



Engagement Policy Implementation Statement

GRAPHIC PACKAGING UK PENSION SCHEME

5 April 2023

1. Introduction

Graphic Packaging UK Pension Trustee Company Limited (the ‘Trustee’) are obliged, acting in their capacity as trustee of the Graphic Packaging UK Pension Scheme (the “Scheme”), to prepare a yearly statement setting out how they have complied with the Statement of Investment Principles (the ‘SIP’), including:

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

This statement relates to the period from 6 April 2022 to 5 April 2023 (the ‘reporting period’), and has been prepared in accordance with regulatory requirements and guidance published by the Pensions Regulator. This statement is based on the SIP that applied during the period, the latest of which is available at the following link: <https://www.graphicpkg.com/documents/2021/02/pension-statement-uk.pdf/>

2. Amendments to SIP

There were no material changes to the governance arrangements of the Scheme during the reporting period, nor to the investment policy, nature of risks, fees or stewardship practices. As a result, the SIP has not been amended during this reporting period.

3. Adherence to SIP

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

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

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

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

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

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

4. Stewardship – VLK monitoring and engagement behaviour

Background

The Trustee recognises its responsibility as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee does not monitor or engage directly with issuers of, or holders of, debt or equity, but instead delegate this activity to VLK and to the underlying asset managers appointed by VLK. The Trustee expects VLK to undertake regular monitoring and engagement in line with its' own corporate governance policies, taking account of current best practice including the UK Corporate Governance Code 2018 and the UK Stewardship Code 2020.

VLK expects the underlying asset managers they select, and who are regulated in the UK, to comply with the UK Stewardship Code 2020, including public disclosure of compliance via an external website. VLK also expect those managers to exercise rights attached to their investments, including voting rights, and to engage with issuers of debt and equity and other relevant persons about matters such as performance, strategy, management of actual or potential conflicts of interest, and environmental, social and governance (“ESG”) considerations.

ESG criteria are a set of non-financial indicators relating to a company’s operations that are used by investors to evaluate corporate behaviour and to determine how it may impact the future financial performance of companies. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company’s leadership, executive pay, audits, internal controls, and shareholder rights.

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

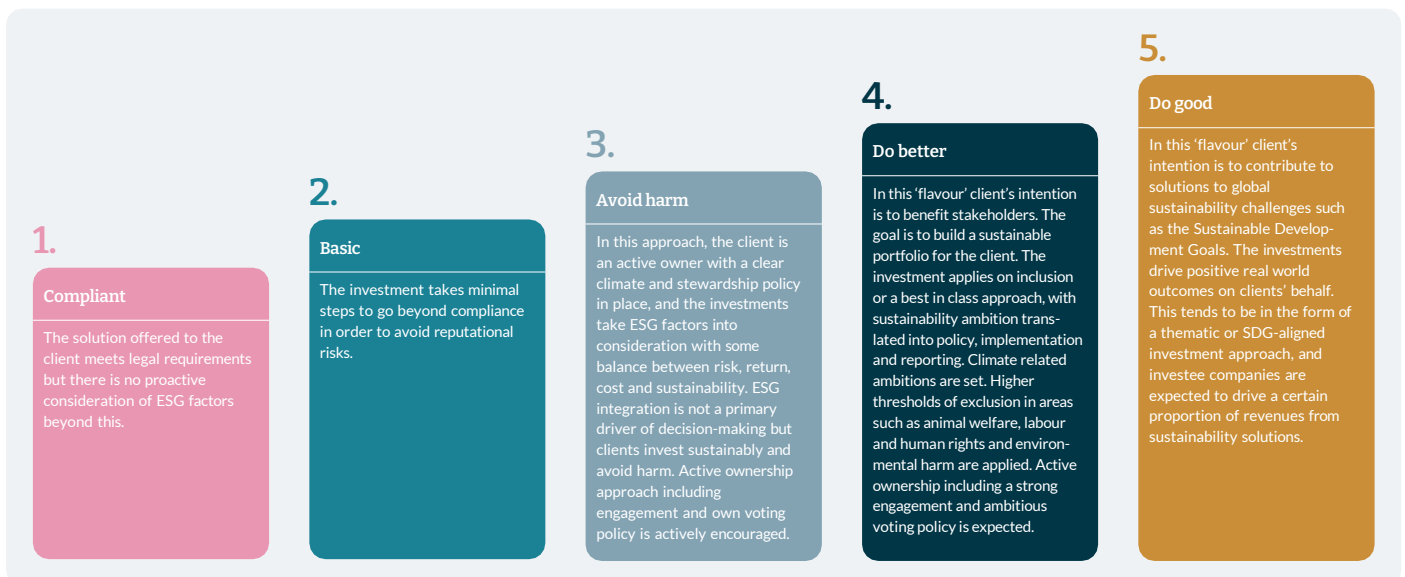
VLK monitoring of underlying asset managers

