

Stewardship Report

April 2025



At a glance

WHO WE ARE

£8bn

assets under
management

as at 31 December 2024

EST.
1993

First fund launched
in 2018

100%

employee
owned

74

employees

including a 26-person
investment team

WE OFFER CLIENTS



Real returns

an investment approach
aligned with our clients'
financial objectives of growing
their assets above inflation



Personal service

delivering a partner-
ship approach between
our clients and our
investment team



Tailored

client service and reporting



Stewardship

information and analysis

OUR INVESTMENTS



Long-term horizon

(over five years) to align with
the needs of our clients



A transparent and simple approach

investing primarily in global
equities, to provide a trans-
parent and understandable
solution for clients



ESG fully integrated

in all investment decisions



Conviction-led

global best-ideas investing

Stewardship Report 2024

We are delighted to share our annual stewardship report with you, highlighting our engagement and voting activities undertaken in 2024. Our stewardship activities are an integral part of our approach to investment, being one of our three foundational principles, and contribute to our ability to deliver real returns to our clients over the long term.

Our investment process focuses on identifying companies with durable business models and cash flow generation. As our sole aim is to deliver long-term returns ahead of inflation for our clients, we will only invest in companies that our internal research indicates have strong financial characteristics and corporate government structures. As an active long-term shareholder, we aim to build trusting relationships. We engage with companies in order to contribute to their long-term success and promote sustainable value creation. Stewardship is therefore central to delivering good client outcomes.

Our stewardship activities include monitoring and engaging with companies on issues that are considered material to their long-term success. These include strategy, financial performance, capital allocation, business practices, social and environmental risk management and opportunities, remuneration and corporate governance. Our voting and engagement activities work hand-in-hand to promote good stewardship of our clients' assets.

We commit to voting at company general meetings and, where necessary and possible, we engage with companies before voting to discuss concerns and our voting intentions. We also commit to responding to companies should they write to us or request a meeting on an issue. Given our focus on high-quality companies and detailed investment research, we expect to be supportive of company management. However, we are willing to be a critical friend in the pursuit of encouraging long-term success.

"We focus on materiality to promote long-term value creation and resilience."

Our stewardship principles

- 1 Invest in high-quality companies**
We will not hold shares in companies where we see material risks to the long-term success of the business.
- 2 Culture of partnership with management teams**
We value progress in pursuit of long-term improvements.
- 3 An aversion to box ticking**
We focus on what is important to each business.
- 4 A focus on all stakeholders**
We recognise that businesses exist within society and therefore have a duty to all stakeholders, not just shareholders.

2024

Engagement highlights

We had 154 company meetings, of which 86 were 1:1 meetings. 35 of these were wholly focused on governance, social and environmental issues. We voted on over 740 proposals at 42 company meetings. We also sent 28 letters as part of our efforts to work in partnership with our investee companies and encourage long-term value creation.

We know there are always new things to learn. To satisfy our curious minds we have had over 350 further research meetings with broker analysts and experts. These help us find the right opportunities in a rapidly changing world. We also attended a number of conferences ranging from particular sector issues such as healthcare, robotics and automation to corporate governance, nature and artificial intelligence.

Alongside stewardship and real returns, partnership is our third foundational principle. As we strive to be thoughtful long-term partners to the companies we invest in, we also deeply value our partnership with our clients and the trust they have put in us to be stewards of their assets. As in the previous two years, we held a client roundtable to share views on engagement and voting in more detail. For the first time, we also held a session with investment consultants to enhance understanding of how we approach these key issues as long-term investors.



154 company meetings



740 proposals



28 letters

" As an active long-term shareholder, we aim to build lasting relationships. "



Main engagement topics covered in 2024

Board composition

Exploring whether board members have the range of expertise and independence required and provide constructive challenge and strategic vision

Supply chains

Understanding the impact of China/US trade wars, including tariffs, as well as environmental and social practices in supply chains

Capital allocation

Understanding priorities between driving organic growth through employees, research & development or capex, M&A opportunities and returning capital to shareholders

Environmental issues, including carbon

Understanding companies' preparedness for the shift to a low-carbon economy, including opportunities and risks, and consideration of other material risks such as water, waste and biodiversity

Audit quality

Encouraging companies with long-tenured auditors to consider putting the audit contract to tender to ensure best practice, cost effectiveness and no conflicts of interest

Automation and artificial intelligence

Opportunities and threats from increased use of automation and AI, both to increase productivity in our companies and where they have new opportunities or risks to their business from technological developments

Employee welfare and inclusion

Understanding the culture of a company, employee retention, how employees are treated and fairness of pay in a competitive landscape for talent

Regulation

Particularly readiness and the impact of European regulation and potential changes in the US made by the Trump administration

"We consider strong governance as critical for all companies."

Every company should be headed by an effective board, which is collectively responsible for the long-term success of the company. We look for boards with varied and relevant skillsets and experience who are able to constructively support and challenge management teams.

In our call with members of the **Avery Dennison** board it was clear that the company has an engaged and knowledgeable board, with recent additions enhancing their cybersecurity expertise. We also discussed how their board members are active participants in 'advisory councils' alongside management and external experts in individual focus areas. This is an interesting way of leveraging their expertise and further adding value to the company.



