim. We take a positive view of the upcoming public country-by-country reporting requirement regarding taxes in the EU (Microsoft is expected to comply from fiscal year 2025). In ISS' ESG norms assessment of October 2023, the controversy is marked as green and it states that "ISS ESG remains vigilant about developments". We will closely follow any developments in the case for the time being, and we will continue to emphasize our support for a tax transparency report to the company; our voting actions will continue to support related voting items.

UnitedHealth Group

Health insurance and services company Board independency

Engagement type: Individual, objective oriented

Background: In 2022, UnitedHealth Group was reported to have 55% of Board members classed as strictly independent according to our ESG data provider. While we see this as a positive trend, considering that the percentage of Board members who were "strictly independent" was 36% in 2020 and 45% in 2021, we are keen to see further improvements. In addition, two Board members retired in 2022 and we want to ensure that importance is assigned to the independence of candidates during the recruiting process.

A strictly independent board member is defined as: not being employed by the company, not representing or being employed by a majority shareholder, not having served on the Board for more than ten years, not being a reference shareholder with more than 5% of holdings, having no cross-board membership, having no recent, immediate family ties to the company, and not accepting any compensation other than compensation for board service.

Objective: Further improve the proportion of strictly independent board members.

Engagement: We reached out to UnitedHealth Group as the company was scoring relatively low in our propriety ESG tool, the LGT ESG Cockpit, for the KPI Strictly independent board members. We encouraged United Health Group to appoint strictly independent Board members in the future and asked it about the process to further improve the level of Board independence, which has developed positively in recent years, especially considering the recent retirements from the Board. The company responded and gave us further insight into the recruiting process and confirmed the importance of independence when considering new candidates for election to the Board.

Outcome and status: We take a positive view of the fact that UnitedHealth Group confirmed that it expects to carry out recruiting efforts in the near term with a focus on the independence of prospective Board members. This development will be monitored by us to confirm further improvements are made.

We have decided not to escalate this matter by exercising our votes against the Board at this stage. While the voting decision ultimately lies with the Investment team, we will closely follow the recommendations set out in the Socially Responsible Investment (SRI) Proxy Voting Guidelines provided by ISS. SRI has applied a less strict criterion for the independence level of the Board. For 2022, ISS Social Advisory Services reported that 75% of Board members were independent and it did not recommend voting against any of the Board members.

According to the SRI US Voting Guidelines, it is recommended to:

1. Vote against/withhold from the entire board if less than the majority of the full board is independent.
2. Vote against/withhold from non-independent directors (executive directors and non-independent non-executive directors according to the Categorization of Directors) when:
   - The non-independent director serves on the audit, compensation or nomination committee;
   - The company lacks an audit, compensation, or nomination committee so that the full board functions as that committee; or
   - The company lacks a formal nomination committee, even if the board attests that the independent directors fulfill the functions of such a committee.

As neither of the above criteria that we consider critically important applied to the AGM 2023, we decided to engage with the company through dialogue instead and to communicate our objective of improving the proportion of strictly independent Board members.

Proxy voting[1]

We actively exercise our voting rights and engage with the companies that we invest in. We believe that over the long term, a well-developed relationship between a company and its investors can lead to increased shareholder value and superior returns. LGT Capital Partners has a fiduciary responsibility to influence companies and issuers of securities in order to serve the best interests of investors. As shareholders, we use our voting rights whenever possible in order to:

- Improve the level of reporting disclosures;
- Align management compensation to ESG key performance indicators and emissions targets;
- Support strategic measures to accelerate or adapt to a low-carbon business model.

LGT Capital Partners closely follows the Socially Responsible Investment (SRI) Proxy Voting Guidelines provided by Institutional Shareholder Services Inc. (ISS) but may deviate from the recommendations if our assessment of the situation is different. As part of this group of 2,000 investors, we aim to have a more significant impact on the accountability of large corporations and their actions. All voting recommendations are reviewed individually.

Voting transparency

We aim to provide transparency around our voting activities and publish a monthly report and an annual report with detailed information on our voting instructions and the rationale for all voting items. A complete list of all proxy voting activities in 2023 is available on our website at here.