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

- ESG criteria are assessed based on international conventions and initiatives, such as the UN Global Compact and the Principles for Responsible Investment (PRI);
- All managers are screened against ESG criteria before inclusion in VLK’s approved manager list. For example:
 - does the manager have a responsible investment policy;
 - is the manager open for a dialogue on ESG criteria; and

- does the manager have exposure to companies that are on VLK's exclusion & avoidance list?
- All managers are reviewed against ESG criteria on an ongoing basis. For example:
 - do responsible investing considerations continue to be integrated into their investment process;
 - is the manager making progress;
 - is the manager well informed and up-to-speed on ESG criteria and initiatives; and
 - is there periodic screening of all the underlying equity and debt securities held by managers within their investment products, to check for exclusion candidates?
- VLK encourages its chosen managers to improve their practices where appropriate.

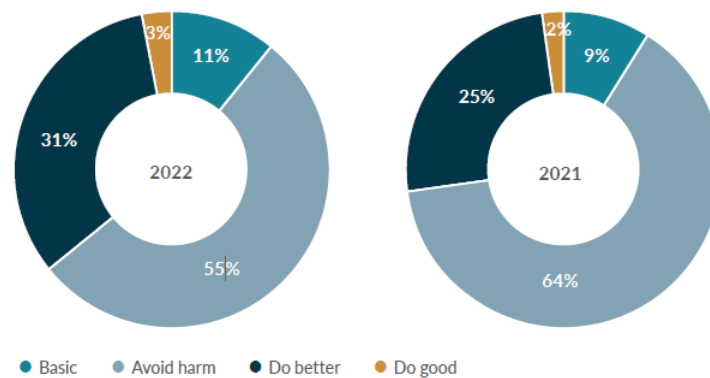
VLK have created a proprietary scoring framework (the Sustainability Spectrum) to help them understand and evaluate how asset managers integrate various ESG factors into their investment products and processes. Within this framework, asset managers and their products (i.e. pooled funds) are classified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



Scoring listed funds

Over 2022 VLK have continued to apply this scoring methodology to rate the ESG characteristics of the underlying managers and investment products used within client strategies. They scored 385 listed funds by the end of 2022, which represents around 58.4% of VLK's AuM. The pie charts below show a breakdown of how the external managers in listed asset classes scored, ranging from 'Basic' to 'Do Good'. As a percentage of scored AuM, 11% of the funds scored 'Basic', 55% scored 'Avoid harm', 31% scored 'Do better' and 3% of the AuM fell under managers scoring 'Do good'.

Sustainability scores of external managers



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

Scoring alternative funds

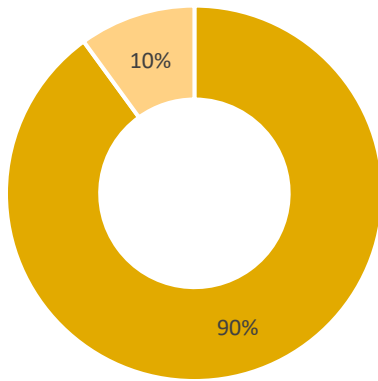
In 2022, VLK continued to assess funds in private markets and alternative asset classes. Although the ESG scores are not completely aligned with the listed asset classes mentioned above, they do give a good indication about the sustainability approach of the underlying managers. In 2022, 91 underlying funds have been assessed on ESG, of which 15 scored Basic; 28 scored Avoid harm; 38 scored Do better; and 10 scored Do good. The scores of Basic and Avoid harm is not unexpected, it has historically been more challenging for alternatives to apply sustainability in a similar way to the listed funds.

