

STEWARDSHIP ANNUAL REPORT

APRIL 2025



MARTIN CURRIE
A Franklin Templeton Company

2025

www.martincurrie.com



INVESTING TO IMPROVE LIVES™

Foreword



Terrence Murphy

Head of Franklin Templeton Public Markets Investments
and Chief Executive Officer (CEO) of ClearBridge

It gives me great pleasure to introduce the 2025 Martin Currie Stewardship Annual Report as Head of Franklin Templeton Public Markets Investments and CEO of ClearBridge Investments. It offers an opportunity to look back at some of Martin Currie's work and their evolution and achievements from a stewardship perspective, as well as an opportunity to look forward to Martin Currie becoming aligned under ClearBridge.

ClearBridge has seen long-term success by investing in companies committed to ongoing improvement and innovation of their business models, capital allocation practices and operational execution. The principle that a company's performance on material Environmental, Social and Governance (ESG) issues can affect value creation underpins this approach to ESG integration. Our portfolio managers and analysts take responsibility for active integration of governance and sustainability factors and company engagement.

This investor-led model is also core to Martin Currie's approach and means that we have a common basis for considering stewardship and sustainability. This includes both the work in conducting and tracking engagement more effectively, as well as seeking out sustainability-related opportunities through a common lens of contribution to the underlying targets of the UN Sustainable Development Goals. Thoughtful ESG integration and embedded stewardship sets both of us apart from others. We use fundamental insights from this work to enhance our understanding of what drives long-term corporate value and to help deliver strong outcomes for clients. This is evidenced in the updated PRI ratings for 2024 with both ClearBridge and Martin Currie achieving five stars across all categories relevant to our investments¹. It is also pleasing to see Martin Currie's responsible investment approach continue to evolve, reflected in its Policy, Governance and Strategy rating increase from an already high base.

The importance of having a high degree of capability in this space has arguably never been more important. From a sustainability perspective, the operating environment for both investors and our investee companies is increasingly complex, with investors having to consider a wide array of potentially material factors in their investment analysis. As David Sheasby, Head of Stewardship, Sustainability & Impact, notes in this report, we have seen an evolution in the climate debate with temperatures on track to be more than 1.5 degrees above the pre-industrial average, meaning that adaptation and resilience are likely to be increasingly important. Alongside this, updated frameworks have been established covering issues such as water stress and biodiversity loss, while the rapid growth of generative artificial intelligence (AI) must be considered from a governance and sustainability standpoint.

AI is transforming the investment landscape, bringing with it enormous potential for progressing on sustainability goals, with better data to improve energy efficiency, optimise renewable energy, make agriculture more sustainable and improve human health. We are analysing these opportunities, while also considering AI's energy intensity and social dimensions.

One of the final key challenges we both face is regulatory and client divergence in relation to governance and sustainability preferences. In this context, transparency, accountability and a focus on client outcomes are central to the approach that both our businesses take. In this report Martin Currie demonstrates how their stewardship actions meet the 12 Principles of the UK Stewardship Code.

I hope you enjoy the insights and examples contained in this report and I look forward to sharing with you the stewardship activities we undertake as they continue to evolve.

¹Policy governance and strategy, Direct - Listed Equity - Active Fundamental, Confidence building measures.

Contents



1	Foreword
3	Report summary
4	Firmwide highlights
5	Stewardship Code summary
10	Purpose, strategy & culture
12	Business summary
13	Resources
18	Evolution & improvements
20	Stewardship: <i>the year in review</i>
23	Contributing to well-functioning markets
24	Identification & engagement: <i>identification</i>
27	Identification & engagement: <i>engagement</i>
28	TCFD and Martin Currie
30	Thematic engagements
31	Integration & engagement: <i>activity examples</i>
41	Collaborative engagement activity
43	Summary of our purposeful engagement activity
44	Voting examples
51	Summary of our voting activity
53	Reaching forward
56	Stewardship and sustainability insights
58	Appendix: Key issue & policy summaries

Report summary

The primary purpose of this report is to provide insight into our business, the importance of stewardship and examples of how this is incorporated in our investment process and activities.

- Martin Currie believes strongly in its purpose of **Investing to Improve Lives**.
- This report also serves as our submission supporting the UK Stewardship Code, demonstrating how we incorporate its 12 principles into our stewardship activities. These ultimately seek to promote the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, environment and society.²
- We also highlight our key achievements during 2024:

- *Increased focus on outcomes. A significant proportion of our engagements had specific objectives for change.*
- *Led on collaborative engagements for systemic issues such as climate change and human rights.*
- *Embedded additional capabilities on climate analysis in our investment and risk processes.*
- *Produced our first entity level Task Force on Climate-Related Financial Disclosures (TCFD) report and accompanying product level reports.*
- *Built on the extensive preparatory work for UK Sustainably Disclosure Requirements (SDR).*
- *Reported on actions to reduce emissions and increase diversity at a firm level.*
- *Continued to drive best practice in our stewardship and integration approach. We are delighted that the Principles of Responsible Investment (PRI), has again awarded us a 5-star rating across all the categories relevant to our investment activities in our 2024 Assessment Report. This is a fantastic endorsement from the world's largest global reporting project for responsible investment.*

This report has been reviewed and approved by the Martin Currie Stewardship & ESG Council and the Martin Currie Executive Committee. It represents a fair and balanced view of our stewardship activities.



Jen Mair
CEO, Martin Currie

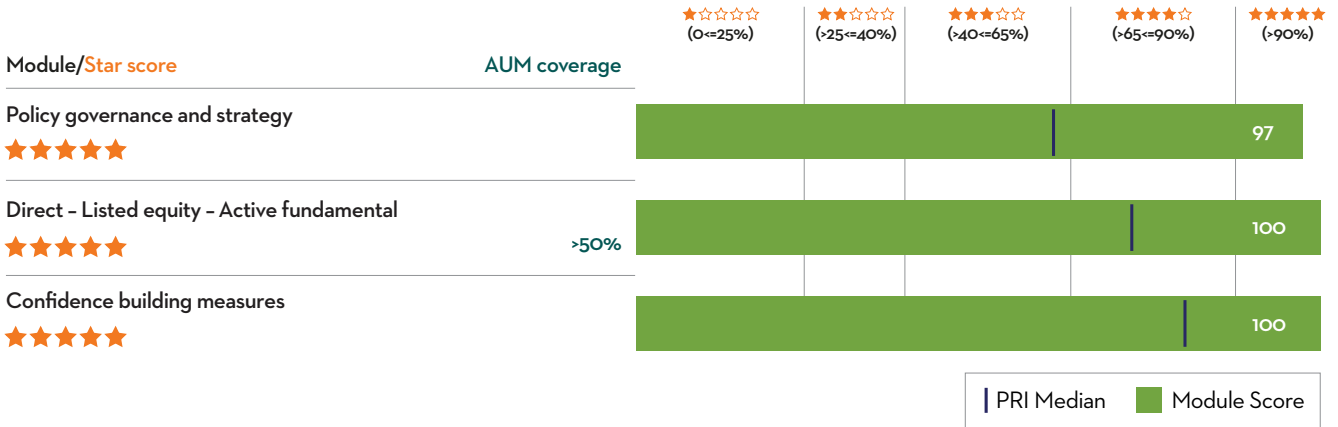


David Sheasby
Head of Stewardship,
Sustainability & Impact

²FRC Stewardship Code.

Firm-wide highlights

Martin Currie 2024 PRI assessment



Firm-wide engagements

34	Markets covered
206	Companies engaged
3	Collaborative engagements
507	Total engagements

Top engagement topic:

Governance - Board, Directors and Committees

Proxy voting

37	Markets covered
523	Total shareholder meetings
158	Meetings where we voted against management

Top voting topic against management:

Director-related



Stewardship Code summary

Our Stewardship Report acts as a conduit for our reporting under the UK Stewardship Code (the Code). Below we provide a summary and references for how we adhere to the principles and where greater detail on these can be found within this report. The Code is widely regarded for setting ambitious standards for asset managers in relation to their stewardship activities, globally. The code comprises an “apply and explain” set of principles which we utilise across all of our assets, regardless of geography. Through applying these standards, we can deliver strong stewardship outcomes for all of our clients.



Principle 1. Purpose, strategy and culture

Context: Our purpose of **Investing to Improve Lives** is a vital component of being a sustainable business. When we generate returns for our clients, profits for our financial stakeholders and provide a rewarding place to work for our employees, we can have a broad-based positive impact on the communities in which we operate. Our purpose guides us through our partnerships with clients, as investors in equity markets, our business practices, as an employer, and as members of the community. These are set out in the **Purpose, strategy & culture**, **Business summary** and **Resources** sections which explain our approach to governance, resourcing and activities surrounding our stewardship, and our business approach to key issues such as diversity and climate change.

Activity: Our business strategy centres on protecting and enhancing the risk-adjusted returns on our clients’ capital by investing in concentrated, long-term equity portfolios. As active managers, an integrated approach to stewardship and sustainability is core to this objective. Through investor-led analysis, we believe we can increase the efficacy of our research in identifying successful long-term investments that drive positive outcomes for all stakeholders. This informs how we have structured the governance and implementation of our stewardship approach including the **Resources** we dedicate in support of this and how this has evolved and improved over time, as does our approach to **Training** and **Diversity**. Overall, we show how this is manifested in the **Identification & engagement** around governance and sustainability issues and **Voting** related to our stewardship activity.

Outcome: Overall, this leads to us looking beyond the numbers to gain a greater understanding of the real-world contributions and impacts of the companies in which we invest on our clients’ behalf. The fundamental insights that our stewardship activities, governance and sustainability research generate, enhance our understanding of what drives corporate value for the long-term and helps deliver against our strategy.

Our recent **Stewardship and sustainability insights** outline how our research responds to client interest in relation to key topics for analysis covering market wide and systemic issues related to stewardship. During 2024 this included a strong focus on the insights we can generate from analysing material aspects of governance and sustainability, how our actions as investors can improve corporate value, creating and measuring impact through investments and thought pieces on the path to net-zero and the potential for public equities to create social impact.



Principle 2. Governance, resources and incentives

Activity & Outcome: We set out the rationale surrounding resourcing and governance of our stewardship and sustainability activities, as well as how we seek continuous improvement. This is outlined in our **Resources, Evolution & improvements** and our **Key issue & policy summaries**. This also explains our approach to third-party data, systems and services, diversity, training and remuneration.



Principle 3: Conflicts of interest

Context, Activity & Outcome: Martin Currie has a Conflicts of Interest policy that governs situations where conflicts could arise in our stewardship activities. Our approach is set out in our **Key issue & policy summaries**. This covers the governance, identification, and process for managing conflicts of interest and examples of how we have addressed actual or potential conflicts.



Principle 4: Promoting well-functioning markets

Activity: An aspect we consider important is how we can work with other stakeholders to promote continued improvement in the functioning of financial markets including response to regulatory change as well as consideration of market wide systemic risks. This is set out in [Contributing to well-functioning markets](#). Our approach to the identification, management and engagement of market-wide systemic risks and well-functioning markets is covered in our sections on [Identification & engagement](#), [Collaborative](#) and [Thematic engagements](#), and industry Initiatives. Collectively, these, along with our Engagement case studies, outline our contribution to the identification and management of key issues. Our actions to promote well-functioning markets during 2024 are set out in more detail in [Contributing to well-functioning markets](#).

Outcome: As highlighted in our [Contributing to well-functioning markets](#) we have continued our leadership role promoting industry dialogue through various regulatory and industry forums. In line with previous years there were a number of regulatory consultations over the course of 2024 which provided an opportunity to input into the evolution of the regulatory landscape. Our membership of key committees at the Investment Association (IA), the PRI and latterly the International Corporate Governance Network (ICGN) provided additional opportunities to input into these processes alongside the work that we do independently.

Consultations included a continuation of the FCA Guidance on the Anti-Greenwashing Rule, the European Securities and Markets Authority (ESMA) Naming Guidelines on Funds' Names, and FCA consultation on Primary Markets Effectiveness. There were also new consultations on the Sustainability Disclosure Requirements (SDR), Consumer Facing Disclosures (CFD) and, pertinently, on the proposed changes to the UK Stewardship Code which was launched in November 2024. Through our membership of key committees at the IA and the ICGN we were able to input extensively into these important consultations, all of which will help shape the evolution of the approach to stewardship and sustainability.

Being a lead investor in multiple industry-wide [Collaborative engagements](#) also shows our commitment to promoting an industry response to these systemic issues. Our [Identification & engagement](#) section describes and provides case studies of how we have identified material issues and aligned our investment approach to these systemic risks. As an investment manager focused on concentrated, long-only equity strategies, our primary mechanism for aligning our investments to these risks is through the identification of them in our analysis and engagement activities both privately and in collaboration with others. We assess the effectiveness of our actions through tracking our progress on material engagement topics.



Principle 5: Review and assurance

Activity: The section of the report on [Resources](#) covers our governance structure, key forums in respect of Stewardship, our processes for management and oversight of these activities and our rationale for our chosen model – investor-led research and stewardship activity supported by areas of expertise within the business from an implementation and oversight perspective. Key stewardship policies around governing these are summarised in our [Key issue & policy summaries](#). Martin Currie continually updates key policies and reviews the effectiveness of stewardship activities through both internal challenge and review from our key Stewardship Governance forums such as the Stewardship & ESG Council, ESG Oversight and Investment Risk Group and Regulatory Working Group, which have all been created to provide a clear forum for internal feedback on our investor-led approach and to provide expertise, oversight and challenge to augment the structured feedback from bodies such as the FRC and PRI in relation to our stewardship activities. We also regularly discuss best practice through our committee roles in organisations such as the IA. As part of the assurance process, funds that are covered by Sustainable Finance Disclosure Regulation (SFDR) are also subject to annual review by the ESG Product Advisory Group (EPAG) of Franklin Templeton. In addition, in 2024, Franklin Templeton compliance undertook a broad review of the approach to sustainable investing and our stewardship activities as part of our submission to the annual PRI assessment as well as an in depth review of the definitions and assessment of sustainable investments under SFDR.

Outcome: In order to further improve our stewardship policies and processes we significantly reworked and expanded our governance structure in 2021 and 2022 to more effectively oversee our stewardship activities as described in our [Resources](#) section. In 2024 the level of change as noted in [Evolution & improvements](#) was more modest and focused on improving embedding climate metrics in our risk activities and further strengthening our client reporting capability. In addition, we have chosen in this report to continue the structure of reporting on our stewardship activities we established two years ago – with a more defined approach to our reporting in respect of our Stewardship Code obligations. We have updated key policies such as our [Stewardship & Engagement Policy](#) and [Proxy Voting Policy](#), [Climate Policy](#) and [Responsible Investment Policy](#). These policy updates are signed off by the Stewardship and ESG Council.