Facts and figures

99%
Meetings voted at

86
Meetings voted at

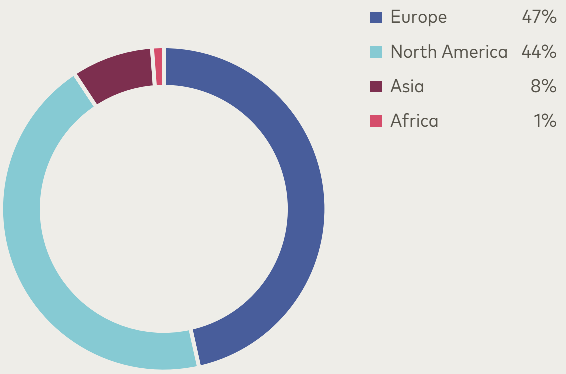
1,370
Items voted

66%
Meetings with at least 1 vote against/abstain/withhold

11%
Votes against management

39/66
Shareholder proposals supported

Meetings voted by region



Source: LGT Capital Partners, ISS. Data from 1 January 2023 to 31 December 2023.
[1] Includes all of LGT Capital Partners' dedicated sustainable strategies, which include a direct equity allocation: LGT Sustainable Equity Global strategy, LGT Sustainable Quality Equity Hedged strategy, LGT Sustainable Equity Europe strategy, LGT Sustainable Equity Market Neutral strategy, LGT Sustainable Strategy 5 Years, LGT Sustainable Strategy 4 Years, LGT Sustainable Strategy 3 Years. Does not include client mandates.

Significant votes

We have enhanced our process around the disclosure of sustainability-related voting agenda items and significant votes to ensure accountability and transparency for our clients and other stakeholders.

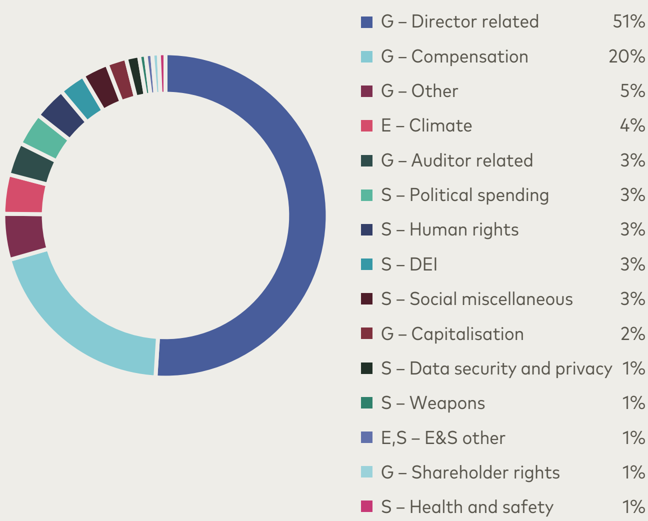
Significant votes match one or more of the following criteria:[2]

- Votes against management recommendations.
- Voting agenda items of particular importance to our sustainable investment objectives and principles.
  - This could relate to votes on "Say on Climate" (net zero transition plans), board diversity or human rights, among other topics.
- Voting agenda item that relates to an ongoing engagement with an investee company.
  - In 2023, we started tracking engagements with related voting escalations in our engagement tool.
- Larger share of ownership or collaboration with other investors.
- Voting agenda items that received attention and are of importance to stakeholders, clients and the investment teams.
  - The investment teams can flag votes as significant in our voting tool going forward as part of the voting process to facilitate tracking.

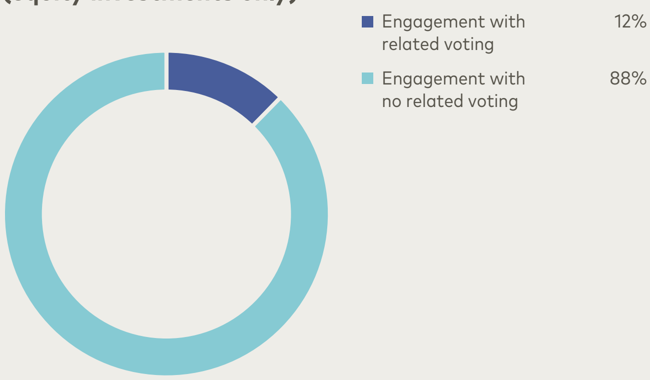
Below a breakdown of our voting decisions in relation to:

- Votes against management recommendations.
- Proportion of engagements with a related vote action (equity investments only).
- Votes on selected topics in relation to management and SRI policy recommendations.