VLK engagement & examples

In order to help external managers to improve their sustainability and ESG characteristics, VLK will regularly engage with them on their sustainability commitments and performance. In 2022 VLK proactively engaged with 80 managers which can be broken down to 39 listed external managers, 31 private markets managers, and 10 managers linked to alternative strategies. VLK's expert Manager Research Solutions Team engages with external managers on compliance with VLK's exclusion list, on alignment with VLK's sustainability ambitions and those ambitions of their clients.

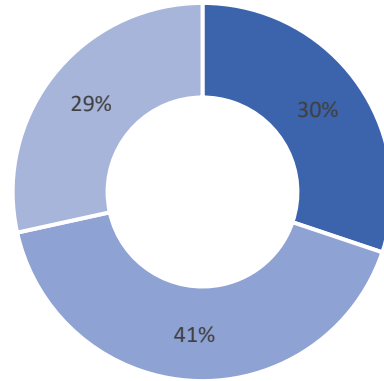
The pie charts below show the proportion of those engagements linked to an ESG topic, and where those topics were linked to ESG, which theme was the focus of the engagement.

Engagement on ESG?



■ Yes ■ No

ESG Theme



■ Environmental ■ Social ■ Governance

Below are two examples of a specific engagement to show how VLK are monitoring and engaging with the Scheme's underlying managers with respect to ESG topics.

Example 1:

Engagement type	Engagement on specific companies/industries (other)
Engagement topic	Social
Manager	Insight
Funds/mandates involved	Maturing Buy and Maintain Funds (MBAM)
Company	Volkswagen
Reason for engagement	Insight has exposure to Volkswagen, a name that has been added to VLK's exclusion list on the back of the MSCI ESG Red Flag it received relating to employment conditions in China.
Summary of discussion with manager	<p>Prelude: Insight had communicated before that they do not buy companies with MSCI ESG red flags within the MBAM funds. Volkswagen was already a name in a couple of the MBAM funds and Insight continue to hold the company debt while digesting the red flag and consider engagement. Our expectation was that there would be a hasty positive resolution within a reasonable time frame, but it has now been 3 months since we first reached out to Insight with no change. We therefore scheduled an update call to fully understand the situation.</p> <p>Update from Volkswagen: They explained that the VW China CEO visited the Urumqi plant to review the situation. The VW statement that followed this visit mentioned that employment of the 240 employees at the Urumqi plant predate the initial MSCI ESG allegations with employment of over four years. All employees have individual contracts with the JV, and minorities are fully (17% of employees are Uyghur) supported by policies and pay is higher than the industry average in the region.</p> <p>Update from MSCI ESG: No real update from MSCI ESG. MSCI ESG has updated the VW case recently but only referred to the additional VW communication.</p> <p>Insight's view: Insight plans to continue its engagement with Volkswagen. They think that an independent audit / NGO review is the best solution to conclude this case. Insight also thinks that a sale of the JV stake is unlikely as there will be political backlash, even though they recognize the underutilization and relative irrelevance of the plant in Volkswagen's overall operations.</p> <p>Insight's positioning: Insight continues to maintain its 'hold' position on the bonds in the MBAM portfolios. They do not want to be forced sellers in this case and think the company is doing what it can do to resolve the case and Insight will continue to push for the independent audit. Given the complexity of the situation and the fact that the case is still very 'engagement worthy' Insight also does not want to impair performance/yields of the MBAM funds. At the same time Insight seems to become more likely to be a seller as relative valuation moves further towards the pre-red-flag levels (spreads tightening) and Insight also expects the case to be resolved in about a year's time. If VW cannot resolve this case (e.g., via an independent audit) in the coming year this is a clear sign of governance and culture issues at the firm.</p>
Conclusion	Insight seems to be aligned with VLK's timelines to resolve the case in the coming year. Our view is that their engagement approach means there is a realistic chance this complex case will be resolved.
Next steps	Continue to engage with Insight and ask for updates on this topic during our quarterly monitoring process.