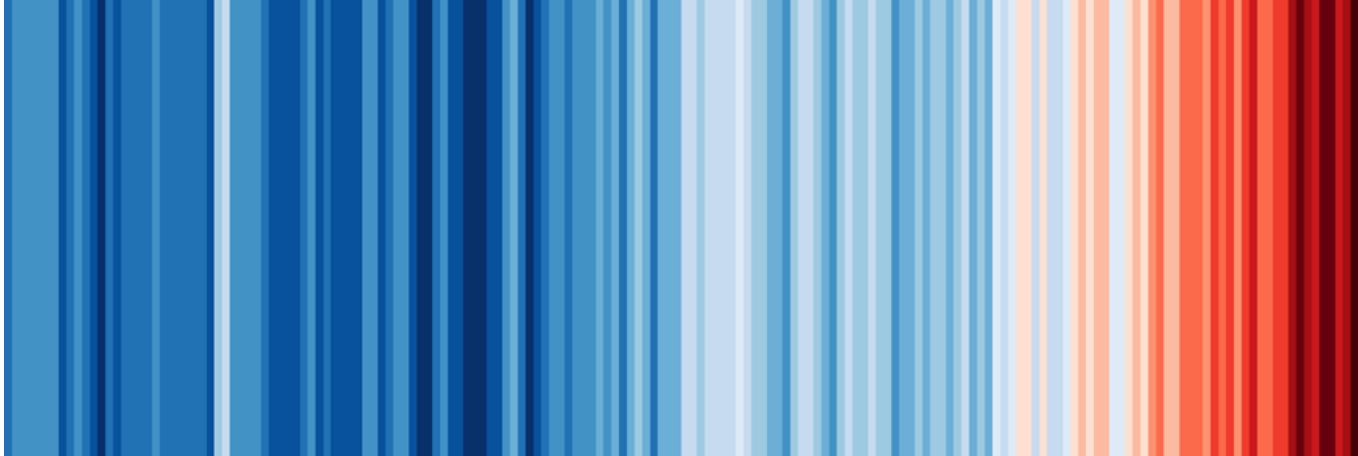
In 2024, it was clear that the US was becoming even more politically divided on ESG, specifically environmental and social issues. With the incoming Trump administration and Republicans controlling the House of Representatives and the Senate, further debate about the role of ESG and whether this is against fiduciary duty is likely to continue rather than dissipate. We continue to encourage companies to consider environmental and social factors that are material to their business. More than ever, they will need to clearly communicate the rationale behind these decisions and the impact on the long-term success of their company.

Before the election and increasingly afterwards, we have seen various companies step back from their diversity, equity and inclusion (DEI) programmes as well as watering down some climate commitments. This included **Tractor Supply Company** after being targeted by an activist on the issue. While we firmly believe in equal opportunities, equal pay for equal work and the right for all to work with dignity in a respectful environment, we do not ask companies to set DEI targets.

We prefer to see relevant policies and programmes in place to improve equity and inclusion, which includes training, mentorship and upskilling opportunities. We encourage disclosure of adjusted pay gaps signifying equal pay for equal work. We value disclosure of informed unadjusted gender/racial pay gaps as well as gender/racial representation across different levels of seniority over time. This allows stakeholders to judge opportunity, equality and inclusion progression rather than assuming there is a 'magic percentage' of diversity statistics regardless of a company's industry, history or location.

In a rapidly changing world and with the workforce set to contract across many geographies the ability to attract, retain and develop talent will be vital for long-term success. We believe attracting and retaining talent from a range of backgrounds, with different skillsets and perspectives as relevant to the company's business model, improves judgement and decision making and avoids groupthink, supporting long-term business performance.

"The workforce is set to contract in Germany by 17% and in Japan by 34% by 2050."¹



" 2024 was the first year that global temperatures rose more than 1.5°C from pre-industrial temperatures."

Global temperature change (1850–2024): each stripe represents the average temperature for a year. Blue = cooler-than-average, red = hotter-than-average.

Climate Stripes graphic by Professor Ed Hawkins, University of Reading, licensed under CC BY 4.0. Source: showyourstripes.info

The effects of climate change pose increasing risks to the financial system and economies of the world, as well as introducing potential physical or transition risks at an individual company level. As an active investment manager with a long-term view, we need to incorporate climate risk into our thinking and encourage resilience in the financial system and individual companies.

2024 was the first year that global temperatures rose more than 1.5°C from pre-industrial temperatures. While this does not mean that the Paris agreement has been breached (this would require higher temperatures to be sustained for a decade or longer) we are seeing extreme weather events such as flooding, droughts and wildfires. These are having a significant impact. An analysis of US home insurance showed that people living in the highest 20% of climate risk areas paid 82% more than those in the bottom 20%.² In some locations, insurance companies are already refusing to provide insurance to residential and commercial customers.

We strongly believe that all companies need to be aware of their physical and transition risks with regards to climate change. Collecting data and building robust policies and processes to reduce emissions, as well as disclosing this information, can offer financial advantages. We encourage companies to focus on potential financial benefits, such as lower costs and avoiding financial penalties that may arise from regulation, such as carbon taxes, or customer preferences for lower-carbon products. Financial loss from failing to adequately prepare for the physical risks of climate change is also becoming a reality. As detailed later in this report, we have had interesting conversations with investee companies such as **Labcorp Holdings** on this issue. Although it appears that the US will not be furthering climate regulations or required disclosures, many European, Asian and even some US individual states do require disclosure. US companies with global revenues will therefore still need to collect, monitor and disclose data on these issues.

" People in the highest climate risk areas paid 82% more than those in low-risk areas."

2. Federal Insurance Office, U.S. Department of the Treasury. Analyses of U.S. Homeowners Insurance Markets, 2018–2022: Climate-Related Risks and Other Factors. January 2025.

Engagement

Engagement is an important part of our research and monitoring work. We consider the extent to which companies are:

- Setting strategic objectives that build long-term, successful business models and prioritising the achievement of these strategic objectives over short-term performance
- Managing risk effectively, as seen from the perspectives of multiple stakeholders
- Implementing an appropriate capital structure through a process of sound capital allocation
- Promoting good corporate governance, including strong corporate cultures and appropriate remuneration and incentives
- Communicating transparently and producing high-quality disclosures and reporting.