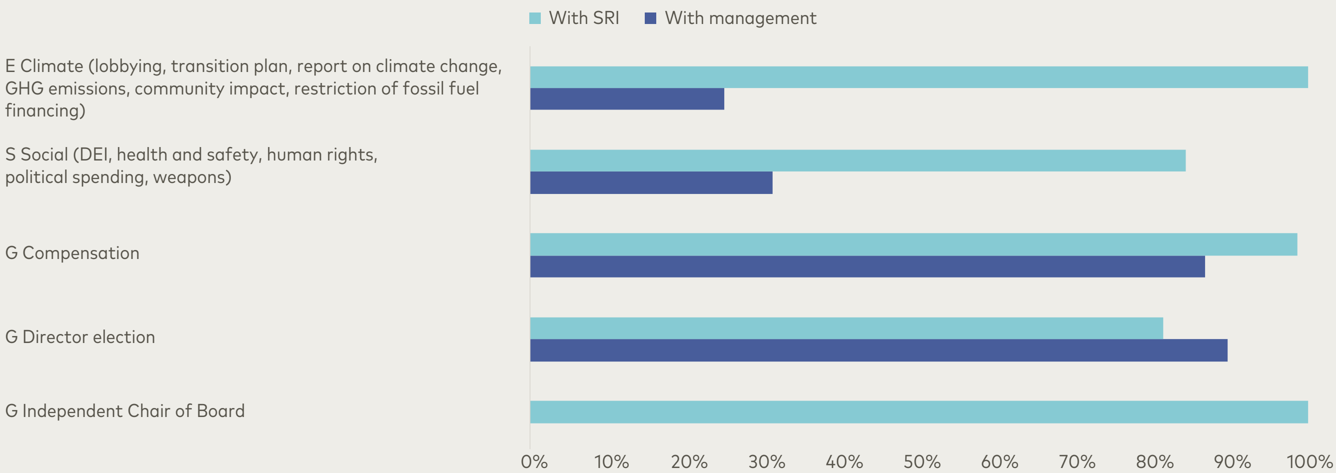
Breakdown of votes against management by issue



Proportion of engagements with a related vote action (equity investments only)



Votes on selected topics in relation to management and SRI policy recommendations



Source: LGT Capital Partners, ISS. Data from 1 January 2023 to 31 December 2023.

[1] Includes all of LGT Capital Partners' dedicated sustainable strategies, which include a direct equity allocation: LGT Sustainable Equity Global strategy, LGT Sustainable Quality Equity Hedged strategy, LGT Sustainable Equity Europe strategy, LGT Sustainable Equity Market Neutral strategy, LGT Sustainable Strategy 5 Years, LGT Sustainable Strategy 4 Years, LGT Sustainable Strategy 3 Years. Does not include client mandates.

[2] This applies for LGT Capital Partners' direct equity allocation.

Examples of significant votes in 2023

Climate change lobbying

Environmental Social Governance

Paccar
Proposal text: Report on climate lobbying
Proponent: Shareholder
LGT Capital Partners vote instructed: For
Management recommendation: Against
Vote result: Rejected. For 46.1%, against 51.1%, abstain 2.7%
Voting rationale: A major concern is the lack of transparency regarding Paccar's direct and indirect lobbying activities. Paccar is a member of a trade association that has actively sought to impede proposed clean truck regulations. In line with the CA100+ engagement objective, we support the request for the Board of Directors to annually conduct an evaluation and issue a report describing if, and how, Paccar's lobbying activities are aligned with the goal of the Paris Agreement and how they plan to mitigate the risks presented by any misalignment.

Fossil fuel financing

Environmental Social Governance

Morgan Stanley
Proposal text: Adopt time-bound policy to phase out underwriting and lending for new fossil fuel development
Proponent: Shareholder
LGT Capital Partners vote instructed: For
Management recommendation: Against
Vote result: Rejected. For 4.8%, against 93.8%, abstain 1.4%
Voting rationale: We consider that this policy would enhance shareholders' ability to assess the company's management of climate risks in its lending and underwriting activities. Furthermore, shareholders stand to gain from a more robust alignment between the company's articulated objectives, its fossil fuel policy, and its actions in terms of corporate responsibility.