Example 2:

Engagement type	Engagement item with an ESG element to it
Manager	Libremax
Funds/mandates involved	LibreMax K Core Securitized Credit Fund, Ltd.
Reason for engagement	Libremax is a US manager, and one of the underlying manages within the Kempen Diversified Structured Credit Pool. The reason for this engagement is due to their ESG questionnaire score lagging most other long-only managers active in traditional public asset classes, with a score of 42% overall. Sub scores are 26% on commitment, 52% on ESG integration, 40% on Evidence and transparency, and 50% on Exclusions. This call was planned to explain our position and also explain how LibreMax might improve the funds ESG characteristics.
Summary of discussion with manager	<p>Overall they were happy to hear feedback from VLK regarding our scoring of the fund, and we provided an update on the Sustainable Finance Disclosure Regulation ('SFDR') regulations. SFDR aims to improve transparency for investors by requiring financial institutions to disclose a greater amount of information on their products. The information disclosed depends on the classification. Article 6 products are required to disclose the integration of sustainability risk in funds, regardless of whether the fund is promoted as having any environmental and/or social characteristics. Article 8 and 9 products promote environmental and/or social characteristics or have sustainable investment as a core objective, and are therefore required to disclose details on a variety of sustainability and ESG topics.</p> <p>We explained to Libremax that the new SFDR regulations will initially just provide transparency, but over time these new regulations will likely put pressure on SFDR 6 funds to improve their sustainability characteristics. We also explained that one of the European managers within our pool, Aegon, has been able to classify itself as an article 8 fund (i.e. products that promote environmental and/or social characteristics, but do not have sustainable investing as a core objective). It was positive to hear from them that Libremax would be interested to understand how they could also become an article 8 fund.</p> <p>Libremax now rates all the instruments they invest into and is actually able to report this across the whole firm. The rating methodology seems a little unstructured, and starts with the 'sector' rating but takes into account specific considerations with respect to the company, the securitization, the securitized collateral, the originator, sponsor, servicer and related companies. The rating scale is from 1 (Adequate – ESG concerns related to the investment are immaterial) to 2 (Adequate - despite concerns) to 3 (Inadequate – Significant ESG concerns with no active attempt at engagement and remediation). Libremax additionally looks into data providers (Moody's and Fitch) for ESG-related information. Furthermore they work with consultants (ACA) for their UNPRI reporting and also work with BlueDot Capital to develop ESG policies and investing at Libremax.</p> <p>We also discussed their DEI policy and initiatives, and raised the lack of a climate policy and they directly mentioned that this was feedback they also got from BlueDot. Another point raised was setting up a biodiversity policy. Overall Libremax seems to be open to add to, and enhance, their policies. This makes us feel that we can easily advance the dialogue with Libremax to set up more policies and refine the existing ones, even though ESG integration is not always easy because of the nature of the asset class.</p> <p>Libremax also share their latest UNPRI assessment report. They score 57 on investment & stewardship policy (just below the median), and 59 on the securitized module (just above the median) based on 2020 data, and some ESG improvements have taken place since then.</p>
Conclusion	Libremax seems to be on the right track and it was positive to hear that they are interested to move to an SFDR 8 like solution, even though it is likely that actual implementation is still far out. Libremax does not have dedicated ESG director - it seems that they have consciously chosen to work with external consultants which might fill part of this gap.
Engagement Results	A positive outcome from the engagement was that Libremax would share a basic overview of their engagement activities with us. This was demonstrated during the call, and whilst basic in nature it shows that Libremax actually has something to show regarding engagements in this asset class. The main result is that we improved our understanding of Libremax' ESG mindset and set up, which has improved since the initial due diligence we performed at appointment.
Next Steps	<p>Share some of the ideas we have and discuss these topics during our next monitoring call:</p> <ul style="list-style-type: none"> - Formulating a climate policy with a reference to the Paris Agreement - Formulating a biodiversity policy - Referencing/committing to global norms in the ESG policy (e.g., OECD/UNGC guidelines/principles) - Ask which industry associations they support/have looked into - Suggest scoring methodology to score specific elements of the securitization

Collaborative engagement

By participating in collaborative engagement initiatives with industry peers, VLK can increase the effectiveness and leverage of their engagement activities. VLK can initiate a collaborative engagement or join existing engagement initiatives, such as Climate Action 100+. VLK assess which collaborations fit best with their values and engagement targets on a case by case basis. In addition, VLK collaborate with other asset managers and asset owners where engagement objectives are aligned. In 2022 VLK became a supporter of the newly launched PRI collaborative effort on social themes, called Advance.