We seek to engage with our investee companies at least annually. Our engagements are undertaken in a spirit of partnership, whereby we work with companies to promote long-term value creation and resilience. We therefore aim to engage directly with company executives, specialised senior management and board members. Our engagements take the form of meetings, both in person and virtual, and through written correspondence. We write letters when we initiate a position, after a company's AGM when we have not voted with management on an issue, and when we exit a position. These often lead to a meeting and further discussion with the company. We commit to responding to companies when they write to us about an issue or request a meeting.

"We work with companies to promote long-term value creation and resilience."

Further details of our engagement strategy can be found in our [Engagement policy](#) on our website.



Letters

During 2024, we wrote 28 letters to our companies. These included two letters after initial purchases of **Cadence Design Systems** and **AMETEK** as well as letters to **Infineon**, **Nike** and **Kuehne+Nagel** to inform management of our rationale behind decisions to exit their shares. Most other letters were to inform companies of our voting decisions, particularly important when we had not supported management on a proposal (see *Voting activities* section on page 12).

"It is critical to retain talent in a highly competitive, global market."

We also wrote to the chairman of **London Stock Exchange Group (LSEG)** about executive compensation following their request for our views and a meeting with the chair of the remuneration committee to discuss proposed changes to their compensation plans. The changes reflect the company's transformation to a data business rather than a traditional stock exchange with the associated requirement to align the CEO's compensation to global peers. We supported their proposals as we believe it is critical to retain talent in a highly competitive, global market. However, in our meeting and subsequent letter, we also suggested they consider additional metrics regarding returns on capital and cash flow in their compensation metrics to ensure alignment with our mutual interest of long-term value creation.



Engaging for information

We engage for information when we would like to learn more about a company's thoughts and processes around a particular issue rather than having a specific concern or an addressable outcome. Examples during this year include:

AI

AI has continued to be an important topic and we were pleased to discuss responsible AI with an executive at **Microsoft**. The company had published their 2024 Responsible AI Transparency Report³, which includes case studies about how they ensure all generative AI products are tested to responsible AI standards. The report highlights the quantitative metrics assessed for each model such as groundedness, relevance, similarity, context risks and jailbreak success rate. While our discussion and the report give comfort that the company is taking these issues seriously, we asked the company to provide some metrics and more detail about these measures. We were also pleased to hear that, although AI is significantly increasing the energy requirements for Microsoft's cloud business, they remain committed to meeting their carbon pledges and actively continue to promote low-carbon solutions.

Cybersecurity

Cybersecurity also continues to be an important issue, with McKinsey projecting an economic cost of \$10.5 trillion per annum from 2025. We engage with many of our companies to understand more about how they are approaching this issue and improving their skills. During an engagement with **Marsh & McLennan** we discovered that some members of the board and management teams were briefed by the head of the FBI's cybersecurity team. It is increasingly expected that all members of the board (rather than a specific sub-committee such as audit) take responsibility for cyber risk.

This view was reiterated at **Avery Dennison**, with one board member telling us that 'you can never have enough focus and time on cyber, however much time you give'. This is a sentiment that **UnitedHealth Group** certainly shared: a recent acquisition suffered a hack in March 2024 even though they had increased the board's focus on cybersecurity. They have since built up security further, including by strengthening their internal cyber team. They also have a long-term transformation project for the technology of the entire company that will enable best-in-class cyber programmes. They recognise their significant role in the US healthcare system and intend to ensure that nothing like this happens again.

"Cybersecurity is likely to cost \$10.5tn per annum by 2025."

Supply chains

We met with the CEO and head of Code of Practice team responsible for supply chains at **Next** during a visit to their headquarters. This was an opportunity to continue our discussions with the company regarding how they ensure fair pay and treatment of workers in their vast supply chain. They explained how the apparel industry is a complex web of companies across a global supply chain and that achieving a level playing field amongst different retailers is difficult. They also explained how paying all workers in their supply chain the living wage would raise their costs by 25-30% and be a significant disadvantage if other apparel retailers did not follow suit. Raising wages but going out of business would not be a sensible strategy.

However, Next will argue for higher pay for workers if these are universal rules. During negotiations between unions and government over minimum wage in Bangladesh, Next sided with the workers and pushed for a higher wage increase than the rest of the industry. The workers achieved a 56% increase in pay which has raised Next's and their competitors' costs. This is an industry-wide issue and Next are playing a leadership role in addressing it fairly.

Climate

We continue to engage with companies on reducing their carbon footprint and improving energy efficiency, noting that the vast majority of our companies now have good disclosure and most have some targets in place for further improvements. We have continued to engage with **Align Technology** on this issue. We had a productive discussion with Align's CEO and noted improvements in disclosure in their proxy report.

We also want to ensure our companies are prepared for extreme weather events, as referenced earlier. Conversations with senior leaders at **Labcorp** and **Intuitive Surgical** reassured us that this was indeed being considered. As a critical provider of diagnostic testing in the US, Labcorp has focused on site-by-site resilience against hurricanes and floods (e.g. sandbags, boarding and back-up generators), whereas Intuitive Surgical's efforts have been around diversification of its supply chain to ensure vital medical supplies reach hospitals. Both referenced the need to utilise data centres in multiple locations on different electricity grids.

3. <https://www.microsoft.com/en-us/corporate-responsibility/responsible-ai-transparency-report>



Engaging for change

Where we have specific requests that we would like a company to adopt, we 'engage for change' and monitor progress according to our engagement milestones, as set out below.

1	Raising the issue with the company.
2	Receiving acknowledgement from the company that our concerns are valid.
3	Receiving confirmation from the company that it is developing a plan to address the issue.
4	Receiving confirmation from the company that the plan is implemented and the objective is delivered.
Closed	No longer hold the company in client portfolios or no longer consider the issue material.

Given our focused list of 25–40 high-quality securities, we have found that our engagements for change on some issues have reduced, particularly as many of our companies are already disclosing and setting targets on environmental information.