Board diversity

Environmental Social Governance

Akamai Technologies
Proposal text: Election of Directors
Proponent: Management
LGT Capital Partners vote instructed: Against (the election of one out of ten directors)
Management recommendation: For
Vote result: Accepted (all directors). Level of dissent between 0.5%-10%

Environmental Social Governance

Universal Display
Proposal text: Election of Directors
Proponent: Management
LGT Capital Partners vote instructed: Against (the election of one out of eight directors)
Management recommendation: For
Vote result: Accepted (all directors). Level of dissent between 0.8%-13.4%

Voting rationale: In 2023, we carried out objective-oriented engagements on board diversity and also took escalation steps by exercising our votes for Akamai Technologies and Universal Display. In line with the recommendations set out in the Socially Responsible Investment (SRI) Proxy Voting Guidelines, we believe that it is in the best interests of shareholders for management to give serious consideration to board diversity and to strive for at least 40% underrepresented gender identities and 20% racially or ethnically diverse board members. In the case of a lack of diversity on the board according to the SRI definition, we vote against the chair of the nomination committee (or withhold/abstain depending on the market), or other Board members on a case-by-case basis. We choose to generally not vote against the incumbent members of the nomination committee, i.e., we express our dissatisfaction about an insufficiently diverse board by voting against the chair and engaging on the topic with the company. We are reluctant to vote against all Board members as they, themselves, often strengthen the board's diversity.

In addition, we voted against (or withheld/abstained depending on the market) the election of the director due to lack of diversity on the board for over 30 investee companies at the AGMs in 2023.

Executive renumeration

Environmental Social Governance

Executive remuneration
Estée Lauder
Proposal text: Advisory vote to ratify named executive officers' compensation
Proponent: Management
LGT Capital Partners vote instructed: Against
Management recommendation: For
Vote result: Accepted. For 91.6%, against 8.4%

Environmental Social Governance

Executive remuneration
Grifols
Proposal text: Approve remuneration policy
Proponent: Management
LGT Capital Partners vote instructed: Against
Management recommendation: For
Vote result: Accepted. For 62.6%, against 37.4%

Environmental Social Governance

Executive remuneration
Paccar
Proposal text: Advisory vote to ratify named executive officers' compensation
Proponent: Management
LGT Capital Partners vote instructed: Against
Management recommendation: For
Vote result: Accepted. For 93%, against 6.1%, abstain 0.9%

Environmental Social Governance

Executive remuneration
Universal Display
Proposal text: Advisory vote to ratify named executive officers' compensation
Proponent: Management
LGT Capital Partners vote instructed: Against
Management recommendation: For
Vote result: Accepted. For 82.6%, against 17.4%

Voting rationale: In 2023, we carried out objective-oriented engagements on ESG-linked remuneration targets and also escalated our engagement by exercising our votes for Estée Lauder, Grifols, Paccar and Universal Display. This means that we voted against the management recommendation related to the approval of the remuneration policy and/or the advisory vote on executive officers' compensation at the AGMs in 2023 for these companies. We view integration of meaningful ESG KPIs into incentive plans as positive for accountability in our investee companies' journey towards sustainable and long-term value creation. We consider it vital to ensure sustainable impact is properly embedded in the corporate strategy and that executives are incentivized to fulfil ESG targets. Our ambition is that the integration of ESG KPIs in incentive plans should be transparent, meaningful and trackable.

Environmental Social Governance

Executive remuneration
Pepsi
Proposal text: Advisory vote to ratify named executive officers' compensation
Proponent: Management
LGT Capital Partners vote instructed: Against
Management recommendation: For
Vote result: Accepted. For 89.1%, against 10.9%

Voting rationale: Another example where we voted against the advisory vote on executive officers' compensation at the AGM in 2023 was for Pepsi. We are not satisfied with its speed of transition to healthier products and therefore decided to escalate by exercising our votes. Further, the company has not disclosed any environmental or social performance measures as a part of its long-term incentive plan for executives. We previously engaged with Pepsi on ESG-linked remuneration and the transition to healthier products in 2020 and 2021.