Principle 6: Client and beneficiary needs

Context: We provide a breakdown of our asset base across client types and geography in [Business Summary](#). We believe that for effective delivery of our long-term investment strategies a time horizon of over five years is required. This ties into our intention to be active owners and stewards of our clients' capital and allows time to conduct meaningful engagement with investee companies in relation to good governance, business model, strategy and sustainability approach. In turn, engagement on these topics helps support the delivery of long-term returns which meet our clients' expectations as highlighted in our [Purpose](#) section.

Activity: Martin Currie is committed to dialogue and transparency with our clients when it comes to structuring and reporting on our stewardship agenda. Quarterly client reporting at portfolio level on our stewardship and sustainability activities includes research, engagement and voting. Client views are sought in relation to their key priorities for stewardship activities and these are reflected in the research conducted, the emphasis on certain topics as part of our [Engagement](#), and our recent [Stewardship and sustainability insights](#). For our impact investing strategy 'Improving Society', we also publish an annual impact report for this product looking at the measurable impact delivered through the companies in which we invest and our engagement activity.

Outcome: We aim for an open dialogue with clients in relation to whether our stewardship activities are effective in meeting their needs in relation to the actions we undertake on their behalf and how these are reported to them. In recent years this has included expanding the coverage of our client reporting providing more granularity of stewardship activities on a portfolio specific basis. We have also continued to refine our approach to both the structure of our stewardship reporting (for example the continued evolutions of the structure of this report), expanded our reporting to include product, entity and on demand TCFD reporting and by providing enhancements to our engagement reporting, as set out in [Evolution & improvements](#). 2024 was another year of significant regulatory developments in key markets for the business.

We saw change most significantly in the UK where we saw the introduction of SDR which included categorisation and consumer facing disclosures for our UK domiciled funds as well as the expansion of UK TCFD requirements at an entity and product level. We have now been through our first cycle of TCFD reporting with a specific entity report for Martin Currie and also product level reporting. These reports serve a key purpose in educating our clients about the ways in which we assess and manage climate related risks and opportunities within our investments across the business. This reporting will be an annual requirement which we will update over time. Finally, we have continued to expand our Impact Reporting in relation to our social impact equity fund - the Martin Currie Improving Society Strategy which launched in June 2023.



Principle 7: Stewardship, investment and ESG integration

Context: Examples of the key areas we focus in assessing investments are provided in the [identification](#) of Governance and Sustainability issues as well as an overview of our approach to assessing and engaging on these issues as part of our [Identification & engagement](#) examples.

Activity: We view stewardship, investment and integration of governance and sustainability factors as intertwined issues. Our investment teams take direct ownership of conducting these activities as described in [Identification & engagement](#). Our focus is on identifying material governance and sustainability issues and opportunities to inform our long-term investment approach prior to investment and facilitate ongoing engagement. These also inform our voting activity during our holding period. Our preference is for using our investor-led judgement and insight from our investment teams, rather than an external data or service provider. We believe this offers a clear sense of accountability and ownership for our stewardship activities and is the most effective way to reflect these in our portfolio management decisions.

Outcome: The outcomes of our stewardship activities are highlighted as case studies in our [identification](#) section and [engagement](#) examples. In addition, we detail how we have escalated these where necessary through our [voting activity](#) and case studies.



Principle 8: Monitoring service providers

Activity & Outcome: Our governance structure for overseeing and monitoring service providers is detailed in our [Resources](#) section. Most data utilised in our stewardship, sustainability and impact activities is procured and overseen centrally by our parent company, Franklin Templeton, while other services such as those related to proxy voting and client reporting are procured by Martin Currie. During 2021 there was an exercise to compare and procure a wider range of ESG data for both regulatory and research purposes across Franklin Templeton. In 2022 there was an exercise at Franklin Templeton, including the Specialist Investment Managers (SIMs), focusing on data quality. For 2023 this was augmented through the actions of a Sustainability Data Forum within Franklin Templeton which contributes to the oversight and review process in terms of data quality, utility, and user experience. The result of this exercise in 2023 was a consolidation in the sustainability data provided for the group as well as a reduction in the number of providers. This exercise including our process for ongoing monitoring of service providers is detailed in our [Key issue & policy summaries](#). During 2024 a working group investigated using emerging datasets on biodiversity and assessed potential use cases for these.



Principle 9: Engagement

Activity & Outcome: Martin Currie is a strong proponent of our proprietary research around governance and sustainability forming the basis of our engagement and stewardship activity. We view this as a core part of delivering client outcomes. Our approach, case studies and a qualitative and quantitative review of activity including the outcomes of our engagement is included in our review of engagement activity for the year in the [Identification & engagement](#) section. Our approach to [Collaborative engagement](#) is set out in this section.



Principle 10: Collaboration

Activity & Outcome: We are willing to collaborate with other investors when this is in our clients' best interest, particularly in relation to systemic issues. Systemic risks by their nature are caused by factors beyond the control of a specific company and cannot be diversified away by holding a large number of securities. Climate change is an obvious example of this kind of systemic risk. Although most of our engagement is private, where an issue is likely to impact a broad range of companies held by our clients, we believe that this may require a more collaborative approach to engagement. We participate in a number of collaborative efforts to address specific issues that impact companies held in our portfolios. Finding a coalition of like-minded shareholders is a good way of sharing knowledge and can generate more tangible results than acting alone. The activities and outcomes of this is described in the [Collaborative engagement](#) section which describe the nature of the initiatives we have joined as lead investors. Typically, we will only join a collaborative initiative where we have an existing relationship with a company involved and where we have the capacity to bring something to the collaborative engagement – most usually by leading on a specific investee company. As well as leading engagements with targeted companies, in certain cases we will also help set the terms and targets for the engagements. Our decision to pursue a collaborative effort will, among other things, be a function of the nature of the issue; the materiality of the issue; the likely efficacy against acting privately; and the motivations of the other investors. Our focus here will always be on issues that are material and thus could have an impact on long-term shareholder value.

Martin Currie is a strong proponent of our proprietary research around governance and sustainability forming the basis of our engagement and stewardship activity.



Principle 11: Escalation

Activity & Outcome: Our structured approach to prioritising topics for engagement, and escalation examples are included in our [Collaborative engagement](#) review and in case studies within our [Identification & engagement](#) and subsequent escalation in our [Voting activity](#). These issues are typically material governance and sustainability issues. We summarise our review of overall statistics and themes of our engagement and voting activity. These examples include the outcome of engagements in terms of specific actions. Our statistics also provide a summary of the current stage of completion of engagements for change, which informs the potential timing of escalation activity and how our voting escalation has differed by geography.



Principle 12: Exercising rights and responsibilities

Context: We explain how we exercise our voting rights and responsibilities and how this differs depending on key regional or sector considerations used in arriving at decisions in our [Proxy Voting Policy](#). This also includes how we use proxy advisors in providing voting research and recommendations, and the rights of clients to set their own specific policies or use direct voting in segregated mandates together with considerations regarding stock lending.

Activity & Outcome: Our voting activity for the year is summarised in the statistics in our [voting activity](#) section. Case studies are used to reflect our approach to clients in respect to the rationale behind certain decisions. The wider management of our voting activity, including execution and monitoring of third-party services, is also included in the [Key issue & policy summaries](#).

Purpose, Strategy & Culture

Our Purpose remains *Investing to Improve Lives*

At Martin Currie, our purpose of **Investing to Improve Lives** is a vital component of being a sustainable business. When we generate returns for our clients, profits for our financial stakeholders and provide a rewarding place to work for our employees, we can have a broad-based positive impact on the communities in which we operate.

Our purpose guides us through our partnerships with clients, as investors in equity markets, our business practices, as an employer, and as members of the community.

Our strategy: creating long-term value

Our business strategy centres on protecting and enhancing the risk-adjusted returns on our clients' capital by investing in concentrated, long-term equity portfolios. As active managers, an integrated approach to stewardship and sustainability is core to this objective. Through investor-led analysis, we believe we can increase the efficacy of our research in identifying successful long-term investments that drive positive outcomes for all stakeholders.

To us, financial returns and governance and sustainability factors are fundamentally intertwined. We believe that companies exhibiting strong governance, that are well-run, and where management interests are aligned with minority shareholders, are more likely to produce long-term returns. Analysis of sustainability factors is owned by our investors, which allows us to obtain deeper insights throughout the research process. This meaningfully improves our understanding of investee companies, their material risks and their opportunities to the ultimate benefit of our clients. Our frameworks for assessing and measuring positive impact also give clients who want a more explicit outcomes-focus to have access to strategies that are more intentional in this respect.

Overall, this leads to us looking beyond the numbers to gain a greater understanding of the real-world contributions and impacts of the companies in which we invest on our clients' behalf. The fundamental insights that our stewardship activities and governance and sustainability research generate, enhance our understanding of what drives corporate value for the long-term and helps deliver against our strategy.

These improvements have reinforced our ability to deliver greater investment and stewardship insights, contribute more effectively to addressing systemic issues and, most importantly, to respond effectively to client needs and enquiries.



This year we have focused our attention on:

- Continuing to evolve our analysis and engagement capabilities, such as embedding our proprietary net zero alignment methodology and improved tracking of engagements for change.
- Supporting the investment teams through the significant regulatory changes including the implementation of Sustainability Disclosure Requirements (SDR) in the UK.
- Navigating the impacts of the rapidly evolving stewardship and sustainability landscapes and contrasting approaches across different geographies.

Our culture: extending beyond our investment business

Our business is bigger than the sum of its parts, and its influence reaches many stakeholders. We hold ourselves to the same exacting standards that we expect of investee companies: fostering a diverse and inclusive workplace, being trusted advisors to our clients, and positively contributing to where we live and work.

People are the heart of our business. Harnessing all our life experiences, distinct capabilities and talents is key to our success. We value these differences, but know they require the right environment to flourish. It is why we are committed to being a truly diverse, inclusive, and equitable company.

This approach helps the delivery of our stewardship activities and wider business success by creating a supportive, diverse and inclusive working environment for our people. We believe this creates the best conditions for optimal decision making, enabling us to deliver positive outcomes for all stakeholders.

Systemic issues such as climate change also require a credible system-wide response. In order to have credibility in encouraging our investee companies to deliver on setting climate targets for example, it is important we act with authenticity in our own response.

We have continued to deliver on our diversity and environmental commitments during 2024.

- We have continued to make progress on our own corporate gender diversity goals. This is supported by our partnerships with Investment 20/20, focused on attracting a broader range of candidates, and Future Asset, which seeks to promote careers in investment to schoolgirls.
- More broadly we continue to work with Black Professionals Scotland and Salvesen Mindroom to promote wider aspects of diversity in our business.

- In 2023, we deepened our commitment to Future Asset by joining forces with Franklin Templeton as Sponsor Members, creating additional avenues for engaging with promising young female talent through roles such as ambassadors, coaches, and speakers. In 2024, we further evolved our partnership with them as Jen Mair, CEO, assumed the role of Chair of Future Asset.
- We established an Executive Office, whose responsibilities include leading Martin Currie's Diversity, Equity and Inclusion (DE&I) strategy, collaborating closely with the firm's DE&I Working Group.

In 2024, we further evolved our partnership with Future Asset as Jen Mair, CEO, assumed the role of Chair of Future Asset.



Business summary

Our aim is to develop true partnerships with, and value for, our clients, while delivering against our purpose of Investing to Improve Lives. We leverage the expertise and insights of our investment teams, and a consistently high level of client service from our distribution department, to add meaningful value for our clients.

We are focused on sharing our knowledge through a range of avenues including risk analytics, data sharing, thought leadership, client round tables, bespoke client training and reporting. We develop strategic partnerships where we become an extension of our clients' investment teams and staff. Asset owners today want a relationship that is more than just alpha generation. A deeper partnership which sees Martin Currie at the centre of their portfolio and decision-making enables a closer alignment and ability to deliver for all stakeholders. This has contributed to our success in building a business with a focus on both institutional clients and in pooled vehicles within long-only active equity.

The following table shows the split of assets under management (AuM) between institutional and retail clients and by geography at 31 December 2024:

Channel	Client region	% of AuM	Value (US\$ millions)
Institutional	Asia & Australia	17	3,067
	Europe	1	262
	North America	19	3,411
	United Kingdom	15	2,614
Institutional total		52	9,353
Retail	Asia & Australia	14	2,543
	Europe	1	205
	North America	17	3,105
	United Kingdom	15	2,709
Retail total		48	8,561
Total			17,915

Source: Martin Currie, 31 December 2024.

Total assets under management as of 31 December 2024 in US dollar billions, split by region of domicile of the client.