With the tangible effects and growing risks associated with climate change, VLK have prioritised engaging on climate related issues. This covers additional emissions disclosures, emission mitigation efforts, or the development of cleaner technologies. VLK expect external asset managers they select to be aligned with the Paris Agreement and set emission reduction targets. In 2022, VLK were an active member of several initiatives, most notably:

- IIGCC Climate Action 100+
- Platform Living Wage Financials
- FAIRR
- Access to Medicine Foundation
- Investor Alliance on Human Rights

In terms of VLK's involvement in industry initiatives, they are an active member of PRI and several of its working groups (Corporate Reporting Reference Group, SDG Advisory Committee, Hedge Fund Advisory Committee), the GIIN (Global Impact Investing Network), and the ICGN (International Corporate Governance Network). They are also a signatory to the Dutch and UK Stewardship Codes.

5. Stewardship – asset manager voting and engagement behaviour

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

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

The assets are invested in a diverse range of asset classes, however the intention of this section of the statement is to provide specific details of the voting and engagement behaviour of the major allocations to fixed income corporate bond managers as of the end of the reporting period. Alternative assets and government bonds are excluded.

BOND MANAGERS' RESPONSE

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

Engagement Statistics

Fund / Mandate Information

Response

What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGR021
Total size of Scheme assets invested in the fund as at the end of the Reporting Period (if known)?	£8.09 million
What was the number of issuers in the fund / mandate as at the end of the Reporting period?	91
Question	
What percentage of entities in the portfolio have you engaged with at some point over the last 12 months ?	72.3%
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	79.7%
Number of meetings/calls with the board or chair of the board to discuss a matter or matters	1
Number of meetings/calls with member(s) of C-suite to discuss a matter or matters	52
Number of meetings/calls with a different individual (not covered in categories above) to discuss a matter or matters	113

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

Name of entity you engaged	Equinor
Year engagement was initiated	Q4 2022
Theme of the engagement	Environment
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred 	<p>Insight engaged with Equinor multiple times during the period and began their ESG discussions with them back in 2020. The meetings have been held on a 1-to-1 basis with numerous follow up emails in between. Insight has met with the capital markets team and IR. Engagements have been led by their energy analyst with the support of the RI Stewardship analysts.</p> <p>As part of a general update with Equinor, Insight covered two ESG topics. Firstly, its carbons emissions and secondly on its product footprint and guidance for its 2023 energy production mix. Additionally, they previously engaged with Equinor after it exceeded a 5% threshold measuring the proportion of its revenues generated from unconventional methods such as Arctic Oil. Breaching this threshold meant that Equinor failed Insight’s Buy and Maintain purchase agreement. At their previous engagement, Equinor stated that some of the oilfields labelled as ‘unconventional’ should not qualify for that description given the area in which three of the oilfields are located are ice-free most of the year.</p> <p>At their most recent engagement, Equinor confirmed it views itself as aligned with a 1.5 degree global warming scenario while also confirming they only have one target that is Paris-aligned. In addition, Insight asked about its group-wide emissions reduction targets. Equinor confirmed it has a 50% group-wide emission reduction target by 2030 for Scope 1 and 2 targets but do not have targets for Scope 3 because these emissions are out of their control. Insight explained that they expect oil and gas companies to set Scope 3 targets, in line with many of Equinor’s peers. They also asked about the issuer’s plans for investments in renewables and it revealed gross capex in renewables between 2021 to 2026 will reach approximately 23 billion. Overall, this remains low, with renewables accounting for only 1% of its energy production, and 0.7GW installed capacity versus its ambition of for 2030 to reach 12-16GW. Insight also asked about its unconventional oil and gas exposure to obtain an update based on our last conversation. Equinor issuer confirmed that Johan Castberg, an Arctic located oilfield in the Barents Sea, remains on track for 2024 but it is still too early for volume/production guidance. The issuer also confirmed it won’t rule out more investments in the Barents Sea as it views it as conventional. Finally, Equinor did not reveal its energy mix plans or any guidance for 2030 or 2050. It did guide that some projects will come on-stream by 2030 but looking for more opportunities that make sense. This engagement is aligned to SDG 13 Climate Action</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? 	<p>Insight will continue their separate, more specific engagement with Equinor on its plans for those oilfields deemed ‘unconventional’ to assess the environment/bio-diversity impact of these projects. Restrictions remain in place as a result of Equinor exceeding the 5% threshold - Excluding the three oilfields suggested to be 'conventional' by Equinor would push their controversial revenues score below the</p>

-Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	threshold, however, given the heightened biodiversity risk in the Arctic, Insight decided to keep the definition of these oilfields as 'unconventional'.

Insight Investment Management - Buy and Maintain Bond Fund 2031 - 2035

Engagement Statistics

Fund / Mandate Information	Response
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGR138
Total size of Scheme assets invested in the fund as at the end of the Reporting Period (if known)?	£5.38 million
What was the number of issuers in the fund / mandate as at the end of the Reporting period?	65
Question	
What percentage of entities in the portfolio have you engaged with at some point over the last 12 months ?	69.1%
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	75.9%
Number of meetings/calls with the board or chair of the board to discuss a matter or matters	1
Number of meetings/calls with member(s) of C-suite to discuss a matter or matters	39
Number of meetings/calls with a different individual (not covered in categories above) to discuss a matter or matters	65

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2031 - 2035

Name of entity you engaged	JP Morgan
Year engagement was initiated	Q3 2022
Theme of the engagement	Environmental and Social
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred 	<p>JP Morgan (JPM) provides global financial services and retail banking. The US company provides services such as investment banking, treasury and securities services, asset management, private banking, card member services, commercial banking, and home finance.</p> <p>Insight engaged with JPM as part of Insight’s counterparty engagement process on three separate occasions to provide feedback on their counterparty ESG questionnaire and to understand its decarbonisation approach and Diversity and Inclusion (D&I) policies in more detail. This was the initial engagement and was with an Executive Director that works within the Centre for Carbon Transition within the group. The meeting was led by Insight’s Senior Stewardship Analyst.</p> <p>JPM stated that its decarbonisation approach focuses on reducing the carbon impact from its banking and financing book, engaging with corporates to identify ‘green unicorns’ and helping corporates transition to a low carbon world. Meanwhile, JPM’s strategy for identifying green unicorns involves lending \$2.5 trillion to develop novel technologies that identify long term solutions to advance climate action and sustainable development.</p> <p>During a follow up engagement, JPM outlined in more detail the parameters of its fossil fuel policies, and Insight discussed the areas of weakness. For example, its fossil fuel financing policy only applies to greenfield coal projects and does not commit to a full phase out of coal. On D&I, JPM does not publicly disclose any targets for D&I representation despite having goals. JPM has fairly good D&I gender performance at board level (40%). However, Female representation at executive / senior level is only 29%, which is a significant decrease from mid-level management, where female employees make up 43% of its workforce. JPM only provides ethnic diversity for the US workforce, and disclosure rates are poor in other markets.</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit? 	<p>Among the counterparties surveyed/assessed, JPM’s fossil fuel financing policies are some of the weakest. Insight believe JPM should review and strengthen its fossil fuel policies in reference to IEA (International Energy Agency) Net Zero guidance. Similarly, on its D&I policies, Insight recommended JPM prioritise the provision of more quantitative and data led information. Insight would welcome greater focus on efforts and initiatives for other diverse groups beyond gender and ethnicity and broadening the application of D&I initiative beyond gender in market outside the US. Insight continues to use JP Morgan as a Counterparty. Recommendations will be provided to JPM over time and changes will be monitored.</p>

Insight Investment Management - Buy and Maintain Bond Fund 2036 - 2040

Engagement Statistics

Fund / Mandate Information

Response

What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQX81
Total size of Scheme assets invested in the fund as at the end of the Reporting Period (if known)?	£9.21 million
What was the number of issuers in the fund / mandate as at the end of the Reporting period?	58
Question	
What percentage of entities in the portfolio have you engaged with at some point over the last 12 months ?	65.6%
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	69.5%
Number of meetings/calls with the board or chair of the board to discuss a matter or matters	1
Number of meetings/calls with member(s) of C-suite to discuss a matter or matters	36
Number of meetings/calls with a different individual (not covered in categories above) to discuss a matter or matters	50