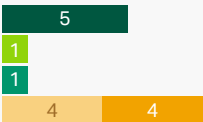
Our current engagements by topic and milestone

Snapshot at 31st December 2024

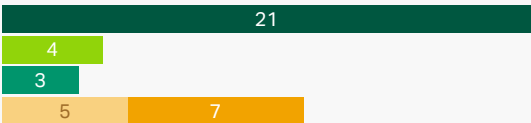
Audit



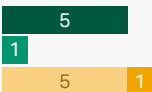
Board composition



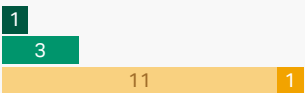
Board independence



Compensation



Enviromental data and target setting



Employee welfare and talent management



Supply chain management



Other



■ Milestone 1
■ Milestone 2
■ Milestone 3
■ Milestone 4
■ pre-2024
■ 2024

Board independence

As previously mentioned, many of our US companies take a different view to ours on the benefits of changing auditor. Similarly, board independence is another area where views on tenure differ across the Atlantic. We have, however, made progress with sub-committee chairs or lead independent directors being truly independent at **Amphenol**, **Avery Dennison**, **Broadridge Financial Services**, **Intuitive Surgical**, **Labcorp** and **Marsh & McLennan**, helped by the passage of time and companies recognising the need for new skills. We continue to discuss these issues with our companies, focusing on ensuring sufficient challenge to auditors and management teams. We therefore continue to expect a high level of Milestone 1 engagements in these categories.

"Many of our companies have already improved disclosures."

Compensation

We were also pleased to hear from Labcorp that their focus on human capital and staff retention has been rewarded. Employee engagement and improving wages and benefits have contributed to a decline in voluntary attrition rates to more normal levels post the pandemic highs.

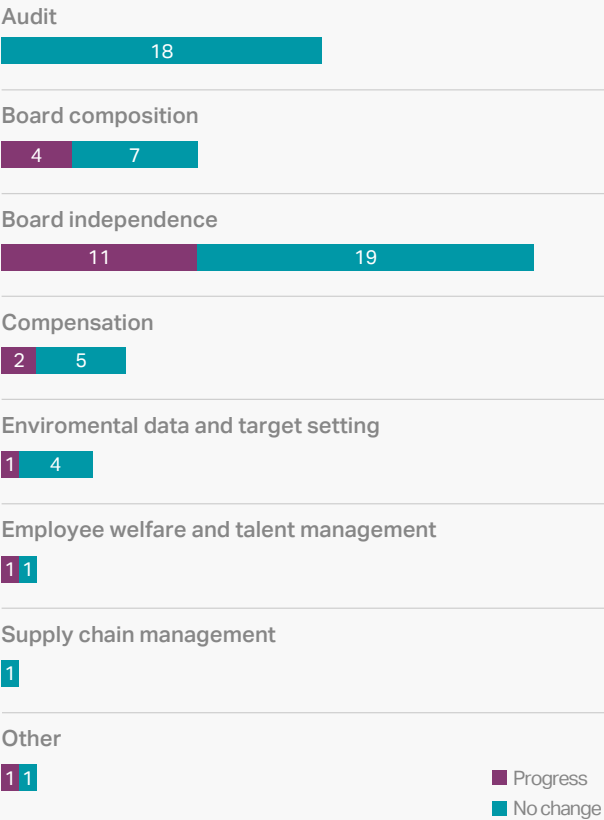
Executive compensation continues to be an important area. We were contacted by Sonova to discuss their level of compensation disclosure in response to ISS (proxy voting service and adviser) recommending that investors vote against their compensation report. Our conversation with the head of compensation and benefits highlighted their concern that disclosing management incentive targets would share too much information with competitors about their long-term expectations. We pointed out that most companies do provide target ranges that help shareholders gain comfort that top pay awards are for stretched goals and aligned with commitments made to the financial markets.

Given that we had no concerns on the quantum of pay, we chose to abstain rather than vote against and sent a letter to the chair to explain our vote. We received a response from the chair thanking us for our transparency and informing us that the board has set up a taskforce to improve disclosure of financial targets in the executive compensation plan from 2025.

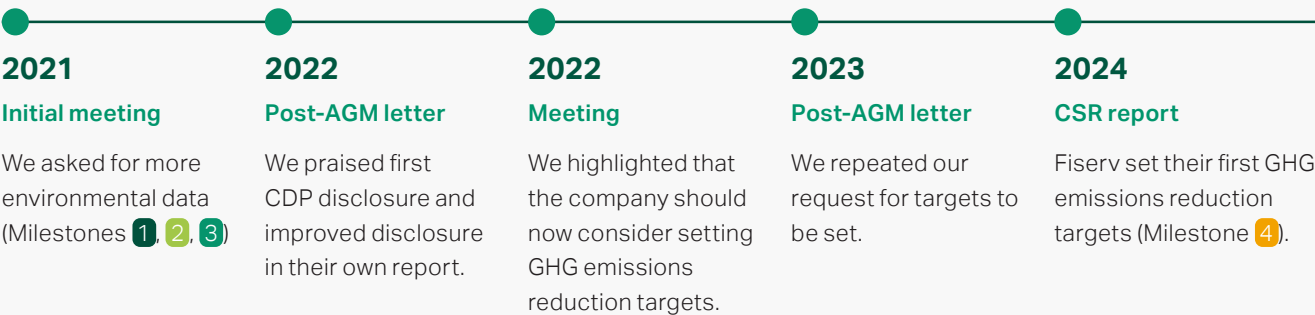
Environmental data and target setting

Having engaged with Fiserv since 2021 on their environmental disclosures and target setting, we were pleased that the company continued to make improvements. In its 2024 sustainability report Fiserv set a greenhouse gas target of a 50% absolute reduction in Scope 1 and 2 emissions by 2030, compared to a 2019 baseline. In our subsequent call with the company, the head of corporate social responsibility mentioned that their discussions with investors (including us) played a role in highlighting the importance of these targets and encouraging management to set them.