Appendix: Engagement list

Please find below a list of the companies the Sustainable Equity and Fixed Income teams engaged with in 2023.

Company[1]	E	S	G	Main topics of engagements	Sector	Country[2]	Team (EQ[3]/FI[4])
A2A SpA	Y	N	N	Net zero: energy transition	Utilities	Italy	FI
adidas AG	N	Y	N	Fair wages	Consumer discretionary	Cambodia	EQ
Agilent Technologies Inc	N	Y	N	Animal testing	Health care	US	EQ
Akamai Technologies	N	Y	N	Diversity, equity and inclusion	Information technology	US	EQ
Akamai Technologies	N	Y	N	Supply chain management	Information technology	US	EQ
Algonquin Power & Utilities Corp	Y	N	N	Sustainability disclosure	Utilities	US	FI
Algonquin Power & Utilities Corp	Y	N	N	Net zero	Utilities	US	FI
Algonquin Power & Utilities Corp	N	N	Y	Sustainabiliy disclosure: SBTi	Utilities	US	FI
Algonquin Power & Utilities Corp	Y	N	N	Green and social financing	Utilities	US	FI
Algonquin Power & Utilities Corp	Y	N	N	Net zero: renewable energy	Utilities	US	FI
Alphabet Inc	N	N	Y	Anti-competitive behaviour	Communication services	US	EQ
Apollo Global Management Inc	N	Y	Y	Sustainability disclosure	Financials	US	FI
Apple Inc	N	Y	N	Forced labour	Information technology	US	EQ
Avangrid Inc	Y	N	N	Net zero: energy transition	Utilities	US	FI
Bank of America Corp	N	N	Y	Sustainablity disclosure: Net zero	Financials	US	FI
Bank of America Corp	Y	N	N	Sustainablity disclosure	Financials	US	FI
Carrefour SA	Y	N	Y	Sustainability linked bond KPIs	Consumer staples	France	FI
Centrica PLC	Y	N	N	Nuclear energy production	Utilities	UK	FI
Cofinimmo SA	N	Y	N	Social integration	Real estate	Belgium	FI
Cofinimmo SA	N	Y	Y	ESG framework	Real estate	Belgium	FI
Covivio SA	Y	N	N	Green financing	Real estate	France	FI
Covivio SA	N	N	Y	Taxonomy alignment	Real estate	France	FI
Danone SA	Y	N	N	Nature and biodiversity loss (Nature Action 100)	Consumer staples	France	FI
Deutsche Bahn	Y	N	N	Green and social financing	Industrials	Germany	FI
Deutsche Bank AG	N	N	Y	Financing of sex trafficing	Financials	US	FI
Estee Lauder Companies Inc	Y	N	N	Packaging: Global commitment 2025	Consumer staples	US	EQ
Estee Lauder Companies Inc	Y	N	N	Packaging: reusable, recyclable or compostable	Consumer staples	US	EQ
Estee Lauder Companies Inc	Y	N	N	Packaging: recycled content	Consumer staples	US	EQ
Estee Lauder Companies Inc	Y	N	N	Bio-based ingredients	Consumer staples	US	EQ
Estee Lauder Companies Inc	Y	N	N	Water pollution	Consumer staples	US	EQ
Estee Lauder Companies Inc	Y	Y	N	Bio-based sourcing	Consumer staples	US	EQ
Estee Lauder Companies Inc	N	N	Y	Executive remuneration	Consumer staples	US	EQ
Estee Lauder Companies Inc	N	N	Y	Multi-class capital structure	Consumer staples	US	EQ
Estee Lauder Companies Inc	N	N	Y	Board independency	Consumer staples	US	EQ
FMO-Nederlandse Financierings-Maatschapp Is VoorOntwikkeling	N	N	Y	Bribery allegations	Development banks	Netherlands	FI
Geberit AG	Y	N	N	Net zero transition plan (NZEI)	Industrials	Switzerland	EQ
Givaudan S.A.	N	N	Y	ESG-linked remuneration targets	Materials	Switzerland	EQ
Givaudan S.A.	Y	N	N	SBTi targets	Materials	Switzerland	EQ
Givaudan S.A.	Y	N	N	Water pollution	Materials	Switzerland	EQ
Grifols SA	N	N	Y	ESG-linked remuneration targets	Health care	Spain	EQ
Heineken N.V.	N	N	Y	ESG-linked remuneration targets	Consumer staples	Netherlands	EQ
Heineken N.V.	Y	N	N	Water reduction targets	Consumer staples	Netherlands	EQ
Iberdrola SA	Y	N	N	Biodiversity	Utilities	Spain	EQ