TOTAL ASSETS UNDER MANAGEMENT US\$17.9 billion

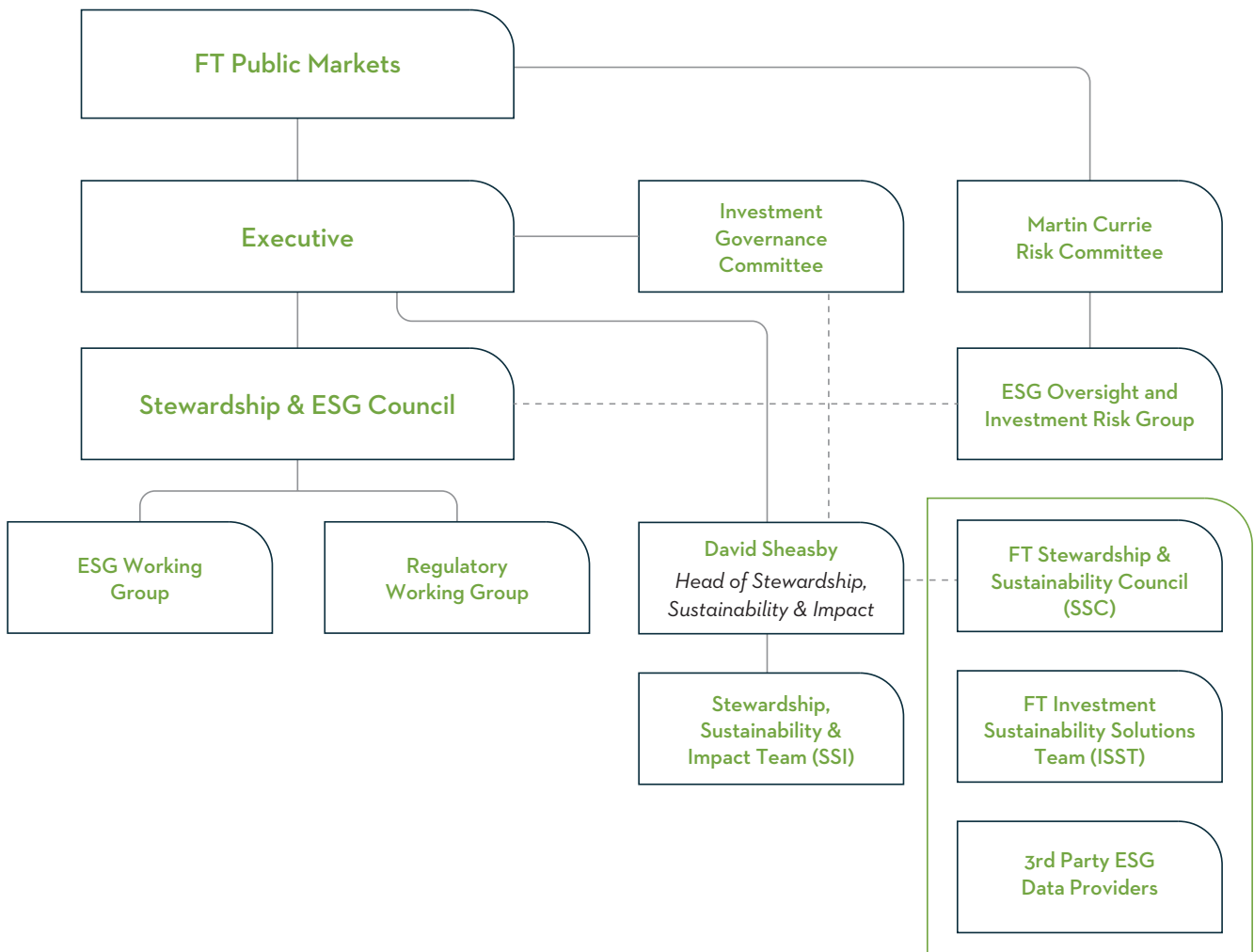
Resources

The structure and governance of our stewardship and sustainability activities at Martin Currie is outlined below, highlighting the central role of the investment teams together with the collective resource and oversight that is dedicated to activity in this area in specialist teams and forums.

A central tenet to our approach to stewardship and sustainability is that responsibility for carrying out analysis and stewardship sits with the investment teams. We believe that this creates clear accountability and provides the best method for authentically integrating this into investment decisions. This section sets out our approach to the structure, governance and oversight of stewardship and sustainability at Martin Currie and outlines the resources and forums that are in place to support this.

We extended our existing investment capabilities in 2023 when we launched an impact offering, the Improving Society strategy. This is a natural evolution of the preceding work that was completed in setting up effective governance structures, oversight processes and data flows to allow the efficient control and scrutiny an impact product necessitates. We also expanded our analytical toolkit to include a comprehensive impact analysis that is completed on each portfolio holding. Our Stewardship, Sustainability & Impact (SSI) team continue to work with other investment teams to meet the expectations of clients and oversee client mandates that have specific stewardship or sustainability requirements. In his capacity as Head of SSI at Martin Currie, in 2024, David Sheasby was appointed as Strategic Advisor to the Franklin Templeton Investment Sustainability Solutions Team (ISST). His expanded role focuses on developing leadership talent and supporting the repositioning of ISST under Public Markets with an increased focus on supporting the investment teams across Franklin Templeton. David is also Co-Chair of Franklin Templeton's Stewardship and Sustainability Council (SSC).

The chart below shows the overall governance and oversight structure for our approach:



Accountability for stewardship and sustainability lies with the Martin Currie Executive Committee who in turn report to the Head of Public Markets, Franklin Templeton.

Overseeing stewardship and sustainability strategy at the firm is the **Stewardship & ESG Council** (the Council). This body was created in 2021 to have a dedicated high-level forum specifically related to stewardship and sustainability at Martin Currie, to oversee the corporate approach to sustainability, to ensure that we are fulfilling our stewardship responsibilities and to provide a channel for assurance, feedback, evolution and improvement of our stewardship activities. As a relatively small, focused equity asset manager running concentrated long-term portfolios, the Council has strong visibility and deep knowledge of our internal approach. Assurance on stewardship activities focuses on validating the public commitments we make, and assessing the effectiveness of the controls and oversight procedures in place. The Council has delegated authority from the Executive for these matters. It is co-chaired by Michael Browne (Chief Investment Officer) and David Sheasby (Head of SSI). Also on the Council are representatives from other key business areas. The Council is the steering body for Martin Currie's stewardship and sustainability principles, long-term goals, and execution. This includes future planning, regulatory accountability and sign-off, ownership of Martin Currie's stewardship and sustainability-related policies and assurance that appropriate resources and training are in place. It also has oversight of third-party vendors in relation to proxy voting and client reporting. The Council reports to the Executive Committee.

Responsibility for carrying out sustainability analysis and active ownership resides with the investment teams. All stock research is required to consider the material and relevant governance and sustainability factors that could impact the ability of a company to generate sustainable returns. These factors are recorded in our proprietary stock analysis. This requires an explanation on how these factors have been incorporated into the analysis. In addition, we have established industry frameworks that provide guidance on material factors to consider when looking at each industry, reflecting the wide variation in what may be significant and relevant across different industries.

Stewardship and Sustainability Forums:

1. *Martin Currie Stewardship & ESG Council*
2. *Martin Currie Stewardship, Sustainability & Impact (SSI) Team*
3. *Martin Currie ESG Working Group*
4. *Martin Currie Regulatory Working Group*
5. *Martin Currie ESG Oversight and Investment Risk Group*
6. *Franklin Templeton Stewardship and Sustainability Council (SSC)*
7. *Franklin Templeton Investment Sustainability Solutions Team (ISST)*

Our dedicated SSI team works with the investment teams on how to incorporate responsible investment more explicitly into analysis and how to implement best practice in stewardship. This team reports directly to the Executive with oversight of the overall stewardship approach as well as reporting on stewardship activities including engagement and active ownership. The SSI team works with investors to develop frameworks for governance and sustainability analysis, providing guidance and oversight in all aspects of stewardship and sustainability. They work with the investment teams on relevant issues such as corporate engagement, proxy voting and questions around integration. They provide expertise as well as context and a global perspective on stewardship, governance and sustainability matters. The team, along with Investment Risk, is responsible for the oversight of Martin Currie's process on corporate governance and responsible investment.

The [Responsible Investment Policy](#), the [Global Corporate Governance Principles](#), [Stewardship and Engagement Policy](#), [Climate Policy](#), [Human Rights Policy](#), and [Proxy Voting Policy](#) set the framework for stewardship and sustainability-related investment activities.

There are also three key stewardship and sustainability-related forums, each with the aim of focusing on continuous improvement and sharing ideas, insights, and best practice:

- **ESG Working Group** - comprising representatives from each investment team, the SSI team and the Chief Investment Officer. It is led by the Head of SSI. This group is focused on the work of our investment teams with the aim of continuing to evolve the approach in each team, building expertise and sharing best practice. Through this we ensure broad consistency and efficiency in our approach and are able to identify resourcing and training needs.
- **Regulatory Working Group** - comprising representatives from Distribution, Legal, Risk, the SSI team, Investment Data Platform & Quant, and Compliance. Reflecting the rapid evolution in the regulatory environment, this group reviews upcoming regulation, oversees the necessary resourcing and implementation to meet these requirements and reviews the effectiveness of the frameworks established. This group is chaired by the Head of SSI.
- **ESG Oversight and Investment Risk Group** - comprising the Head of Investment Risk, the Chief Investment Officer, the Head of SSI and Head of Compliance. This forum is responsible for overseeing and assuring that process and mandate commitments are being observed. This includes, but is not limited to, oversight of the proprietary governance and sustainability risk ratings, compliance with fund specific restrictions (both sector and norms based) and risk rating thresholds as well as monitoring, oversight and challenge on ESG risk data and controversies.

In addition to these Martin Currie forums, there are workstreams in place across Franklin Templeton (our parent) with a view to tackling common challenges across the group.

- **Franklin Templeton Stewardship & Sustainability Council** - David Sheasby is Co-Chair of this Council. This group focuses on strategic, regulatory and emerging sustainability issues affecting all Franklin Templeton's SIMs, with the objective to share best practice and coordinate activity where appropriate.
- **Franklin Templeton Investment Sustainability Solutions Team (ISST)** - a multidisciplinary group of sustainable investment professionals with expertise in sustainability data, stewardship and engagement, and sustainability policy and reporting within Public Market Investments. It comprises 12 professionals as of 1 January 2025. The ISST provides guidance and services to investment teams and other key stakeholders across Franklin Templeton through their sustainability subject matter expertise. Their role is to support the needs and priorities of investment teams, and their clients, in their consideration and integration of investment sustainability as required.

As part of the assurance process, the Martin Currie funds that are covered by Sustainable Finance Disclosure Regulation (SFDR) are also subject to annual review by the ESG Product Advisory Group (EPAG) at Franklin Templeton. This includes a review of all disclosures, investment process and any binding criteria with regards to sustainability or stewardship. We continue to work with Franklin Templeton's internal teams to ensure that regulatory requirements are being met, and there is effective oversight of sustainability and stewardship activities across the group.

We continue to work with Franklin Templeton's internal teams to ensure that regulatory requirements are being met, and there is effective oversight of sustainability and stewardship activities.

Training, Remuneration & Diversity

Training

Beyond our governance structure supporting our stewardship activities, we are committed to supporting the continuous improvement and deepening of stewardship and sustainability understanding across the investment teams, and other stakeholders. The SSI team is responsible for sustainability-related training and the team ensures there are regular learning sessions and mentoring. Training sessions are either provided internally by the SSI team, or externally by experts in their field.

Examples of training where we have leveraged external providers and the teams at Franklin Templeton are as follows:

- Net Zero alignment assessment for companies and portfolios for investment teams from ISST
- Climate scenario analysis for investment teams from the ISST.

The ESG Working Group is an additional educational forum providing guidance and insights on regulation and specialist topics in order to support the investment teams.

During 2024, examples of education and training included an introduction to UK Sustainability Disclosure Requirements (SDR), held ahead of the rollout of the first wave of reporting.

We also hosted external training and education on regulatory developments and requirements and set up regular training sessions with a number of our service providers. Employees are supported to pursue sustainability-related professional qualifications, such as the CFA Institute's Certificate in ESG Investing, the Certificate in Climate and Investing, and, following its launch, the new Certificate in Impact Investing from the CFA Society of the United Kingdom. Other qualifications pursued have included the Fundamentals of Sustainability Accounting (FSA).

Externally, we have worked to build knowledge and expertise with other external stakeholders. We have held education sessions covering stewardship, sustainability, and our approaches with clients and other business partners to share knowledge. Our Head of SSI, David Sheasby, led a panel focused on sustainability and stewardship at the key Franklin Templeton annual global client conference and has attended or participated in several key industry events including with the PRI and the Global Ethical Finance Initiative.

Remuneration

The management of governance and sustainability risks and the integration of stewardship is incorporated into the firm's investment process and is, as such, also considered in the performance measurement of each member of our investment teams. Compliance with the firm's stewardship and sustainability-related policies, which govern the monitoring and management of sustainability risks, is among the non-financial metrics which determine compensation outcomes.



Diversity

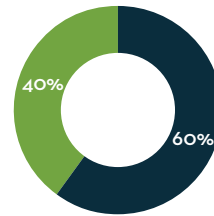
A healthy and vibrant workplace for all creates the best possible conditions for optimal decision making, and thus the best outcomes for all stakeholders. As part of our corporate purpose of **Investing to Improve Lives**, we are on a continuous journey to improve Martin Currie's diversity. We are also working to create a more inclusive environment for our employees that recognises how our different perspectives, knowledge and attitudes can best inform our approach to providing solutions for our clients.

In 2021 we set ambitious diversity targets across the business reflecting our aspirations to address diversity challenges in a systematic manner. We continue to leverage Franklin Templeton's recruitment network, as well as working with our existing recruitment partners to ensure that we are reaching and attracting high-quality candidates. Since establishing targets, we have seen continued progress in increasing representation across many areas of the business, such as our investment teams, with gender diversity rising from our 2021 baseline of 16% to 35%.

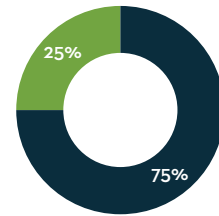
As part of our corporate purpose of Investing to Improve Lives, we are on a continuous journey to improve Martin Currie's diversity.

Split of recruitment by gender

Year to 31 December 2023 hires

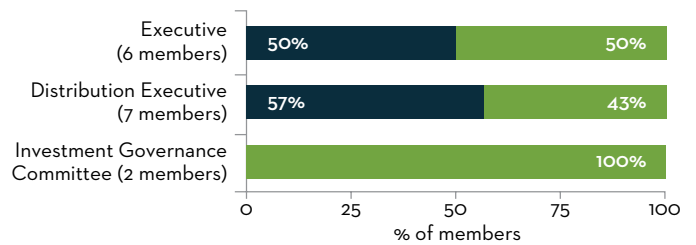


Year to 31 December 2024 hires

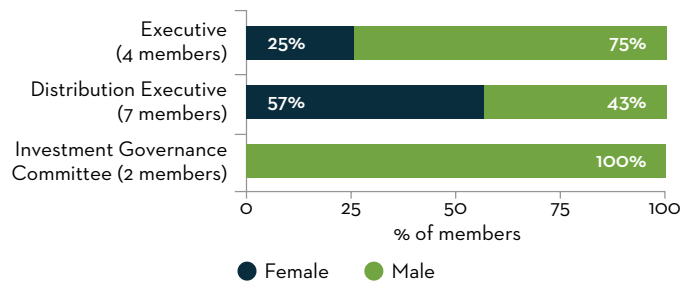


Split by gender of representation on key forums within the organisation

Year to 31 December 2023

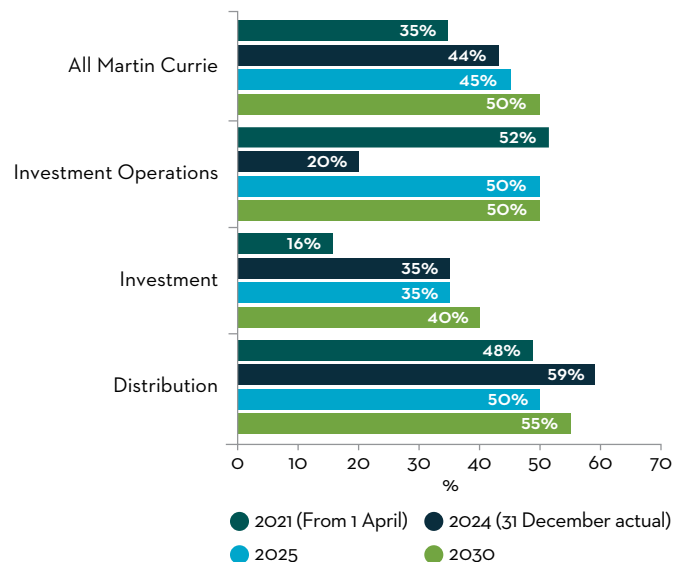


Year to 31 December 2024



Gender parity targets

(% female)



Source: Martin Currie, as of 31 December 2024.