Progress in 2024 by category



Fiserv: engaging for change



Collaborative engagement

As shareholders in a focused list of companies, our in-depth research process and long-term approach mean we get to know our investee companies in great detail. We believe this is vital for successful engagements. We are therefore confident that where we choose to pursue engagements with investee companies on our own, we can reach a successful outcome for our clients.

Where appropriate, we will engage with other investors. This may relate to systemic issues such as climate change or nature loss, or relate to asset classes such as fixed income, where we do not usually have a direct relationship with issuers.

Corporates

In 2024, we continued our participation in the Ceres Valuing Water finance initiative by joining an investor group focusing on **Microsoft**'s use of water, particularly for cooling datacentres. We expect a meeting with the company to discuss this in 2025. We also continued to follow up with **Kerry Group** regarding assessing water risk in their supply chains. The company has noted that this issue was ranked as a high risk on their double materiality assessment (which we participated in) and confirmed that Kerry was planning on doing in-depth work on the issue in the second half of 2024.



We are investor participants of Nature Action 100, an initiative which aims to drive greater corporate ambition and action on tackling nature loss and biodiversity decline. In 2024 we joined two investor groups under this initiative, representing two of our larger US-based bond holdings. During the year we held initial engagement calls with both companies in which we were able to gain a deeper insight into their current approach to nature and existing targets. We also joined the TNFD⁴ forum to further our knowledge of these issues going forwards.



Regulators and governments

We will also conduct collaborative engagement to influence both issuers and supervisory bodies, such as regulators or governments. This involves dialogue with public policy makers on the development of effective regulation, including responding to policy consultations, providing technical input via regulatory working groups and signing public statements from investor groups.

In 2024, we were delighted to be on the signatory list of the UK Stewardship Code for the 4th subsequent year. We also participated in industry group sessions and a roundtable with the Financial Reporting Council on potential changes to the Stewardship Code.



Members of the team were also involved in industry group discussions about the anti-greenwashing rule and the Sustainability Disclosure Requirements, including a discussion with the relevant team at the Financial Conduct Authority.

We signed the Global Investor Statement to Governments on Climate Change to encourage governments to set credible, clear pathways and regulations to assist economies to move towards net zero.

4. Taskforce for Nature-Related Financial Disclosures

Voting activities

We regard shareholder voting as an important means of communicating with companies to promote good stewardship of our clients' assets. Although separated here for reporting purposes, voting is not an isolated act and therefore goes hand-in-hand with our broader engagement work, as the examples below demonstrate.⁵

A summary of our voting activity over the past year is shown in the pie charts and a full breakdown of the votes cast on behalf of our clients is included in the appendix. We only invest in well-run companies that have strong management teams and governance structures, so we typically expect to vote in line with board recommendations. But as in previous years, there have been cases this year when we felt it necessary to vote against certain management proposals and in favour of some shareholder proposals.

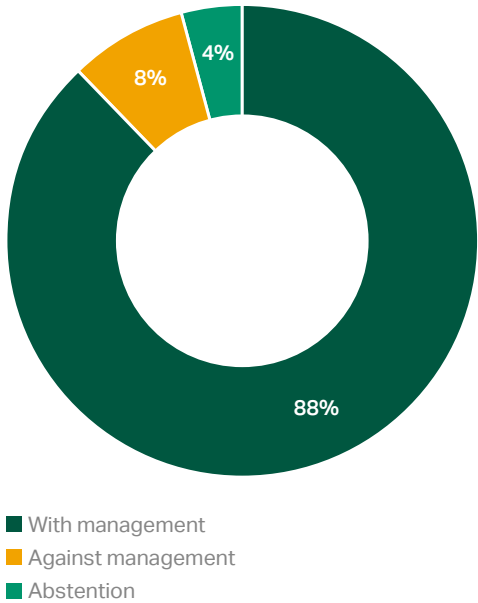
"Voting goes hand-in-hand with our broader engagement work."

As the pie chart shows, the vast majority (88%) of our votes have been in line with management. However, as in previous years, there are always exceptions and we voted against 9% of management proposals and in favour of 46% of shareholder proposals. These decisions are not taken lightly and reflect our independent judgement, analysis and the outcome of engagements with companies. When we vote against management, we write to explain our decision.

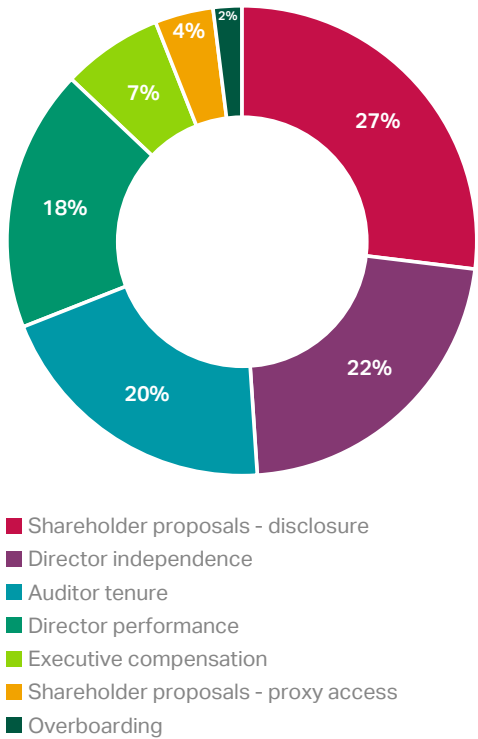
Director independence and auditor tenure

Director independence and auditor tenure continue to be areas where we have differing opinions to many US companies. While we understand the benefits of a range of tenures, we continue to expect directors who hold particular roles of responsibility, such as the chair of a committee or the lead independent director to be truly independent (defined as less than 12 years of tenure).