Source: LGT Capital Partners

[1] References to a specific company should not be interpreted as a recommendation.
[2] Data based on location of company headquarters.
[3] Equities
[4] Fixed income

Company[1]	E	S	G	Main topics of engagements	Sector	Country[2]	Team (EQ[3]/FI[4])
Iberdrola SA	N	Y	N	Supply chain visibility and reporting	Utilities	Spain	EQ
Iberdrola SA	Y	N	N	Blade and turbine recyclability	Utilities	Spain	EQ
IDEXX Laboratories	N	Y	N	Diversity, equity & inclusion	Health care	US	EQ
ITALGAS	Y	N	N	Green and social financing	Utilities	Italy	FI
JPMorgan Chase & Co.	N	N	Y	Financing of sex trafficing	Financials	US	FI
JPMorgan Chase & Co.	Y	N	N	Green and social financing	Financials	US	FI
Kellogg Company	Y	N	N	Nature and biodiversity loss (Nature Action 100)	Consumer staples	US	FI
Kering SA	Y	N	N	Alternative materials	Consumer discretionary	France	EQ
Kering SA	Y	Y	N	Animal product sourcing	Consumer discretionary	France	EQ
Kering SA	N	Y	N	Supply chain management	Consumer discretionary	France	EQ
Kering SA	Y	N	N	Circular economy	Consumer discretionary	France	EQ
Kering SA	Y	Y	N	Animal cruelty issues in the supply chain	Consumer discretionary	Mongolia	FI
Knorr–Bremse AG	Y	N	N	Net zero transition plan (NZEI)	Industrials	Germany	FI
L'Oreal SA	Y	N	Y	Product impact disclosure	Consumer staples	France	EQ
L'Oreal SA	Y	N	N	Chemical footprint	Consumer staples	France	EQ
L'Oreal SA	Y	N	N	EU Taxonomy (remaining four environmental objectives)	Consumer staples	France	EQ
L'Oreal SA	Y	N	N	Re-fillable packaging	Consumer staples	France	EQ
L'Oreal SA	Y	N	N	Sustainable ingredients	Consumer staples	France	EQ
L'Oreal SA	Y	N	N	Nature and biodiversity loss (Nature Action 100)	Consumer staples	France	EQ
Lululemon Athletica Inc	Y	N	N	Sustainable materials	Consumer discretionary	US	EQ
LVMH Moet Hennessy Louis Vuitton SE	Y	Y	N	Animal cruelty in supply chain	Consumer discretionary	Mongolia	FI
LVMH Moet Hennessy Louis Vuitton SE	N	N	Y	Sustainability disclosure	Consumer discretionary	France	FI
Microsoft Corporation	N	N	Y	Tax optimisation	Information technology	US	EQ
Natwest Group PLC	N	Y	N	Green and social financing	Financials	UK	FI
Newmont Corporation	Y	N	N	Water consumption	Materials	US	EQ
Newmont Corporation	Y	N	N	Water recyclability	Materials	US	EQ
Newmont Corporation	Y	N	N	Water incidents	Materials	US	EQ
Newmont Corporation	Y	N	N	Water quality and cyanide spill	Materials	US	EQ
Newmont Corporation	N	Y	N	Indigenous communities	Materials	US	EQ
Norddeutsche Landesbank	Y	N	N	Green and social finance framework assessment	Financials	Germany	FI
Nordea Bank Abp	Y	N	N	Green and social finance framework assessment	Financials	Sweden	FI
Nordea Bank Abp	Y	N	N	Green and social financing	Financials	Sweden	FI
Nova Ljubljanska Banka	N	N	Y	Leadership issues	Financials	Slovenia	FI
OMV AG	Y	N	N	Green and social financing	Energy	Austria	FI
Ormat Technologies	Y	N	N	Biodiversity and ecosystems	Utilities	US	EQ
Ormat Technologies	N	Y	N	Diversity, equity & inclusion	Utilities	US	EQ
Ormat Technologies	N	N	Y	ESG-linked remuneration targets	Utilities	US	EQ
Ormat Technologies	Y	N	N	Net zero strategy	Utilities	US	EQ
PACCAR Inc	Y	N	N	Net zero: fleet electrification and climate policy lobbying (CA 100+)	Industrials	US	EQ
PACCAR Inc	N	N	Y	ESG-linked remuneration targets	Industrials	US	EQ
Quidel Corporation	N	N	Y	ESG-linked remuneration targets	Health care	US	EQ
Reckitt Benckiser Group Plc	Y	N	N	Plastic packaging	Consumer staples	UK	EQ
Reckitt Benckiser Group Plc	Y	N	N	Sustainable offering and ingredients: subscription model	Consumer staples	UK	EQ
Reckitt Benckiser Group Plc	Y	N	N	Sustainable offering and ingredients: sustainable product target	Consumer staples	UK	EQ
Reckitt Benckiser Group Plc	Y	N	N	Bio-based ingredients	Consumer staples	UK	EQ
Reckitt Benckiser Group Plc	Y	N	N	Chemical footprint	Consumer staples	UK	EQ
Reckitt Benckiser Group Plc	Y	N	N	Energy consumption	Consumer staples	UK	EQ
Reckitt Benckiser Group Plc	Y	N	N	Water consumption	Consumer staples	UK	EQ
Shenzhou Intl Group Holdings Ltd	Y	N	N	Sustainability disclosure: forests and water (CDP non-disclosure campaign)	Consumer discretionary	Hong Kong	EQ
Starbucks Corporation	N	Y	N	Anti-union practices	Consumer discretionary	US	EQ
Stryker Corporation	N	N	Y	Anti-bribery and corruption	Health care	US	EQ
Stryker Corporation	N	Y	N	Health and safety: fatality	Health care	US	EQ
Taiwan Semiconductor Mfg. Co. Ltd.	Y	N	N	Environmental footprint	Information technology	Taiwan	EQ
Taiwan Semiconductor Mfg. Co. Ltd.	Y	N	Y	Energy and natural resource risk mitigation	Information technology	Taiwan	EQ