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2036 - 2040

Name of entity you engaged	América Móvil
Year engagement was initiated	Q3 2022
Theme of the engagement	Governance - Board effectiveness - Diversity
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred 	<p>Insight identified that America Movil had poor governance scores. Insight used their proprietary tools to understand the drivers for these poor scores, which were influenced by the controlling ownership as a result of the multiple-equity class structure where the company's major shareholder, Carlos Slim and his family, hold >80% of voting rights. Insight also has concerns about the board's limited diversity, independence, and skills.</p> <p>Through this engagement, Insight wanted to understand the company's willingness to change the board structure, and if they were, how they plan to change it. Insight pushed the issuer to set targets related to board representation and diversity, in addition to diversity within the company holistically, like industry leaders. They led an ESG-focused discussion with America Movil's IR and Sustainability teams in H2 2021 and followed up in H2 2022. While the firm will continue to have Carlos Slim's two children on its board, the company is striving for additional board improvements regarding diversity, experience and tenure, as well as over boarding. The company updated its materiality assessment and conducted its first overview of board practices in late 2021 to evaluate board effectiveness.</p> <p>During their H2 2022 conversation, Insight urged the company to improve transparency on governance practices such as board succession planning and refreshment as well as executive remuneration, which are both limited. Insight also encouraged further progress on diversity, to bring the board's female representation to the global best practice level of 30%. In addition to board level diversity, they recommended establishing additional quantitative targets for the overall workforce or at the leadership level, like global industry leaders.</p> <p>Meetings with America Movil have been hosted by the relevant analyst with support from the RI stewardship team. All meetings have been private in nature and various members of the IR and ESG team at Insight have been involved.</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit? 	<p>In the company's 2022 Sustainability Report, Insight were pleased that they established a new target to increase board diversity to three female directors, representing 21% of the board, which it achieved by appointing Gisselle Jiménez as a new director. This board-level diversity target is integrated into the company's strategy as it was added as a target within America Movil's Sustainability Linked Loan (SLL) structure. The company also refreshed their Board Diversity Policy, which includes the ambition to 'set measurable objectives to achieve gender diversity with the ultimate goal of having a composition of the</p>

Board where each gender represents at least thirty percent (30%).'

The engagement may provide financial benefit, as there is a growing body of research which suggests that companies with diverse directors and executive teams (in relation to gender and ethnicity) are more likely to achieve above-average profitability and have higher returns on invested capital. Board-level diversity and support for diversity initiatives also helps to create a more inclusive culture throughout the entire organization.

Since America Movil were open to Insight's feedback and has made improvements including meeting their initial objective of increasing board diversity, Insight were satisfied with the engagement. They will monitor the impact of the engagement through tracking the company's public disclosures to understand what targets have been set, and how performance is changing over time. Insight has decided to hold their position due to the positive conversations that they have had with America Movil.

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

Engagement Statistics

Fund / Mandate Information	Response
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQZ06
Total size of Scheme assets invested in the fund as at the end of the Reporting Period (if known)?	£11.35 million
What was the number of issuers in the fund / mandate as at the end of the Reporting period?	55
Question	
What percentage of entities in the portfolio have you engaged with at some point over the last 12 months ?	70.7%
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	71.2%
Number of meetings/calls with the board or chair of the board to discuss a matter or matters	1
Number of meetings/calls with member(s) of C-suite to discuss a matter or matters	33
Number of meetings/calls with a different individual (not covered in categories above) to discuss a matter or matters	55