Votes with/against and abstentions



Votes by theme



5. Further details can be found in our [Voting policy](#) on our website.

Similarly, we adopt a European perspective, expecting audit contracts to be retendered after 10 years and changed after 20 years. In contrast, the US opinion is that long auditor tenures are positive. Details of votes against management on these issues are in the appendix.

Executive compensation

As mentioned previously, we abstained from approving the executive compensation report at **Sonova** following our engagement with them on their limited disclosure of compensation targets. We also abstained on the executive compensation structure at **DSM-Firmenich** due to the excessive use of ESG metrics at between 30-50% of incentives. While we applaud the company on its efforts, some of the targets relate to actions the company will have to take due to regulation or are already well on track to achieve. Over the long term, operating in a responsible manner and providing sustainable solutions will be reflected in the company's resilience and financials.

We prefer the approach of companies such as **Labcorp**, who have introduced a negative ESG modifier. Up to 10% of the annual bonus for executives could be cut if they did not achieve a number of qualitative ESG targets. We appreciate this approach as it treats material ESG issues as an essential part of managing the business for long-term success.



Shareholder proposals

Our voting for shareholder proposals (i.e. against management) declined again in 2024 to 46%, down from 66% in 2022 and 47% in 2023. This is for several reasons:

- The majority of our companies now have sufficient disclosure and most have set suitable environmental targets
- Some shareholder proposals are politically motivated
- Some proposals are too onerous for management teams and/or the company already provides much of the information requested
- In some cases the issues raised in proposals are not material to the company.

Voting rights

We voted for the shareholder proposal at **Align Technology's** AGM to adopt a simple majority vote requirement after engaging with the company to understand their rationale for retaining some supermajority provisions. Following the meeting, we noted that none of our US companies have any supermajority provisions and could not identify a situation where, even with a simple majority vote requirement, shareholders would vote for proposals against their own interests. The proposal was successful.

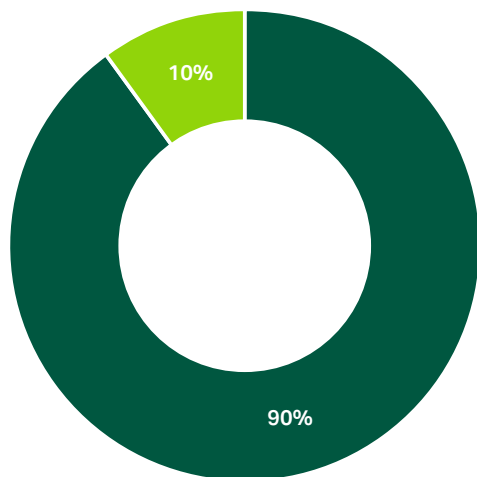
We continued to support the shareholder proposal asking for all share classes to have one vote per share at **Alphabet**. We also supported a proposal at **Amphenol** requesting that the ownership threshold for shareholders to call a special meeting be reduced from 25% to 15%. This would increase shareholder rights.

AI

Shareholder proposals around AI were also a feature of the 2024 proxy season. We voted for shareholder proposals at the AGMs of **Amazon** (requesting the company establishes a board committee on AI) and **Alphabet** (requesting an amendment to the audit and compliance committee charter to include AI oversight). We recognise that AI is a fast-moving field and the risks stemming from its rapid evolution require enhanced board and management oversight.

We also supported a proposal asking **Alphabet** to publish an independent third-party report on human rights risk assessment of AI-driven targeted ad policies. Several academic studies have documented human rights risk factors associated with targeted advertising. We did not support a shareholder proposal at **Microsoft** asking for a report on the risks related to AI-generated misinformation because they had already published their industry-leading Responsible AI Transparency report. However, in view of the increasing legal risks associated with data sourcing and reputational risks associated with copyright infringement, we did support a shareholder proposal asking for a report on AI data sourcing accountability.

Independent decisions



■ Votes with ISS
■ Votes against ISS

We use proxy services provider ISS to help with the administrative aspects of voting, and we find their analysis of proposals helpful. However, we always take our own voting decisions based on our voting policy and knowledge of the company in question. We will often seek to discuss specific resolutions with the companies directly when we feel it would aid our decision making. This means that we sometimes vote against ISS recommendations. This was the case for 10% of resolutions in 2024.

"We always take our own voting decisions."

As well as voting against several directors and auditors due to independence and tenure, in contrast to ISS recommendations, we also voted for several directors when ISS recommended a vote against. These included Jeff Bezos at **Amazon**, where ISS recommended a vote against on the basis of continued ESG risk. We believe Amazon has invested greatly in employee safety and benefits, as well as making good progress on environmental issues. Further, we believe that Bezos is a strong contributor to the board and company.

We also voted in favour of Patrick Firmenich, Chair of the Governance and Nomination committee at **DSM-Firmenich**. ISS recommended a vote against because the company's board gender diversity is less than 40%. We do not expect boards to set diversity targets and believe that Patrick Firmenich's experience as founder and a former CEO of Firmenich is particularly valuable in wake of the company's merger with DSM.



Looking ahead

We look forward to continuing our partnership with our investee companies in 2025. With a change in the US administration, we expect further debate on the role of investment management and corporates in addressing long-term systemic issues such as climate or social problems. With our long-term approach, we firmly believe in encouraging companies to focus on material issues that will directly affect their business resilience and financial performance.

Our over-riding objective is to enable our clients to achieve their financial objectives. In investing on their behalf, we will continue to be a critical friend to our investee companies and find common ground that encourages long-term value creation, resilience and success.