Source: LGT Capital Partners

[1] References to a specific company should not be interpreted as a recommendation.

[2] Data based on location of company headquarters.

[3] Equities

[4] Fixed income

Company[1]	E	S	G	Main topics of engagements	Sector	Country[2]	Team (EQ[3]/FI[4])
Taiwan Semiconductor Mfg. Co. Ltd.	N	Y	N	Human resources and IP protection	Information technology	Taiwan	EQ
Tencent Holdings Ltd	N	Y	Y	Data privacy and regulations	Communication services	Hong Kong	EQ
Tencent Holdings Ltd	N	Y	N	Diversity, equity and inclusion	Communication services	Hong Kong	EQ
Tencent Holdings Ltd	N	Y	N	Social impact	Communication services	Hong Kong	EQ
Unilever plc	Y	N	N	GMOs	Consumer staples	UK	EQ
UnitedHealth Group Inc	N	N	Y	Board independency	Health care	US	EQ
UnitedHealth Group Inc	N	N	Y	Sales practices	Health care	US	EQ
Universal Display Corporation	N	N	Y	ESG-linked remuneration targets	Information technology	US	EQ
Universal Display Corporation	Y	N	N	GHG emissions	Information technology	US	EQ
Universal Display Corporation	N	Y	N	Diversity, equity & inclusion	Information technology	US	EQ
Vale SA	Y	N	N	Climate action: environmental damage	Materials	Brazil	FI
VERBUND AG	Y	N	N	Net zero: energy transition	Utilities	Austria	FI
Warner Bros. Discovery Inc	N	N	Y	Abusive work culture	Communication services	US	FI

Source: LGT Capital Partners

[1] References to a specific company should not be interpreted as a recommendation.

[2] Data based on location of company headquarters.

[3] Equities

[4] Fixed income

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