Evolution & improvements



David Sheasby
Head of Stewardship,
Sustainability & Impact



John Gilmore
Stewardship, Sustainability
& Impact Specialist.
Portfolio Manager, Impact
Equity

The stewardship environment, as it has done over recent years, has continued to evolve at pace. Standards continue to be raised in terms of the expectations from our clients, market practices, regulation and our own activities.

We continually refine and evolve our stewardship approach to reflect the regulatory environment, industry best practice, the needs of our investment teams and clients and to deliver against our public stewardship commitments. For 2024 we group our progress into three key areas: governance structure and risk management, expanding our analysis and engagement capabilities and supporting regulatory commitments, most notably the introduction of the UK Sustainability Disclosure Regime (SDR).



Governance and risk management

The governance and risk management structure surrounding our stewardship activities continued to evolve in 2024. We focused on building on the relatively significant change in our structure and the regulatory landscape which took place over 2021 to 2023. During 2024 we expanded on tools to enhance our risk management process, specifically in the analysis of climate scenario risk. This is now included as part of our quarterly risk meeting cycle alongside ongoing analysis of Governance and Sustainability factors and our own internal team processes. We have continued to evolve our policy framework with updates across key policies noted at the end of this report updated on an annual basis. Key changes included an update to our Stewardship and Engagement policy alongside more modest revisions to other policies.



Expanding our analysis and engagement capabilities

We have continued to expand our analytical capabilities to support our investment research. This included using tools developed by the Franklin Templeton ISST to augment our proprietary net zero alignment methodology that has been rolled out across all investment teams to provide a consistent framework for categorising progress against climate action. Another feature of our framework we have been enhancing is that of engagement tracking. We do this through a system called Calibre. Calibre is a platform which we are using to develop further tools to support our analysis. One such tool within this that we have developed is specifically focused on our engagement activities, encouraging the setting of clear objectives and the linking and tracking of progress where we engage with companies to drive specific outcomes. This rollout allows us to easily measure and track progress on engagement that is conducted for change and with a clear objective, rather than for monitoring only. From a 2022 baseline, the proportion of engagement for change has risen from 18% to 36% of our engagements during 2024. It is pleasing to see that our commitment to continued innovation and evolution in our stewardship approach is reflected in external validation; Martin Currie's latest ratings from the PRI are a great endorsement of the investor-led stewardship model we have fostered over the past two decades. In 2024, Martin Currie again achieved five stars across the PRI's modules, which includes the 'Public Governance and Strategy,' and 'Confidence building measures' modules that apply to all asset managers. We also received a five-star rating in the category of 'Direct - Listed equity - Active Fundamental,' which is specific to the equity asset class.



Supporting Regulatory Commitments:

2024 was another year of significant regulatory developments in key markets for the business. We saw change most significantly in the UK where we saw the introduction of SDR which included categorisation and consumer facing disclosures for our UK domiciled funds as well as the expansion of UK TCFD requirements at an entity and product level.

Firstly in relation to SDR, the vast majority of our funds did not meet the requirements for a sustainability label under the regime (most notably because none had a specific sustainability objective) but where instead we chose to categorise them as unlabelled with sustainability characteristics which brings enhanced reporting obligations. This is most notable in new consumer facing disclosures to clarify the sustainability characteristics and KPI's of funds with sustainability characteristics. We have worked with stakeholders across Franklin Templeton to make sure we have satisfied these requirements.

Secondly, we have now been through our first cycle of TCFD reporting with a specific entity report for Martin Currie and also product level reporting. These reports serve a key purpose in educating our clients about the ways in which we assess and manage climate related risks and opportunities within our investments across the business. This reporting will be an annual requirement which we will update over time.

Finally, we have continued to expand our Impact Reporting in relation to our social impact equity fund - the Martin Currie Improving Society Strategy which launched in June 2023. The strategy aims to take advantage of mispricing opportunities and make a positive social impact by investing in companies whose products and services positively impact fundamental human needs and create the conditions for advancements in equity. Disclosure, impact measurement and clear objectives are key aspects of the strategy which also align with key aspects of the sustainability impact label under SDR. While the fund remains out of scope as an overseas fund, we have been assessing how it would meet the requirements of the new SDR regime.

Overall, we are pleased with the progress we have made, and continue to make, in the areas of governance, capabilities and processes around our stewardship activities. We expect these to be fundamental in delivering on client expectations as we move towards the implementation of further key regulatory changes such as entity reporting in relation to the UK SDR, the ESMA fund names guidelines and the US Securities and Exchange Commission (SEC) Names Rule.



Stewardship: *the year in review*



David Sheasby
Head of Stewardship,
Sustainability & Impact



Eoghan McGrath
Stewardship, Sustainability
& Impact Analyst

In terms of acronyms, 2024 was perhaps a year where AI rather than ESG occupied the greatest mindshare, however this was more to do with the meteoric rise of the former than the latter becoming more subdued. We have written previously about the need to move the language on from the broad and vague “ESG”; the term, however remained prominent, but perhaps for the wrong reasons as an increasing backlash against it was evident through the year. Partially in response, the term “greenhushing” was coined to describe the understating of environmental efforts, and, fairly or unfairly, this does represent an overcorrection to the sometimes inflated claims that drove previous “greenwashing” concerns.

We have evolved our language away from ESG to focus on Governance and Sustainability, but for the purpose of this article, we are using ‘ESG’ to demonstrate some of the challenges this creates.

We can consider the lifecycle of ESG (sometimes used interchangeably with ‘sustainable investment’ or ‘responsible investment’) against an S-curve, and using this model we have almost certainly reached the peak. And while ESG as a concept has not disappeared, as it reached saturation it has faced numerous pressures that caused market participants’ approaches to adapt. The S-curve is not without its shortcomings though.

Importantly, the curve omits crucial information about what is going on beneath broad adoption. What is missing from the ESG S-curve is information on the sophistication of the analysis and integration.

To better understand this, we can draw comparisons between investment and the world of competitive sport. As with investors, professional athletes all seek the extra 1% that will make a difference. Over time, there is an inherent survivorship bias – beneficial practices or concepts are imitated and adopted, which then become standard across the field. These practices are adopted by the next generation of athletes, who then improve upon them. Following on from the second generation, the third generation then begins to fully understand and perfect the most effective practices, or at least attempts to.

ESG and everything that it encompasses could be going through a similar process. Early adopters were already integrating governance and sustainability factors into analysis, but suddenly we witnessed mass adoption and pervasion of “ESG” into almost every part of the industry. As this happened, the principles got warped, and elements were simplified. The concept moved away from what it originally was: an acronym covering risks and opportunities that should be integrated into the investment decision making process.

As the industry moves beyond saturation, the aspects of ESG that offer insights will survive while the superfluous parts will be disregarded. It is now down to the next generation of investors to take what has come before and iterate upon it, in the belief that governance and sustainability factors do influence a company’s long-term value, and their analysis provides decision-useful insights.

Put simply, we should not forget what is required of us as asset managers and why we conduct any analysis: to generate alpha for end investors and our clients. The integration of environmental, social and governance risks and opportunities is a part of this. “ESG” shouldn’t remain static, it should involve a continually evolving approach, while retaining the most valuable parts and leaving the rest behind. David and John discuss our latest efforts in the previous ([Evolution and improvements](#)) section of this report.

“ESG” shouldn’t remain static, it should involve a continually evolving approach, while retaining the most valuable parts and leaving the rest behind.

As investors know, while we are fiduciaries of our clients' capital, the increased polarisation in the sustainability and ESG landscape are indicative of the different regulatory approaches taken to ensure this. The divergent paths have been most notable between the US and Europe but even within the US there is polarisation in the approaches being taken.

In Florida, the consideration of ESG factors as part of the management of state money was outlawed with the intention of safeguarding fiduciary duty. Contrast this with the state of Maryland, which promoted the monitoring, evaluation, and risk quantification of material environmental, social and governance factors of investments.

In Europe, sustainability and ESG remain a key part of the agenda, and the focus here has shifted to one of integrity or authenticity - making sure that asset managers do what they say they do and that they are clear to end clients in this. In this aspect there is some overlap with what is happening on the other side of the Atlantic where transparency for end investors is key. This is to counter both greenwashing as well as greenhushing (where investors or companies do more than they say with regards to sustainability).

There are signals of changes in approach though. We saw the European Supervisory Authorities (ESAs) and the European Securities and Markets Authority (ESMA) issue a joint opinion proposing improvements to Sustainable Finance Disclosure Regulation (SFDR). At the core of this is the introduction of a product categorisation system, a departure from the current disclosure-based regime. This would also involve minimum standards around what a fund could and could not hold, much more prescriptive than the current regulation.

In the UK, the FCA introduced the Sustainability Disclosure Requirements (SDR) and fund labelling regime. This introduced anti-greenwashing rules, additional disclosures for unlabelled funds with sustainability characteristics, and extensive disclosures and requirements for labelled products. Again, this is all in the name of protecting retail investors and making it easier for them to find and invest in "sustainable products".

Regardless of steps taken within various jurisdictions, the emphasis on investor outcomes remains clear but for early adopters, this has always been the intention.



Since we began formally integrating governance and sustainability factors into our investment analysis in 2008, we have believed that the consideration of material governance and sustainability factors supports our ability to perform our fiduciary duty for our clients and beneficiaries. When coupled with investor stewardship, the consideration of these factors can enhance long-term returns for shareholders, and transparency around this has always been paramount. These recent regulatory moves and client demand are likely to accelerate the evolution of governance and sustainability analysis: they necessitate a clear connection between an investor's actions and how this relates to fiduciary duty. If this cannot be evidenced, then investors are likely to adjust their process accordingly. This shedding is part of the iterative process – there must be space created for new, more effective process elements to grow.

Setting targets

More transparency and specificity is also being sought from many corporates too. One of the areas subject to the greatest attention is climate change and carbon emissions reduction targets. We see many corporates at different stages of their decarbonisation journey, but are pleased that the adoption of net zero targets continues to advance as exemplified by fact that the number of companies with targets validated by the Science Based Targets initiative (SBTi) crossed the 6,000 mark in 2024³.

During 2024, the initiative published its final evaluation report for the 1.5 campaign⁴ which provides some valuable insights and opinions into the adoption of science-based targets. The campaign ran for over two years, and included 1,045 companies from which we can draw conclusions. While there are undoubtedly fears that decarbonisation is becoming less important to companies, the survey results indicate something different.

Considering motivations, the most common reasons for joining the campaign and setting targets were to showcase leadership in sustainability, to catalyse action on decarbonisation at the company, and to demonstrate a commitment to net zero. Based on these reasons, many companies still believe that setting targets are important not just for public perception, but to actually reduce emissions.

When it came to the biggest barriers corporates face when setting targets, the two most cited were challenges around scope 3 emissions, and future uncertainty around future technological developments. Scope 3 challenges should not come as a surprise. The difficulties around measurement and double counting of emissions are well understood. The scope 3 emissions associated with AI has added another consideration for companies, who may have to compromise between adding AI capabilities and meeting their emissions reduction targets.

Of the companies included in the report, 29% had their commitments removed from the SBTi website. While on the face of it, this may be a frightening proportion. However, beneath this there is much more nuance. The most popular reason for being unable to submit targets was that the Net Zero Standard for the company had not been published.

There are numerous other reasons given, however no companies cited the reason being that they believed setting targets and decarbonisation were unimportant (we do, however recognise the shortcomings of surveys such as these). We must balance this against the broader perception that there is a shift away from climate-conscious business.

As David and John write in *Reaching Forward*, the global variability of approaches and attitudes to environmental, social and governance matters are likely to persist. Investors and companies should attempt to maintain focus on what is most material for them, and, to the extent that it is possible, ignore the noise. We will continue to seek the best returns for our clients using our integrated, bottom-up approach to analysis, and we expect company management to identify and manage material risks to their business.

As with professional athletes, the real work is done behind the scenes. For investment managers, this probably won't involve adopting the latest craze or fad. The work that really drives positive outcomes may not be glamorous, but it is all with the aim of working towards a singular goal: striving to generate sustainable returns for our clients using all the tools at our disposal.

³<https://sciencebasedtargets.org/blog/climate-action-milestone-6-000-companies-adopt-science-based-targets?siteToken=f4aafa1343fd1f605f5bb5dae23878e274759efde558a7ed15b92036378477241>

⁴<https://sciencebasedtargets.org/resources/files/SBTi-Business-Ambition-final-report.pdf?ref=csfutures.com>

Contributing to well-functioning markets

An aspect we consider important is how we can work with other stakeholders to promote continued improvement in the functioning of financial markets.

In line with previous years there were a number of regulatory consultations over the course of 2024 which provided an opportunity to input into the evolution of the regulatory landscape. Our membership of key committees at the Investment Association (IA), the PRI and latterly the International Corporate Governance Network (ICGN) provided additional opportunities to input into these processes alongside the work that we do independently.

Consultations included a continuation of the FCA Guidance on the Anti-Greenwashing Rule, the European Securities and Markets Authority (ESMA) Naming Guidelines on Funds' Names, and FCA consultation on Primary Markets Effectiveness. There were also new consultations on the Sustainability Disclosure Requirements (SDR) Consumer Facing Disclosures (CFD) and, pertinently, on the proposed changes to the UK Stewardship Code which was launched in November 2024. Through our membership of key committees at the IA and the ICGN we were able to input extensively into these important consultations, all of which will help shape the evolution of the approach to stewardship and sustainability.

We support the evolution of the UK Stewardship Code. The Code is held in high regard internationally and is important to many of our clients and, as such, the ambition of the Code remains paramount. The proposed changes to the Code provide greater clarity to the definition of stewardship and the simplified reporting structure will be welcomed by many participants. The proposed evolution of the Code also better reflects the roles of the different stakeholders across the investment chain.

The development of sustainability assurance has been another area of focus during the year. As part of this we contributed to a market study looking at existing practices and some of the key challenges. As it stands, the standards are broad and so different providers can interpret them in different ways and the option for limited versus reasonable assurance creates confusion. Sustainability assurance has become a more prominent topic in part due to greater sustainability disclosures, most notably in Europe where the Corporate Sustainability Reporting Directive (CSRD) has come into effect. Overall assurance is a good idea, but it is important that it doesn't get in the way of companies producing relevant and decision useful data.