Written by

Sam Cotterell

*on behalf of the
Investment Team*



Appendix

Voting summary: 01 January to 31 December 2024

With = with company management
Against = against company management

Company name	Meeting type	Meeting date	Votes cast		
			With	Against	Abstentions
Intuit	AGM	18.01.2024	14	2	0
			<ul style="list-style-type: none"> Audit quality – voted against the reappointment of EY (first appointed 1990) Director independence – voted against reappointment of the chair of the board, who has been on the board for 15 years and is therefore not considered independent 		
Accenture	AGM	31.01.2024	16	0	2
			<ul style="list-style-type: none"> Board composition – abstained on reappointment of the chair of the Compensation, Culture and People Committee. We were concerned about over-boarding: in addition to her role at Accenture, she is also the CEO of a large, listed company and chairs the audit committee at a third listed company Audit quality – abstained on the reappointment of KPMG (first appointed 2002) 		
Infineon Technologies	AGM	23.02.2024	33	0	0
Synopsys	AGM	10.04.2024	11	2	2
			<ul style="list-style-type: none"> Audit quality – voted against reappointment of KPMG (first appointed in 1992) Director independence – abstained on the re-election of the lead independent director, who has been on the board for 20 years and is therefore not considered independent Board composition – abstained on re-election of another director due to over-boarding concerns. He sits on four boards, two of which he chairs Shareholder proposal (director independence) – supported the shareholder proposal requiring an independent board chair 		
Adobe	AGM	17.04.2024	16	1	0
			<ul style="list-style-type: none"> Audit quality – voted against the reappointment of KPMG (first appointed 1983) 		
ASML Holdings NV	AGM	24.04.2024	13	0	0
British American Tobacco	AGM	24.04.2024	18	0	0
Bunzl	AGM	24.04.2024	20	0	0
Heineken Holding NV	AGM	25.04.2024	8	1	0
London Stock Exchange Group	AGM	25.04.2024	25	0	0
Intuitive Surgical	AGM	25.04.2024	12	2	2
			<ul style="list-style-type: none"> Director independence – abstained on the reappointment of the chair of the Audit Committee, who has been on the board for longer than 15 years and is therefore not considered independent. We did not escalate to vote against because we do not consider there is enough experience on the board to replace him Director independence – voted against the re-election of the Chair of the Compensation Committee, who has been on the board for 14 years and is therefore not considered independent Executive compensation – abstained on the proposal to amend the omnibus stock plan as it was not clear to us why the board needs to add shares to its stock plan on such a regular basis Shareholder proposal (disclosure) – supported proposal asking for a report on the company's gender and racial pay gap 		

Company name	Meeting type	Meeting date	Votes cast		
			With	Against	Abstentions
Avery Dennison	AGM	25.04.2024	11	1	1
			<ul style="list-style-type: none"> Audit quality – voted against the reappointment of PwC (first appointed 1960) Director independence – abstained on the re-election of the lead independent director, who has been on the board for 19 years and is therefore not considered independent 		
Franco-Nevada	AGM	01.05.2024	10	1	0
Unilever	AGM	01.05.2024	22	0	0
Kerry Group	AGM	02.05.2024	24	0	0
Berkshire Hathaway	AGM	04.05.2024	11	3	6
DSM-Firmenich	AGM	07.05.2024	24	0	1
			<ul style="list-style-type: none"> Executive compensation – abstained on the executive compensation vote due to overuse of ESG metrics 		
GSK	AGM	08.05.2024	23	0	0
Kuehne+Nagel	AGM	08.05.2024	23	0	5
			<ul style="list-style-type: none"> Executive compensation – abstained on re-election of member of the Compensation Committee due to lack of disclosure of performance metrics 		
Wolters Kluwer NV	AGM	08.05.2024	15	0	0
Tractor Supply Company	AGM	09.05.2024	10	1	0
			<ul style="list-style-type: none"> Audit quality – voted against the reappointment of E&Y (first appointed 2001) 		
Derwent London	AGM	10.05.2024	20	0	0
Labcorp	AGM	14.05.2024	15	0	0
Phoenix Group	AGM	14.05.2024	24	0	0
Fiserv	AGM	15.05.2024	10	2	0
			<ul style="list-style-type: none"> Audit quality – voted against reappointment of Deloitte & Touche (first appointed 1985) Director independence – voted against the re-election of the lead independent director, who has been on the board for 17 years and is therefore not considered independent 		
Amphenol	AGM	16.05.2024	12	2	0
			<ul style="list-style-type: none"> Audit quality – voted against the reappointment of Deloitte & Touche (first appointed 1997) Shareholder proposal (proxy access) – voted for shareholder proposal requesting to reduce the ownership threshold for shareholders to call a special meeting from 25% to 15% 		
Marsh & McLennan	AGM	16.05.2024	10	3	1
			<ul style="list-style-type: none"> Audit quality – voted against the reappointment of Deloitte & Touch (first appointed 1989) Director independence – voted against re-election of the chairs of the Compensation and Nominations & Governance committees, who have been on the board for 13 and 22 years respectively and are therefore not considered independent Director independence – abstained on re-election of the chair of the board. He has been on the board for 14 years and is therefore not considered independent. The board does not have a lead independent director 		
Next	AGM	16.05.2024	23	0	0