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

Name of entity you engaged	Motability Operations
Year engagement was initiated	Q1 2022 & Q3 2022
Theme of the engagement	Governance - Remuneration and Environmental - emissions
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred 	<p>Insight wanted to follow up on executive remuneration which was discussed at length with Motability in 2021. Insight left the previous meeting satisfied with Motability's responses regarding the introduction of more modest remuneration packages which Insight deemed were more appropriate for the business. However, when reviewing their latest disclosures, Insight were concerned that executive pay still looked very high given the lack of competition in the market. Insight wanted to have a more detailed discussion with Motability about their sustainability strategy and plans for the future.</p> <p>Our engagement centred on three key areas: financing, Motability's provision of electric vehicles (EVs) and its carbon footprint. Motability is rated an ESG 3 with their in-house ratings model, and is rated 3 for Social and Governance and 4 for Environmental factors. The engagement is aligned to the following SDGs: Goal 16: Peace, Justice and Strong Institutions</p> <p>Insight began their ESG engagement with Motability in 2021 and this was their second discussion to follow up on the key concerns around remuneration. The CFO of Motability was on the call and the lead Insight analyst led the call. All engagements have been on a one to one basis to date.</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit? 	<p>Insight are happy to see some developments in Executive remuneration, but do not feel it goes far enough given the lack of competition in the market. They will continue to engage with Motability with the intention of further influencing modest pay. Motability have yet to set a coherent ESG strategy with targets to measure performance. Motability stated that they were attempting to address our concerns going forward. Insight will closely monitor their progress, reviewing their SBTs and Sustainability Report as and when they are published and look to re-engage early in 2023. Insight continues to hold Motability bonds.</p>

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

Engagement Statistics

Fund / Mandate Information	Response
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BK1MB907
Total size of Scheme assets invested in the fund as at the end of the Reporting Period (if known)?	£11.1 million
What was the number of issuers in the fund / mandate as at the end of the Reporting period?	51
Question	
What percentage of entities in the portfolio have you engaged with at some point over the last 12 months ?	62.9%
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	64.0%
Number of meetings/calls with the board or chair of the board to discuss a matter or matters	1
Number of meetings/calls with member(s) of C-suite to discuss a matter or matters	30
Number of meetings/calls with a different individual (not covered in categories above) to discuss a matter or matters	42

Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2046 - 2050

Name of entity you engaged	Heathrow
Year engagement was initiated	Q3 2022
Theme of the engagement	Environmental - Net Zero strategies
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	<p>Heathrow airport the largest and busiest Airport in the UK. Insight’s engagement objectives included encouraging Heathrow to strengthen and consolidate its net zero strategy (particularly on Scope 3), encouraging Heathrow’s participation in the Climate Disclosure Programme (CDP) and obtaining the Science Based Targets initiative (SBTi), which enables ambitious private sector action to set ambitious science-based emissions reduction targets.</p> <p>This engagement is aligned to SDGs 13 Climate Action.</p> <p>This was Insight’s first deep dive engagement with Heathrow on ESG topics. The meetings were hosted by Insight’s internal industrials analyst with their Treasurer.</p> <p>CO2 poses a significant challenge for Heathrow and the sector in general, given the materiality of its Scope 3 emissions and the lack of any clear technological solution to decarbonise the sector. 99.9% of Heathrow’s carbon emissions are Scope 3 (95% derives from aircraft flying and moving on the ground, 3.6% are surface access and 1.1% stem from its supply chain. Heathrow has targeted to achieve Net Zero by 2050 including scope 3. Its 2030 targets include:</p> <ul style="list-style-type: none"> - a 15% reduction in CO2 emissions from flying (mainly from use of sustainable aviation fuel SAF). - a 45% cut in CO2 from surface access, supply chain, vehicles and buildings. <p>The airport faces two challenges in its effort to decarbonise:</p> <ol style="list-style-type: none"> 1. the degree to which it can influence airlines to decarbonise fleets. 2. its net zero plan relies on technology which is costly and / or unproven (e.g. SAF, hydrogen plane etc.) <p>Heathrow is working with SBTi to obtain certification; they are hopeful they will receive it before year-end.</p>
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	<p>Heathrow were aware of CDP, and were keen to understand how Insight uses the data. Insight has requested that they participate in future.</p> <p>In Q1 2023, Heathrow received approval from the Science Based Targets Initiative (SBTi) for their 2030 carbon reduction targets, confirming they are consistent with a 1.5 degree trajectory. Heathrow is the first airport to achieve this status with SBTi’s updated 1.5 degree standard. Insight will continue to hold their bonds.</p>

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