In Europe, the potential evolution of the Sustainable Finance Disclosure Regulation (SFDR) and the ESMA Naming Guidelines were two recurring topics of discourse through 2024. With the FCA SDR Naming and Marketing Rules coming into effect at the end of the year, the interplay between the two naming approaches was key and we provided input into the committee discussions on the potential challenges these differences create.

We were also involved in work, through our partnership with the Global Ethical Finance Initiative (GEFI), in supporting the Scottish Taskforce for Green and Sustainable Financial Services. This taskforce was established to look at how Scotland's financial services industry might leverage the potential investments flowing into Net Zero projects and assets in order to establish a Green Financial Services cluster and maximise the potential for skilled jobs, growth and exports. We were able to leverage our experience as practitioners in sustainability to contribute to the development of this initiative.

Biodiversity has also remained an area of focus, particularly as the understanding of the interlinkages between nature and climate develop. Building on the work we did in 2023 when we hosted a roundtable discussion looking at biodiversity data and the challenges and complexities in measuring biodiversity risk, we contributed to a short paper on the topic.

Sustainability assurance has become a more prominent topic in part due to greater sustainability disclosures, most notably in Europe.

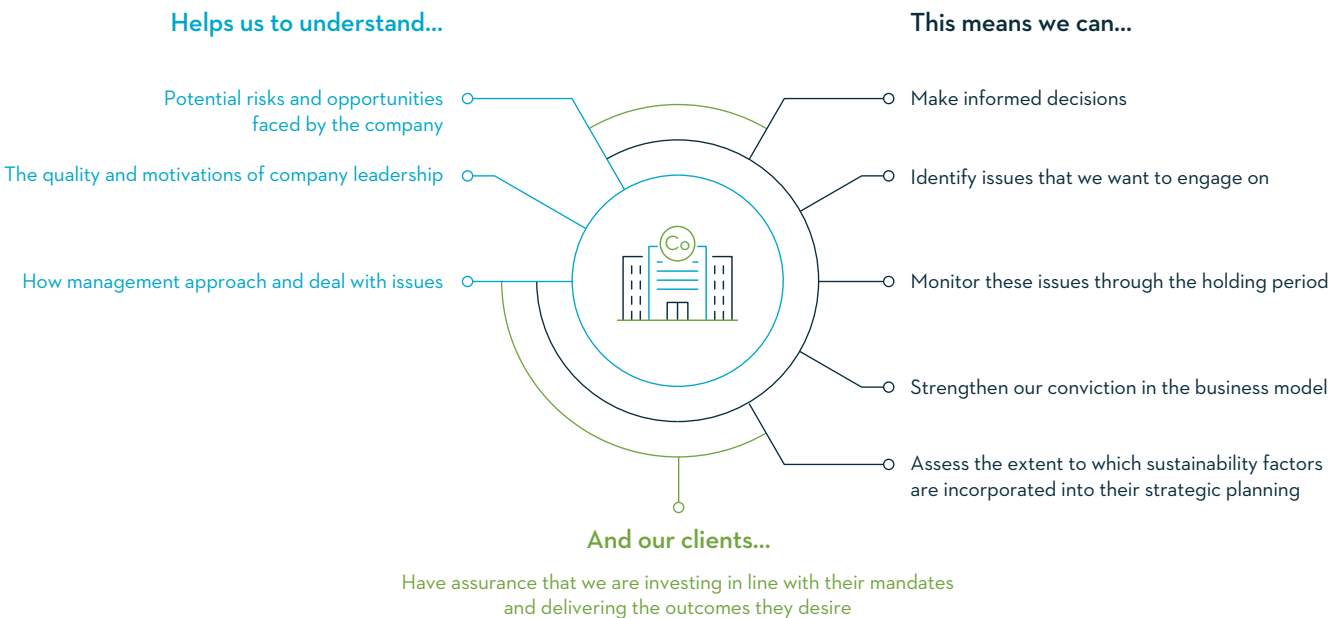
Identification & engagement: *identification*

What we look at

Our aim when conducting our proprietary governance and sustainability analysis is to provide fundamental insight into material issues that can influence long-term returns for companies and to highlight potential areas for engagement. This analysis also allows us to assess where the companies in which we invest may have a material impact on key common issues such as climate change, human rights and workers' rights. The level of analysis and engagement prior to investment varies depending on region, sector and, critically, the materiality of the issues in question. The overarching aim is to assess the extent to which the identified factors will contribute to, or detract from, the potential long-term value creation of a firm. We use a variety of resources to identify potentially material governance and sustainability issues including third-party data along with other publicly available information from a company's sustainability or integrated reporting. These inform our proprietary governance and sustainability risk ratings. Third-party data is an input rather than an output of our process. We believe it is important to have our own view on material governance and sustainability issues as this allows us to have a better-informed approach in relation to escalation and engagement as well as providing a source of insight for producing better risk adjusted returns.

We have an investor-led model and integrate our governance and sustainability analysis fully into our investment process. We explicitly model some of these impacts. For factors that are not as explicit, such as regulatory change, this can be stressed via a cost of capital sensitivity and can influence valuation and portfolio management decisions during acquisition and when holding investments. Since we started almost two decades ago, our approach has always been that in order to fully integrate this analysis, responsibility resides with the individual research specialists and portfolio managers rather than a siloed and separate team in order to increase its relevance and connection to investment decision making. Our Stewardship & ESG Council has specific oversight controls alongside a focus on continuous improvement and sharing best practice driven by the ESG Working Group. At Martin Currie we focus on those factors that are relevant and material to the investment case. This applies equally to fundamental factors as to governance and sustainability factors.

The rationale for our stewardship and sustainability approach is best summarised in the diagram below:



The overarching aim is to assess the extent to which the identified factors will contribute to, or detract from, the potential long-term value creation of a firm.

Proprietary Ratings

Our work on sustainability is ultimately focused on the long-term economic success of the underlying business – understanding how these factors may influence the ability of the company to generate sustainable returns over the long term. We express these views in our Governance and Sustainability risk ratings which range from 1 (low risk) to 5 (high risk).

The first component is governance. Recognising the different governance frameworks across the globe and our clients' international portfolios we take a 'principles' as opposed to a 'rules'-based approach. This provides the opportunity to assess governance in the context of individual company circumstances and identify any particular areas of weakness. Our focus is on board quality, management quality, remuneration, capital allocation and culture.

The second part is sustainability. This is an assessment of the extent to which the company has integrated sustainability into its business model and strategy. In referring to sustainability we focus in particular on the economics of the issue – what might impact the ability of a company to generate long-term sustainable returns?

Our focus is on materiality – relevant environmental risks and social risks – and common factors including climate change, human capital, cyber-security and tax.

The framework for our analysis and risk ratings is set out in a series of consistent areas that we focus on and questions that we ask. For a broad range of funds that we manage, there are also binding criteria that reference the proprietary ratings to exclude those companies with the highest risk ratings.

This framework allows us to leverage our deep knowledge of the companies and our understanding of the context of the underlying companies. The analytical framework helps to identify risks, opportunities and areas for engagement. The resulting ratings from each team are based on consistent informed judgement of the extent to which the companies demonstrate strong practice or face potential risks in the various aspects of governance and sustainability.

The analytical framework helps to identify risks, opportunities and areas for engagement.



A summary of the key factors used in our analysis is shown below.



Governance

We value transparency and clear, accountable governance structures, paying considerable attention to the extent to which a company demonstrates alignment with the interests of long-term investors.



Board leadership, diversity and independence



Management remuneration



Shareholder rights



Succession planning



Accounting and audit standards



Sustainability



Environmental

Knowing how a company identifies and manages potential environmental issues helps us to understand how it is preparing for changes to regulation and disclosure requirements.



Pollution



Water usage



Climate change



Energy efficiency



Resource management



Data protection and privacy



Equity and diversity



Community relations



Human capital management



Product safety and liability



Supply-chain management



Human rights



Social

How a company treats its people, customers and other stakeholders, can give valuable insight into its culture – a good proxy for long-term business success.

Material matters

Materiality is a concept used frequently in this report. In simple terms, this refers to the strength of the relationship between a governance or sustainability factor and corporate performance. Materiality also covers the scale of impact that companies have on wider environmental and societal issues. Some of this is common sense. For example, carbon risk is clearly more material to an oil and gas firm than it is to an IT services business. Similarly, cybersecurity and data protection are likely to be more material to the latter than the former. In other instances, it may be less intuitive. To make the best use of our research time we have created hierarchies of the most material issues industry by industry. This way we can gauge whether management is focusing on the right areas – an approach that is backed up by research showing a clear link⁵ between a firm's integration of material sustainability issues and enhanced shareholder value (versus a less-discriminating approach). Once the most material issues have been identified and analysed, the challenge is to translate this information into numbers in our modelling of key financial variables, such as the cost of capital, cash flow, turnover or capital expenditure.

⁵Corporate Sustainability: First Evidence on Materiality, The Accounting Review, Vol. 91, No. 6, pp. 1697-1724. Khan, Serafeim & Yoon (2016). https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2575912

Identification & engagement: engagement

Engagement is a key element of our stewardship approach, how we manage our client’s assets and how we deliver long-term value for them. What we engage on is informed by our analysis of the material governance and sustainability risks that each company faces, how they are managing and mitigating these and the disclosures that they make in this regard. Examples of the linkages between our research, integration and engagement activities are shown in the diagram below and in the case studies which follow. These examples highlight the multi-period nature of engagement for change. Some of these examples (both private and collaborative) were included in last year’s annual report and, where this is the case, we have tried to highlight the long-term and ongoing nature of these engagements and what progress has been made.

Our engagement is also informed by the broader systemic issues that have the potential to impact many companies and different parts of the financial ecosystem – the most pertinent example being climate change. We engage not only with companies but also with regulators and policy makers to support the evolution of a sustainable financial system.

We interact extensively with our investee companies and, in many cases, we seek information on, or monitor the evolution of, their business, strategy and long-term value creation.

Engagement for change focuses on specific issues and we place a particular emphasis on governance, strategy and capital allocation, and material sustainability (environmental and social) issues which may impact the company, or where the company’s impact is material.

Every time we engage for change on a particular issue, we strongly encourage our investment teams to set out a clear objective (what we are trying to achieve) and then work with the company toward this defined outcome.

We also monitor the progress of the engagement against this objective, recognising that engagement takes time and often requires patience and persistence.

Engagement may include a combination of writing emails or letters to set out concerns, face-to-face meetings with management or other key personnel, or meetings with board members.

Our engagements are led by the investment teams – they have the strongest long-term relationships with the companies that we invest in. They are supported as necessary by the Stewardship, Sustainability & Impact team.

Where there is limited progress on an engagement where it relates to an issue which may impact the investment thesis of a company, we may escalate the issue through other stewardship activities such as voting, collaboration or ultimately divestment.

Much as our analysis informs our approach to engagement, the progress and outcomes of engagement also inform our ongoing analysis and understanding of the companies concerned.



TCFD and Martin Currie

In last year's Stewardship Annual Report, we discussed the introduction of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) reporting which, under the FCA requirements, came into effect for us in 2024. The framework consists of 11 recommended disclosures covering governance, strategy, risk management, and metrics and targets. We published our inaugural entity report in June 2024, which seeks to make relevant disclosures on each of these areas, an evolution and expansion of our disclosures as a business on climate. The following paragraphs summarise our approach to our TCFD reporting and the full report can be accessed on our website [here](#).

Context for our TCFD report

Our June 2024 report covers calendar year 2023, another year of increasing carbon emissions globally. The year also saw an emerging focus on biodiversity and its interrelation with climate change, in a context of mixed political progress in addressing it. Companies and asset managers are under increasing scrutiny regarding the commitments they make and have made regarding climate change.

Climate change is a source of both material risk and opportunity. The changing climate will influence both the potential risks that companies face - including transition and physical risk - as well as the opportunities that are created in addressing these challenges. As such, it is clearly relevant to our role as long-term stewards of our clients' capital. The report outlines how Martin Currie manages these risks and opportunities, as well as the way we manage our own business operations. We provide insight into the commitments that we have made and how we approach meeting them - as a fiduciary for our clients and operationally as a business.

Why we have supported the TCFD

The TCFD recommendations were developed as a disclosure framework by the financial sector, for the financial sector, and now have wide application across the market. But the recommendations bring value beyond just disclosures - they broaden the understanding of climate change across businesses. The recommendations help companies and asset managers question how climate change affects all aspects of business, from people and processes to the profitability and impact that businesses can have on the planet. Climate change may also create opportunities alongside risks and the TCFD provides guidance on how to incorporate both aspects into strategy and risk management.

As investors, the TCFD framework helps us understand how investee companies acknowledge and manage the potential impacts of climate change. Equally it provides companies an opportunity to demonstrate the extent to which this has been embedded into strategy and how risks are managed and opportunities embraced.

The same is true for us as an asset manager. The framework helps guide how we approach managing climate change in our own business strategy and through our operations.

How we assess risks and opportunities

Martin Currie uses investor-led proprietary analysis which considers the risks and opportunities relating to climate change. Our analysis focuses on material governance and sustainability considerations which might impact the ability of a company to generate sustainable, long-term performance. Through this analysis, we seek fundamental insight into material issues influencing long-term returns for companies and potential areas for engagement. In addition, it allows us to assess where the companies in which we invest may have a material impact on key common issues such as climate change, human rights, and workers' rights. The level of analysis and engagement prior to investment varies depending on region, sector and, critically, the materiality of the issues in question.

The overarching aim is to assess the extent to which the identified factors will contribute to, or detract from, the potential long-term value creation of a firm.

We believe it is important to have our own view on material governance and sustainability issues as this provides a source of insight for producing better risk-adjusted returns and allows us to have a better-informed approach in relation to escalation and engagement in relation to our stewardship activities.

For over a decade now, our approach has always been that to fully integrate governance and sustainability analysis into fundamental company research, responsibility should reside with the individual research specialists and portfolio managers rather than a separate team. We believe this ensures its relevance and integration in investment decision making.

Note: In July 2023 the Financial Stability Board (FSB) announced that the work of the Task Force on Climate-related Financial Disclosures (TCFD) had been completed and would fall under the ISSB Standards. Having fulfilled its remit, TCFD disbanded in October 2023. Martin Currie continues to use the TCFD recommendations for the entity and product level reports as required by the FCA.