Company name	Meeting type	Meeting date	Votes cast		
			With	Against	Abstentions
Align Technology	AGM	22.05.2024	8	4	1
	<ul style="list-style-type: none"> • Audit quality – voted against reappointment of PwC (first appointed 1997) • Director independence – voted against re-election of the chair of the Nominations & Governance Committee and the chair of the Compensation Committee, who have been on the board for 26 and 18 years respectively and are therefore not considered independent • Director independence – abstained on the reappointment of the chair of the board. He has been on the board for 20 years and is therefore not considered independent. The board does not have a lead independent director • Shareholder proposal (proxy access) – voted for the shareholder proposal to adopt a simple majority vote requirement 				
Thermo Fisher Scientific	AGM	22.05.2024	11	2	1
	<ul style="list-style-type: none"> • Audit quality – voted against the reappointment of PwC (first appointed 2002) • Director independence – voted against the re-election of the lead independent director, who has been on the board for 17 years and is therefore not considered independent • Director independence – abstained on the re-election of the chair of the Audit Committee, who has been on the board for 13 years and is therefore not considered independent 				
Amazon	AGM	22.05.2024	15	11	2
	<ul style="list-style-type: none"> • Audit quality – voted against the reappointment of Ernst & Young (first appointed 1996) • Remuneration – voted against the executive compensation plan because of a lack of performance criteria in incentive programmes • Director independence – abstained on reappointment of the lead independent director and the chair of the Nomination and Governance Committee because they have been on the board for 12 and 13 years respectively, and are therefore not considered independent • Shareholder proposals (disclosure) – supported the following 9 shareholder proposals asking for greater disclosure and /or third-party audits on material ESG risks, many of which we have discussed with the company: <ul style="list-style-type: none"> • Report on customer due diligence • Report on lobbying payments and policy • Report on median and adjusted gender/racial pay gaps • Report on impact of climate change strategy consistent with just transition guideline • Report on efforts to reduce plastic use • Commission third-party assessment of the company's commitment to freedom of association and collective bargaining • Commission third-party study and report on risks associated with use of Rekognition • Establish a board committee on AI • Commission a third-party audit on working conditions 				
UnitedHealth Group	AGM	03.06.2024	9	3	1
	<ul style="list-style-type: none"> • Audit quality – voted against reappointment of Deloitte (first appointed 2002) • Director independence – abstained on re-election of the chair of the board, who has been on the board for 24 years and is therefore not considered independent • Director independence – voted against re-election of the lead independent director, who has been on the board for 16 years and is therefore not considered independent • Shareholder proposal (disclosure) – supported shareholder proposal asking for a report on the extent to which political spending and lobbying aligns with company values 				

Company name	Meeting type	Meeting date	Votes cast		
			With	Against	Abstentions
Alphabet	AGM	07.06.2024	10	10	3
	<ul style="list-style-type: none"> • Audit quality – voted against the reappointment of E&Y (first appointed 1999) • Corporate structure – voted against re-election of members of the Nominations Committee because of lack of progress in addressing the company's multi-class share structure with disparate voting rights • Executive compensation – abstained on the reappointment of all members of the Compensation Committee due to issues with the remuneration plan, including a 3-year say on pay and lack of disclosure on targets and thresholds used • Shareholder proposals (disclosure) – supported the following 7 shareholder proposals asking for greater disclosure and /or third-party audits on material ESG risks, many of which we have discussed with the company: <ul style="list-style-type: none"> • Report on lobbying payments and policy • Approve recapitalisation plan for all stock to have one-vote per share • Report on reproductive healthcare misinformation risks • Amend audit and compliance committee charter to include AI oversight • Report on risks related to AI-generated misinformation and disinformation • Publish human rights risk assessment on AI-driven targeted ad policies • Adopt targets evaluating YouTube child safety policies 				
Sonova	AGM	11.06.2024	23	0	1
	<ul style="list-style-type: none"> • Executive compensation – abstained on the vote to approve the remuneration report, as the company does not disclose targets or thresholds for their compensation plans 				
Tesco	AGM	14.06.2024	22	0	0
Mastercard	AGM	18.06.2024	18	1	0
	<ul style="list-style-type: none"> • Audit quality – voted against the reappointment of PwC (first appointed 1989) 				
Experian	AGM	17.07.2024	19	0	0
Nike Inc	AGM	10.09.2024	6	3	1
	<ul style="list-style-type: none"> • Audit quality – voted against the reappointment of PwC (first appointed 1974) • Board composition – abstained on the re-election of Mr John Rogers Jr as he is the only member of the Nomination and Governance Committee that class B shareholders can vote on. We also have concerns regarding the independence of the lead independent director • Shareholder proposals (disclosures) – supported proposals asking for disclosure of median pay gap and a report on the effectiveness of supply chain management on equity goals and human rights commitments 				
Automatic Data Processing	AGM	04.11.2024	13	1	0
	<ul style="list-style-type: none"> • Audit quality – voted against the reappointment of Deloitte (first appointed 1968) 				
Broadridge Financial Solutions	AGM	14.11.2024	11	0	1
	<ul style="list-style-type: none"> • Director independence – abstained on re-election of the chair of the Nomination and Governance Committee, who has been on the board for 15 years and is therefore not considered independent 				
Microsoft	AGM	10.12.2024	17	3	0
	<ul style="list-style-type: none"> • Audit quality – voted against reappointment of Deloitte (first appointed 1983) • Shareholder proposals (disclosures) – supported the following two proposals seeking greater disclosure that would be beneficial for shareholders: <ul style="list-style-type: none"> • Report on risks of operating in countries with significant human rights concerns • Report on AI data sourcing accountability 				
Kerry Group	EGM	19.12.2024	4	0	0



navera

INVESTMENT MANAGEMENT

Navera Investment Management Limited

Riverside House, 2a Southwark Bridge Road, London, SE1 9HA

Registered in England & Wales. Reg. No: 12516583

Switchboard: +44 20 3740 8350

If you no longer wish to receive this publication, please contact us on the above number.

The above review has been issued by Navera Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority. This is not a financial promotion, this document is for information only. The opinions expressed above are solely those of Navera Investment Management Limited and do not constitute an offer or solicitation to invest. The value of investments and the income from them may fluctuate and are not guaranteed, and investors may not get back the whole amount they have invested. Navera Investment Management Limited does not have a sustainability investment objective.