We believe in active ownership

Engagement is a key element of our stewardship approach. It guides how we manage our clients' assets and how we deliver long-term value for them. Our engagement is informed by our analysis of the material governance and sustainability risks that each company faces, how they are managing and mitigating these, and the disclosures that they make in this regard. A common element of this analysis and our engagement is how companies disclose emissions, set climate targets and deliver against them. We systematically track our engagement, including the extent of progress when these issues are raised. The investment teams lead the engagements – they have the strongest long-term relationships with the companies that we invest in – and are supported by the Stewardship, Sustainability & Impact (SSI) team.

Collaborative engagement and industry initiatives are mechanisms for change

We recognise that there are broad, systemic issues with the potential to impact many companies and different parts of the financial ecosystem – the most pertinent example being climate change. Systemic risks by their nature are caused by factors beyond the control of a specific company and cannot be diversified away by holding a large number of securities. Although most of our engagement is private, where an issue is systemic and therefore likely to impact a broad range of companies held, we believe that this requires a more collaborative approach to engagement.

We therefore engage not just with companies but also with regulators and policy makers to support the evolution of a sustainable financial system. Finding a coalition of like-minded shareholders is a good way of sharing knowledge and can generate more tangible results than acting alone. In support of this, we have also joined collaborative engagements as lead investors focused on different aspects of managing climate change, including through the CDP Non-Disclosure campaign and Climate Action 100+.

We hold ourselves to account as a business

How we choose to run our own business is particularly important when we consider that our role often involves advising companies worldwide on how to adopt best practice. It is why we hold ourselves accountable for taking action on the same systemic issues relevant to the companies in which we invest. We have committed to reduce our operational emissions intensity by 50% from our 2019 baseline by 2030 and to offset 200% of residual emissions.

The TCFD recommendations are a welcome guide to support strategic thinking about the best way to manage climate risk, how it is reflected in the tone from the top of our business and how we structure our governance of climate risk. The recommendations also support our existing strategy of formally embedding climate research and risk assessment across our investments, framing our approach to engagement, and reflecting these conclusions in a structured manner through our risk process. It has also informed the metrics and targets at both a business and product level to hold ourselves accountable for managing climate related risk in our business and client portfolios. These elements are set out in greater detail in each of the sections of our report, covering Governance, Strategy, Risk Management, and Metrics and Targets.

Thematic engagements

Thematic engagements in which we have participated form part of our response to what we have identified as market-wide and systemic risks. By taking action in these areas, we aim to improve disclosure and outcomes to create wider societal positive impact and to promote well-functioning financial markets in relation to these risks.

Science-based targets



Focus: Australian-listed companies



Reason for Engagement: Sustainability

Since we began tracking Science-Based Targets (SBTs), for Australian companies, we have seen improvements in the verification statistics for S&P/ASX 200 companies, from 15% of the market committed or verified in July 22 to 26% in October 24. However, we had also noticed that the pace of Australian companies adopting SBTs had slowed recently.

Objectives: Our objective was to understand the rationale for companies choosing to adopt (or not adopt) verified SBTs or any alternatives, and to explore the challenges and opportunities that lie ahead.

Scope & Process: In November 2024, we initiated a focused outreach to large ASX-listed companies.

In consolidating the company responses, we were surprised that instead of embracing SBTs, many Australian companies are choosing not to pursue an independent verification or are even dialling back on their original commitments.

The reasons for this were multi-faceted and include: - Regulatory compliance on carbon emissions taking precedence

- Overly stringent or inflexible Science- Based Target initiative (SBTi) requirements making it too difficult to align
- Sector and Australian specific challenges stemming from the Australian market's resource-heavy composition, and
- Alternative frameworks that were considered either more relevant or practical.

These included the Australian government's voluntary Climate Active Carbon Neutral Certification and the UN's Net Zero Banking Alliance guidelines. In the property space, alternative verifications include NABERS Energy ratings, Global Real Estate Sustainability Benchmark (GRESB) scores and the World Green Building Council's Net Zero Carbon Buildings Commitment.

Furthermore, the rise of protectionist policies, a renewed focus on economic competitiveness and much talk of energy independence in many parts of the world could influence the approach to climate action potentially influencing corporate priorities.

Engagement Outcome: What this feedback from the companies' comments highlight is that there needs to be some flexibility in the verification frameworks in an environment where the backdrop is evolving and that there are numerous factors that influence a company's ability to set a science- based target. A single-minded pursuit of perfection (1.5 degrees) may perversely be hindering independent verification.

Our research and analysis results suggest that achieving Net Zero requires a balanced approach – combining ambition with adaptability towards verified and non-verified targets – to encourage broader industry participation and meaningful action.

By engaging with companies transparently and supporting pathways that balance ambition with practicality, we remain committed to playing a pivotal role in a more sustainable, low-carbon future.

Integration & engagement: activity examples

Below we highlight recent focused engagements undertaken by our investment teams and the associated outcomes including the nature and extent of escalation where this was required. We have indicated whether each example is related to governance (G) or sustainability (S).

G[S] Global Emerging Markets

LG Chem



Korean petrochemicals company.

Reason for Engagement: Sustainability

As a chemicals business, LG Chem is part of a sector with high environmental risks. Our analysis of the company highlighted the opportunities coming from the company's EV batteries business, however this does not offset the environmental risks from some of the other more carbon-emitting business segments. LG Chem had previously committed to SBTi with a net zero target, and when we observed that its SBTi commitment had been removed, we engaged with the company to understand the changes to their environmental commitments.

Objective of Engagement: Disclose Net Zero pathway and plans upon receiving approval from the SBTi.

Scope & Process of Engagement: We routinely assess the status of the SBTi targets for the companies in our portfolio. This includes identifying any new holding committing to submitting targets, ensuring that companies with commitments adhere to their timeframes, and monitoring whether those with validated targets maintain their accreditation.

LG Chem had pledged to submit targets in the summer of 2022, within a timeframe of 24 months. During our July review, we observed that this commitment was no longer valid. To understand the situation, we reached out to them via email. They informed us that due to a recent restructuring of their portfolio, they needed to reassess their emissions, targets, and decarbonisation pathway. Consequently, they were unable to submit their targets to the SBTi at this time.

Engagement Outcome: They reaffirmed their commitment to achieving net zero by 2050 and are currently developing a new science-based strategy, which will be disclosed to shareholders once finalised. We appreciate that the path to net zero is not always straightforward and we will continue to engage with them. In particular, we will look for updates on their new decarbonisation plans to ensure that they remain committed to achieving net zero by 2050.

Engagement Stage of Completion:



Company sets out plan to address issue.

They reaffirmed their commitment to achieving net zero by 2050 and are currently developing a new science-based strategy.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

G[S] Global Emerging Markets

Dr Sulaiman Al-Habib Medical Services

 Saudi Arabia's largest private hospital operator.

Reason for Engagement: Sustainability

As part of our analysis, we identified hiring and retention of staff as a key differentiator for the company. As a hospital operator, Dr Sulaiman Al-Habib relies on its staff to uphold medical standards and quality of care. Saudi Arabia has made a lot of progress in recent years and women are increasingly engaged in the workforce, so we saw an opportunity for the company to further develop its hiring potential. We engaged with the company to improve its gender diversity disclosure and policies, which would allow it to access a wider range of high quality candidates particularly at senior management and board level.

Objective of Engagement: To improve gender diversity and disclosure at board and management levels.

Scope & Process of Engagement: We began a course of engagement with Saudi Arabia listed Dr Sulaiman Al-Habib in June 2023 to understand its intentions with respect to disclosing gender diversity metrics. Whilst females were well-represented across the business, we encouraged management to disclose gender diversity metrics at the senior management level, as well as their aspirations at the board level.

We observed meaningful progress in the fourth quarter of 2024 when the updated ESG report was released, which included the initiatives that the business would be taking to improve gender diversity in senior management. The initiatives proposed include measures such as conducting and following up on satisfaction surveys, offering female leadership development programmes, and orchestrating effective career and succession planning for women, all of which we believe will facilitate the development of a broad pool of Saudi talent.

Engagement Outcome: Following our engagement on gender diversity, we saw meaningful progress in disclosure metrics and the inclusion of a female candidate for election as a director.

Engagement Stage of Completion:



Company sets out plan to address issue.

Following our engagement on gender diversity, we saw meaningful progress in disclosure metrics and the inclusion of a female candidate election as a director.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.



Atlas Arteria Group (ALX)



Atlas Arteria Group owns and operates toll roads across various countries.

Reason for Engagement: Governance

In March 2024, ALX announced that their CEO would be retiring during 2024.

Objective of Engagement: Our objective was to ensure that governance around appointing a new CEO was best in class.

Scope & Process of Engagement: Soon after the announcement, we met with the Chair to discuss the process and share our concerns about independence. We did not want the new CEO to be a related party of the largest shareholder IFM, so that the CEO could represent all shareholders. We also did not want to see a rushed process. ALX shared that they were undertaking a truly global search, and some internal candidates were also in the running. They were specifically looking for extensive global infrastructure experience across operating assets, optimising assets and M&A. ALX confirmed that they will be appointing a CEO independent of IFM, however IFM supported Directors would be part of Board votes. They also confirmed that the incumbent CEO would stay in the role (past 12 months if required) to aid the transition. In August 2024, we spoke again with ALX IR to discuss the CEO appointment and reiterated the need for safeguards to ensure good corporate governance around independence. ALX confirmed that there is now a formal "Director Representation Agreement" between ALX and IFM that will ensure majority Board independence and the independence of a new CEO.

Engagement Outcome: In September 2024, ALX announced that the new CEO will be Hugh Wehby, the current highly regarded Chief Commercial Officer at competitor Transurban. We met with the outgoing CEO at this point to discuss, and learn more about their key selection criteria, namely dealing with complexity of structure and tax, experience in relevant markets, and understanding of the ASX-listed market. This is a pleasing outcome following our engagement on the topic over many months. ALX have delivered on our objective for the next CEO to be independent of IFM. Furthermore, we have a positive view of Hugh Wehby as we have interacted with him at Transurban. In December 2024, we had a follow up meeting with Hugh Wehby as the new CEO, which reaffirmed our positive view of his skillset, priorities and independence.

Engagement Stage of Completion:



Company addresses issue.

ALX have delivered on our objective for the next CEO to be independent of IFM.



SSP Group plc



A leading operator of food and beverage outlets in travel locations across the world.

Reason for Engagement: Governance

We received an invitation to participate in the shareholder consultation on the 2025 Remuneration Policy. We believe remuneration structures which lead to excessive quantum or are not based on performance metrics are a material risk to our investment, as the management team's incentive to operate the business in line with shareholders' interests becomes unclear. We therefore found it particularly important to use this opportunity to engage with SSP Group plc to ensure this would not be the case under the new remuneration structure.

SSP proposed to introduce a hybrid Long Term Incentive Plan (LTIP), mixing elements from the existing Restricted Share Plan (RSP) with a reintroduction of a Performance Share Plan (PSP) alongside. We supported these changes, however upon research into the proposed plan and comparison with FTSE 250 peers, we were concerned over the lack of a returns metric within the proposed PSP. We see returns metrics, like ROIC, as preferable measures over EPS, as a better indication of capital allocation, thus demonstrating how well management are deploying shareholders' capital. We therefore believe a plan which integrates returns metrics is better aligned with our interests as shareholders.

Objective of Engagement: To encourage the introduction of an LTIP based on clearer performance targets, including returns metrics.

Scope & Process of Engagement: In September 2024, we met with Senior Independent Director and Chair of the Remuneration Committee, Carolyn Bradley, and Corporate Affairs Director, Sarah John, to discuss potential changes to SSP's 2025 Remuneration Policy. In our engagement, we highlighted the potential complexity of the structure and engaged to encourage the inclusion of a returns metric within the PSP and reduced weighting of EPS.

We also encouraged the sustainability underpin for the Restricted Share Plan to remain given the increased integration of sustainability in the business strategy, predominantly through the form of long-term decarbonisation targets.

On 20th December 2024, we received a letter from Carolyn Bradley outlining the Remuneration Committee's final proposal. The proposed Remuneration Policy replaced the RSP with a new PSP, based on the following metrics: EPS (50%), ROCE (25%), TSR (25%). The Annual Bonus incentive plan will remain unchanged, with a 20% weighting towards strategic objectives which have historically included sustainability objectives for both the CEO and CFO. At this stage, our engagement progressed to stage 4 of 5, 'Company Sets Out Plan to Address Issue.'

Engagement Outcome: The Remuneration Policy was a votable item at the 2025 AGM, held on 28th January 2025. We voted in support of the Remuneration Policy. We were pleased to see a 25% weighting towards ROCE in the PSP, and whilst different to ROIC, we were encouraged by the inclusion of a returns metric which focuses on creating shareholder value. As the RSP structure was removed completely, the sustainability underpin could no longer exist, however we feel the inclusion of sustainability-related objectives within the Annual Bonus is meaningful and operates a comparable function to the sustainability underpin in terms of incentivisation for the senior team. We feel our objectives were met overall, thus concluded our engagement.

Engagement Stage of Completion:



Company addresses issue.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

Bodycote plc



The world's largest provider of heat treatment and specialist thermal processing services.

Reason for Engagement: Sustainability

Our close relationships with management teams across our portfolios leads to management reaching out to us as shareholders to receive feedback on ESG initiatives. Bodycote Plc invited us to a call to introduce their Chief Sustainability Officer (CSO) - a new role which has been created, evidencing the advancement of Bodycote's sustainability agenda.

Through our research into Bodycote's sustainability strategy, we were concerned over the lack of a long-term decarbonisation plan for the Group, one which was supported by targets going beyond 2030. Given Bodycote has one of the highest carbon footprints in the FTSE 250, and operational decarbonisation is advantageous in growing its customer base, we find a longer-term approach to climate transition planning to be particularly important. This concern was flagged as part of our sustainability analysis.

We look positively on the management team's enthusiasm for increasing the ambition of nearer-term targets.

Objective of Engagement: To encourage long-term targets (beyond 2030) to be set, covering scope 1, 2 and 3 greenhouse gas emissions.

Scope & Process of Engagement: We met with the CSO and Head of IR in May 2024 and discussed the new role, the new CEO's approach to sustainability, and current decarbonisation targets in place at Bodycote.

At the time, Bodycote had an SBTi-approved target to reduce scope 1 and 2 emissions by 28% by 2030. A 24% reduction was achieved in FY23 vs baseline, which we looked positively on yet were concerned about the absence of a longer-term plan. We specifically engaged to encourage longer-term targets to be set, covering Scopes 1, 2 and 3. We furthered our engagement with the CEO and CFO in December 2024, where it was highlighted that whilst longer-term targets have yet to be introduced, the Group has increased the ambition of its 2030 targets. Now, the Group targets to reduce its absolute scope 1 and scope 2 greenhouse gas emissions by 46% versus 2019 levels by 2030.

Engagement Outcome: Through our engagement, we built confidence that the CSO will have a keen focus on developing a longer-term decarbonisation plan. We look positively on the management team's enthusiasm for increasing the ambition of nearer-term targets. This reiterates the importance of decarbonisation to the business model and Bodycote's proposition to customers. We intend to further our engagement throughout 2025.

Engagement Stage of Completion:



Discussion on issues take place.

[G] S Long-Term Unconstrained

Sartorius Stedim



Global leader in single use bioprocessing equipment for the development and manufacture of biologic drugs.

Reason for Engagement: **Governance**

We have been involved in an ongoing governance and remuneration engagement with Sartorius Stedim, the result of its unusual ownership structure involving a family trust and parent company. Stedim has employed various related party transactions which cause issues around assessing corporate governance quality and incentives and pay for performance. Additionally, there is a lack of disclosure around performance metrics and achievement against said metrics.

Objective of Engagement: Our initial objective was the removal of the related party re-charging approach that created the aforementioned opacity.

Scope & Process of Engagement: We have engaged several times since 2020 on these matters, including a call with IR in 2023 and 2024 around proxy voting for the AGM. This includes voting against prior proposals. We have seen several improvements since the start of our engagement, and lowered our risk assessments around Board and Management Quality as part of our analysis.

Engagement Outcome: On the basis of Stedim removing the related party structure, separating the CEO and chair roles, simplifying the various incentive plans and increasing disclosure around metrics for the STI and LTI (which include a CO2 reduction metric), we voted in favour of compensation-related AGM proposals, with a caveat we expect to see continued improvement around disclosure. Further, we have fed back to the company that we expect to see a simplification of LTI plans, are still targeting increasing compensation disclosure (results ex-post against targets), and some modification of equity issuance based anti-takeover provisions available to the business. These views will be reflected in future proxy voting actions and engagements.

Engagement Stage of Completion:



Company sets out plan to address issue.

We have seen several improvements since the start of our engagement, and lowered our risk assessments around Board and Management Quality.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.



Singapore Technologies Engineering



Global technology, defence and aviation engineering group based in Singapore.

Reason for Engagement: Governance

As long-term investors, the existence of robust governance practices at investee companies is a key ingredient to our conviction building process. We evaluate governance before we invest in a company and then review this on an ongoing basis. This starts at the top with the Board of Directors. Factors we examine include the appropriateness of the Board structure, the relevance of board members' experience and whether directors demonstrate the level of engagement we would expect to see (this includes participation in key board committees, whether there is ongoing training and, importantly, attendance at board meetings). We noticed that one non-executive director had attended only 60% of the board meetings of the prior 12 months i.e. below our minimum expectations.

Objective of Engagement: Understand the reason for an attendance rate that was below what we should reasonably expect (we want to see 100% but would be concerned if this was <75%, especially if this was a recurring issue).

Scope & Process of Engagement: We engaged with the company to understand the background to this - importantly, this member was up for re-election in a soon-to-be-held AGM.

With input from the company, we reviewed this board member's attendance record going back to 2020 and recognised his overall strong participation (attending all of the prior year meetings and 94% of the board meetings over the 2020-22 period). The company shared further that this director's low attendance in the prior 12 months was due to work exigencies (he is a senior member of Singapore's Ministry of Defence), and that he was fully committed to his duties and responsibilities to the company.

Engagement Outcome: We would expect a company to state that a sitting board member is committed to the company, however given his prior record of attending board meetings, we reached the conclusion that there was sufficient evidence to support the claim in this instance. However, we will monitor future attendance closely. We also recognise that this director is one of three Singapore Government representatives on the Board (the company is 51% owned by Temasek Holdings, an investment vehicle of the Singapore Government). Additionally, he is also a former Chief of the Defence Force and is the Permanent Secretary (Defence Development) at Singapore's Ministry of Defence. With this background he possesses strong domain expertise, being well-versed in the needs of a modern military and is networked into the international defence community. Given defence is a significant part of the company's business, we have concluded that investors and the company should benefit from having such a person on the Board, especially where this person is a committed and engaged board member. We also voted in favour of his continuance as a director.

Engagement Stage of Completion:



Discussion on issues take place.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.



AIA Group Ltd.



AIA is a large pan-Asian life insurance group operating in 18 regional markets across the Asia Pacific ex-Japan region.

Reason for Engagement: Governance

To discuss possible changes to short-term and long-term performance incentives (STI & LTI) of senior management.

Objective of Engagement: Understand the rationale behind the introduction of an additional business metric, whether or not this metric will be embedded in management incentive rewards and, if so, what this adds in comparison to what is already used.

Scope & Process of Engagement: AIA management introduced a new key performance metric (KPI) in 2024, namely operating profit after tax (OPAT) per share. They also published a growth target of 9-11% compounded annually from end 2023 to end 2026. As we are satisfied with the current set of KPIs that contribute to management STI and LTI awards, we had some concerns about this new metric either being added to or replacing those. We did not see any changes as being necessary and were concerned that changes to incentive KPIs could lead to less favourable outcomes for shareholders in the long-term. We had the opportunity to raise this directly with AIA management in a face-to-face meeting at our Edinburgh office in August 2024.

Engagement Outcome: Management confirmed that in fact this new metric would not be added to the KPIs for STI/LTI awards as this metric ultimately derives from other factors already present in those KPIs. Management explained that the intention behind publication of this metric was to provide investors with a readily understandable measure for the profit growth of the business. It was also meant to telegraph to the market the company's confidence in its the growth outlook. We were satisfied with this explanation, with no further follow-up required.

Engagement Stage of Completion:



Company addresses issue.

Management explained that the intention behind publication of this metric was to provide investors with a readily understandable measure for the profit growth of the business.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

G[S] Impact Equities

Vistry



UK affordable home partnerships business.

Reason for Engagement: Sustainability

Understanding type of housing mix (tenure mix) within the Vistry business has important financial and impact related consequences. These are even more important now that the business has performed a strategy shift to focus on 100% partnerships with an emphasis on affordable and social housing versus being a classic homebuilder. The tenure mix impacts key elements of both our impact conviction and investment conviction ratings.

Objective of Engagement: Further enhance their reporting by disclosing comparable data on their social and affordable housing activities.

Scope & Process of Engagement: We set out our priorities in an initial letter to the company. We followed up our initial letter with a company meeting to discuss their strategy shift and also to request that as part of this they disclose the breakdown of units sold by type so that we could better assess not only the social impact of their operations but also the drivers of the new strategy from a demand perspective. They indicated during our discussions that they were open to disclosing such information. This was followed up when the company disclosed the breakdown of what it calls 'tenure mix' at its full year results for 2023 in March 2024. They now clearly disclose the proportion of homes that are affordable (by planning regulations and 'additional affordable' as well as the proportion sold explicitly for the rental sector). We will consider this engagement to be successful as we see more data over time from the company that allows us to look at this as a time series of data.

Engagement Outcome: The disclosure of the tenure mix data combined with the number of housing completions the company has made, allows us to better track the impact of the business in terms of the affordable and social houses built. As well as gain greater insight into the progress in their partnership model shift as they seek to move all their operations to a partner funded model. For example, during H1 of 2024 there was incremental progress versus 2023 year end from an impact perspective with 76% of completions being partner funded.

Engagement Stage of Completion:




The company sets out a plan to address issue.

The disclosure of the tenure mix data combined with the number of housing completions the company has made, allows us to better track the impact of the business.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

Impact Equities

Valmont Industries

 **Infrastructure and irrigation company.**

Reason for Engagement: Governance & Sustainability.

Our view of the potential significant opportunity for expanding modern irrigation methods to help support food security and mitigate the impact of climate change on agricultural efficiency means that understanding the growth of this segment of Valmont is material to our investment case. This is represented by our key investment thesis indicator of international irrigation business growing faster than their US business.

Objective of Engagement: To understand the process for allocating capital to growing their irrigation business in high impact areas such as Brazil and Africa (as well as encouraging greater investment here due to the financial opportunity).

Scope & Process of Engagement: We are in the early stages of our discussions with Valmont on this issue. We want to be as supportive as we can of growing the potential impact of the irrigation business where it can have the greatest impact on issues such as food security. Our discussion firstly addressed the initial motivation of creating the international division - now greater in size than their US business - which was to find areas of business and geographies that would operate on a different cycle to that of US agriculture. Over the years they have entered the European market and also invested in a manufacturing joint venture in Brazil which has subsequently become fully owned. Even more interesting to us has been their recent activity in Africa with large scale projects that support food security and the conversion of desert into farmland that have been a key source of growth for the business. These markets are now served by their irrigation factory in Dubai; their local presence allows them to serve customers more effectively. Adoption is key in these markets as water saved when using center pivots instead of traditional agriculture methods such as flood irrigation can reduce water use by up to 40%.

Engagement Outcome: While this engagement does not have a single metric where we can measure success, part of what we want to see is long-term growth in the international segment where their products can have the greatest impact in water saved and also in driving greater food security. Agriculture is inherently cyclical so we would measure this over an extended period. We will continue to argue for patient, long-term deployment of capital in support of the long-term irrigation opportunity (both impact and financial) at Valmont.

Engagement Stage of Completion:



Discussion on issues take place.

We will continue to argue for patient, long-term deployment of capital in support of the long-term irrigation opportunity

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

Collaborative engagement activity

Systemic risks by their nature are caused by factors beyond the control of a specific company and cannot be diversified away by holding a large number of securities. Climate change is an obvious example of this kind of systemic risk. Although most of our engagement is private, where an issue is likely to impact a broad range of companies held, we believe that this may require a more collaborative approach to engagement. We participate in a number of collaborative efforts to address specific issues that impact companies held in our clients' portfolios. Finding a coalition of like-minded shareholders is a good way of sharing knowledge and can generate more tangible results than acting alone. The following are the activities we are, or have been, involved in.



CDP Non-Disclosure Campaign

CDP's Non-Disclosure Campaign (NDC) is a collaborative initiative for CDP Capital Markets signatories to directly engage with companies that have failed to respond to either the climate change, forests and/or water security questionnaire where these factors are potentially material to their business. The NDC runs alongside the main CDP disclosure request and targets those companies that have failed to respond to at least one previous request to disclose from CDP. This 'opt-in' campaign allows CDP signatories to directly engage with companies on disclosure with the backing of a group of other financial institutions. The aim of the campaign is to allow financial institutions to use their influence and position to achieve higher rates of companies responding to CDP's disclosure request.

We have seen year on year that companies failing to disclose are more likely to complete the questionnaire for the first time after being directly engaged by financial institutions rather than just CDP requesting it on their behalf. In 2024 we led this effort on one company and were very pleased that it chose to disclose in 2024. In total 1,329 companies were requested directly by their shareholders or bondholders to disclose information on climate change and, as a result, an additional 191 companies disclosed on climate change following the engagement through this campaign.⁶

Status: *ongoing*

⁶https://cdn.cdp.net/cdp-production/comfy/cms/files/files/000/009/640/original/CDP_NDC_Report_2024_20_02_25_%281%29.pdf

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

Advance

Advance is a stewardship initiative that was launched at the end of 2022 where institutional investors work together to take action on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities and society. At a high-level, three key expectations have been set for the focus companies:

- Implement the United Nations Guiding Principles on Business and Human Rights (UNGPs) the guardrail of corporate conduct on human rights.
- Align their political engagement with their responsibility to respect human rights.
- Deepen progress on the most severe human rights issues in their operations and across their value chains.

Martin Currie is leading this collaborative engagement with Antofagasta, one of the target companies. The engagement has continued through 2024, building on some the advances that the company has already made in its approach to climate - this has included reductions in carbon intensity and a committing to set a science-based target.

Status: *ongoing*

Historic collaborative engagements



Climate change



Employee relations



Fracking



Cyber security



Tax reform



Water risks



Human rights



Climate Action 100+

CA100+ is an investor-led initiative to encourage the world's largest corporate greenhouse gas emitters to take necessary action on climate change.⁷

In early 2020, as the engagement expanded the number of targeted companies to 167, there was an opportunity for us to join this collaborative engagement as the lead investor on an Indian company which we have held long-term, and with whom we already have a strong relationship.

The engagement has continued through 2024, building on some the advances that the company has already made in its approach to climate – this has included reductions in carbon intensity and a committing to set a science-based target.

⁷Source: <https://www.climateaction100.org/about/>

Climate change is an important issue for our clients and for us as investors, and is routinely factored into our analysis of potential and existing investee companies. In signing up to this initiative, we furthered our commitment to engaging with companies on climate change. This represents one of a number of ways in which we are engaging on climate change alongside our private engagement with underlying portfolio holding companies.

Status: *ongoing*

Climate change remains one of the key material engagement topics for a number of companies both collaboratively and privately.



Summary of our purposeful engagement activity

We believe monitoring and engagement is an essential part of being a shareholder in a company to drive positive change at our investee companies.

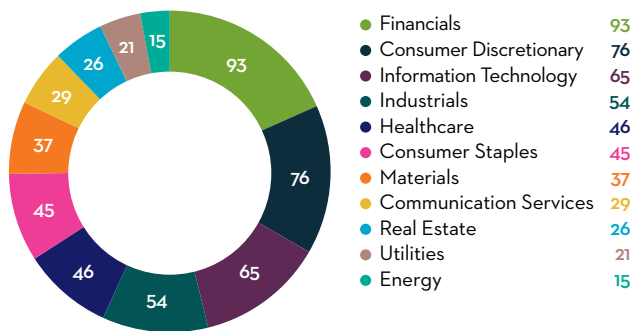
Focusing on engagement for specific outcomes allows us to improve our understanding of investee companies and their governance structures, so that our voting decisions may be better informed. In addition, it enables us to understand to what extent companies have identified material governance or sustainability risks and opportunities and how they are managing these.

The extent, objectives and type of escalation through engagement will differ depending on the materiality of the issue, mechanism of engagement, local market practice which may lead to differing types of escalation across funds, assets or geographies. This is reflected in the regions in which we have conducted our engagements being more weighted to areas where standards of disclosure or market practice may still lag global standards.

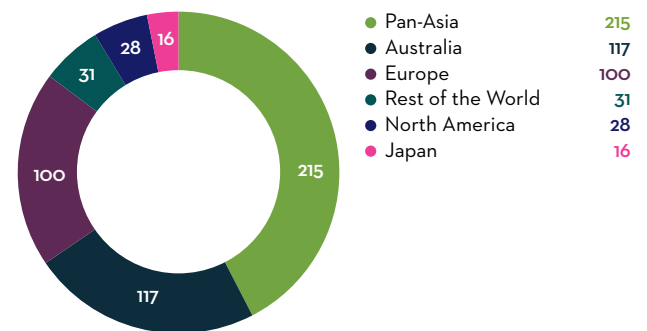
Firm-wide engagements

34	Markets covered
206	Companies engaged
3	Collaborative initiatives
507	Total engagements

Engagements by sector



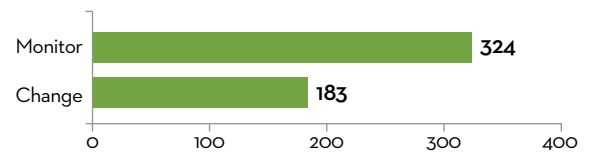
Engagements by region



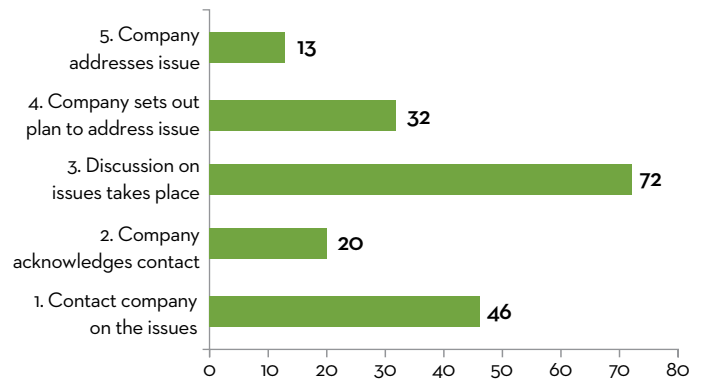
Engagements by topic



Purpose of engagement



Stage of completion for change



Source: Martin Currie. Engagement activity is for the period 1 January 2024 to 31 December 2024.

Voting examples



WEG SA



Brazilian industrials company.

Reason for Engagement: **Governance**

Key Issue Identified: The company sought approval for a management remuneration.

Objective of Vote: The company sought approval for its management remuneration, which included a significant year-over-year increase of 51.3% for the global remuneration cap. However, the company did not provide any rationale for this increase.

Scope & Process of Engagement: We have engaged with the company to gain deeper insights into the situation. They revealed that the sudden increase in management remuneration was a one-off occurrence, attributed to the retirement of the CEO after 16 years of service. Upon his retirement, he received a substantial portion of his Long Term Incentive Plan, which explained the increase. We found this explanation reasonable and therefore decided to vote in favour of the remuneration of the company's management.

Final Voting Outcome: We voted for management, against ISS recommendation. The vote passed with 86% of approval.



Globalwafers



Taiwan's largest silicon wafer supplier.

Reason for Engagement: **Governance**

Key Issue Identified: Director overboarding.

Objective of Vote: The company proposed the re-election of a director who sits on six public company boards.

Scope & Process of Engagement: We communicated with the company via email, highlighting that while Taiwan's talent pool may be limited, restricting board memberships enables directors to allocate adequate time to each organisation. We referenced successful examples from other Taiwanese companies and recommended considering this approach.

The company responded favourably to our suggestions, clarifying that the director in question primarily held positions on the boards of group companies and affiliates. They expressed appreciation for our input and indicated they would consider it when planning future key appointments within the company.

Final Voting Outcome: We voted against management, and against the ISS recommendation. The motions were passed with 81% support.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.



Mercadolibre



Leading ecommerce platform in Latin America.

Reason for Engagement: Governance

Key Issue Identified: Board independence.

Objective of Vote: The company sought approval for the election of Nicolas Galperin, the brother of the company founder Marcos Galperin, as a Director.

Scope & Process of Engagement: While the Board is 78% independent according to ISS, given the long tenure of some directors we consider it to be less than 50% independent. As the brother of the founder and having been with the company since essentially its founding, we do not consider Nicolas Galperin as independent.

While we recognise his contribution to the Board, we still believed a vote against non-independent directors was warranted.

Prior to voting, we engaged with the company, voicing our concerns around Board entrenchment of some of the independent directors. They do value long tenured directors who understand the complexity of the business and the region but acknowledged the feedback from investors around this area. They are currently focusing more on female representation on the Board so are unlikely to address the issue this year.

Final Voting Outcome: We withheld our vote, which was against ISS and management's recommendation. The resolution passed with 91% approval.



Vistry



The UK's largest builder of social and affordable housing.

Reason for Engagement: Governance

Key Issue Identified: Combined Chair/CEO.

Objective of Vote: The company sought approval for the re-election of Gregory Fitzgerald as Director. We want to clearly signal our preference for a more standard governance structure but acknowledge the uniqueness of the situation and Fitzgerald's role to play in the strategic change of the business.

Scope & Process of Engagement: While we note the structure of combined Chair/CEO in a UK market context is highly unusual, this is tolerable given the following factors. The business finds itself in an unusual situation regarding strategic transformation; they are attempting to completely reprofile the business to focus on partnerships versus mass homebuilding. We fully agree with this strategy and believe that execution rather than challenge on strategy is the order of the day especially with delivery on 2027 targets key to the investment case and the highest risk period of execution. Furthermore, while the situation is not time bound explicitly, this forms a part of succession planning of the company elevating Fitzgerald to the Chair position and giving greater visibility to the three divisional executives, one of whom will likely succeed him. Finally, we consider Fitzgerald to be one of the pre-eminent executives in the industry, one instrumental to pulling together and executing on the partnership transformation and that the unintended consequences if he were not voted in as CEO could be significant.

Final Voting Outcome: We voted for management, and against the ISS recommendation. The resolution was passed with 80% support.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.



Singapore Technologies Engineering



Reason for Engagement: Governance

Key Issue Identified: Board composition.

Objective of Vote: Re-election of five Directors, including one with inconsistent meeting attendance during the previous 12 months.

Scope & Process of Engagement: Melvyn Ong's re-election as a director raised concerns in view that he attended less than 75% of board/committee meetings (attended 3 out of 5 meetings) over the most recent fiscal year without a satisfactory explanation. As a result, ISS recommended to vote against his re-election.

Following our email follow-up with the company, we understood Ong was unable to attend some board meetings due to work exigencies. The company indicated that Ong had attended all board meetings in 2022 and had 94% attendance rate for board meetings over 2020-2022. The company further assured that Ong remains fully committed to fulfilling his duties/responsibilities to the Company and has provided very valuable inputs during the board discussions, and outside board meetings. In addition, his knowledge of military requirements and network in the international defence community are very helpful for the company.

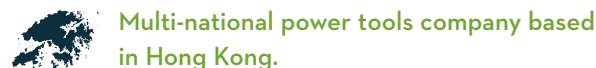
We also noted that Ong is one of 3 government representatives among the board members. He is the former Chief of Defence Force and is Permanent Secretary (Defence Development) at Ministry of Defence. We believe his defence background will continue to benefit the company.

As such, we have decided to vote in favour of management on this item.

Final Voting Outcome: We voted for the re-election of Melvyn Ong, against the ISS recommendation. The vote passed with 82% of approval.



Techtronic Industries



Reason for Engagement: Governance

Key Issue Identified: Auditor approval and remuneration.

Objective of Vote: Approval of the auditors and authorise the Board to fix their remuneration.

Scope & Process of Engagement: Deloitte have been the company's auditors since 2000. While management confirm that the audit engagement partner has rotated at reasonable intervals during this period, we believe that audit firm rotation is desirable after 10 years and a necessity after 20 years.

We have engaged the company in previous years on this issue. The company's position is that as Hong Kong does not currently impose mandatory audit firm rotation for listed companies, there is no reason why Techtronic should do so. The company is satisfied that auditor independence is appropriately ensured through audit partner rotation and the independence of the company's audit committee. Techtronic says it is 100% independent, but we believe it is 75% independence as one member of it is a long-tenured director that we no longer classify as independent. Nonetheless, the Board audit committee is majority independent.

Final Voting Outcome: We voted against management and the ISS recommendation. The vote passed with 95% of approval.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

[G] S Long-Term Unconstrained

Sartorius Stedim



Global leader in single use bioprocessing equipment for the development and manufacture of biologic drugs

Reason for Engagement: **Governance**

Key Issue Identified: Due to its unusual ownership structure involving a family trust and parent company, Stedim has employed various related party transactions which cause issues around assessing corporate governance. The specific aspects of engagement are: corporate ownership and governance structure, Board structure, related party transactions, executive compensation, and disclosure.

Objective of Vote: We have previously voted against management compensation due to a complex related party structure with the parent company Sartorius AG that makes it difficult to assess pay for performance. Additionally, there is a lack of disclosure around performance metrics and achievement against said metrics.

Our objective has been to at least improve disclosure, but ideally to also see an improved structure including for billing and re-charging between Stedim and Sartorius AG.

Despite improvements on some aspects, we are still targeting increasing compensation disclosure, and some modification of equity issuance based anti-takeover provisions available to the business.

Scope & Process of Engagement: We have engaged several times since 2020 on these matters, including a call with IR in 2023 and 2024 around proxy voting for the AGM. This includes voting against prior proposals.

While we have seen material improvement against our desired outcomes, we have fed back, and continue to target improved disclosure around ex-post achievement against remuneration KPIs and the refining of equity issuance provisions that we see as redundant given the ownership structure of the business.

Final Voting Outcome: On the basis of Stedim removing the related party structure, separating the CEO and chair roles, simplifying the various incentive plans and increasing disclosure around metrics for the STI and LTI (which include a CO2 reduction metric), we voted for compensation-related AGM proposals, with a caveat we expect to see continued improvement around disclosure. These resolutions all passed with over 90% support.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

[G] S Long-Term Unconstrained

Amazon



Leading US and International ecommerce platform

Reason for Engagement: **Governance**

Key Issue Identified: We are specifically focused on executive compensation and how it incentivises behaviour.

Objective of Vote: Our objective is to encourage them to transition to a remuneration framework that includes performance criteria.

Scope & Process of Engagement: We have voted against the CEO's compensation consistently since 2023. Specifically, we are concerned that the company have continued with an unchanged remuneration framework despite an extensive shareholder outreach programme in 2024. Whilst we note no short- or long-term incentives were paid out to the CEO in the period, we continue to use our vote to make clear that we should see a transition as the company matures beyond a founder business.

Final Voting Outcome: We voted against the resolution, in-line with ISS. The resolution was passed with 66% of the votes in favour.



South32



South32 is a diversified metals and mining company.

Reason for Engagement: **Governance**

Key Issue Identified: Concerns around the Board renewal process and overly generous remuneration structure.

Objective of Vote: We aimed for better clarity on Board mix, and the reasonableness of the remuneration report.

Scope & Process of Engagement: Ahead of South32's AGM, we met with the Chair, and the Chair of the Remuneration Committee to discuss Board matters.

Board renewal is set to continue over the next three years, given five current directors are founding directors with over nine years' tenure. This will start with Wayne Osborn who is intending to retire after his next term. CEO succession is also on the agenda given Graham Kerr's tenor is also more than nine years.

On the remuneration report, we shared our concerns that compensation was too generous given it had been a lower earnings and performance year, with operational issues at Worsley, Cerro Matoso and Mozal (Power). We also shared our view that strategic measures (growth and portfolio management) should be removed from the CEO scorecard as these are considered part of the CEO's "day to day" job and could drive behaviours to sanction marginal projects and restructure just for the sake of it.

Final Voting Outcome: We shared that we believe that the next Chair should be responsible for this hire and note that the current Chair has a great relationship with the CEO, with both of them having worked previously at BHP together, so she is unlikely to push for early succession. We were satisfied that the renewal process is underway and highlight that the addition of Sharon Warburton is very positive in terms of both the experience she brings (also being on the boards of Worley, Wesfarmers and Northern Star), and the improvement to board gender mix. Sharon brings accounting expertise and will likely take over as Chair of the Audit Committee from the retiring Frank Cooper.

We did agree somewhat with the Board's belief that performance and operational issues were outside of management's control. CEO remuneration is also consistent with prior years, and the long-term incentives (LTI) vesting was 33% of the 2020 award that vested on a relative Total Shareholder Return (rTSR) basis and was the first LTI vesting in four years, an outcome consistent with shareholder experience. The Chair also indicated that the FY25 remuneration structure will be amended.

We subsequently voted for all items on South32's proxy ballot. All items passed.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.



Bendigo and Adelaide Bank



Bendigo and Adelaide Bank is a retail bank providing services to households and small to medium businesses. It has a major presence across Victoria, especially in regional and rural banking.

Reason for Engagement: **Governance**

Key Issue Identified: Concerns around Board member suitability.

Objective of Vote: We aimed to share our concerns about a potentially unsuitable Board candidate.

Scope & Process of Engagement: Ahead of the bank's AGM, we met with the Chair, the Chair of the Board Audit Committee and a Non-Executive Director.

We expressed concern over the return of Non-Executive Director, David Foster, from his leave of absence relating to his role as Chair of Star Entertainment Group, a company which was undergoing a second inquiry into its suitability to manage and operate a casino.

We shared that we were considering lodging a form of protest vote given Foster was not up for re-election until 2025.

Final Voting Outcome: At this latest meeting, the Board members shared an outline of the APRA CPS 520 Fit and Proper Assessment which is more detailed than annual declarations and involves significant complexity.

This interaction with the Board provided us with more comfort that due process was being undertaken and ultimately a decision in the best interest of shareholders would be made.

We subsequently voted for all items on Bendigo Bank's proxy ballot. All items passed.

We would note that after our meeting and vote, David Foster did not return from his leave of absence and subsequently resigned from the bank's Board.



Smith & Nephew



Medical technology company.

Reason for Engagement: **Governance**

Key Issue Identified: Remuneration – Size of the US-Based CEO Pay Package versus UK-Based FTSE 100 CEOs.

Objective of Vote: Smith and Nephew proposed to increase the Performance Share Plan opportunity in addition to introducing new Restricted Share Plan awards, in order to offer increased pay packages to US-based executives.

Scope & Process of Engagement: We support a remuneration policy which is suitable for the markets a company operates in, ensures the retention of strong management teams, and aligns the interests of the management team with the company's long-term strategy to ensure sustainable value creation.

We conducted peer analysis with US-based medical technology companies and found the proposed quantum is at the lower end versus peer group. We also considered the history of Smith and Nephew executives, one of whom stepped down explicitly due to pay concerns, and the business' exposure to the US. Retaining the CEO is beneficial not only for business stability, but to further growth in the US where 55% of revenues are made, supported by a CEO who is close to the US market. We do not feel these were sufficiently recognised by ISS, which led us to go against their recommendation.

Final Voting Outcome: We voted in line with management and against our proxy advisor ISS' recommendation. 57% of votes cast were in support of the Remuneration Policy.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.



Devolver Digital



Video game developer.

Reason for Engagement: **Governance**

Key Issue Identified: External auditor fees not disclosed.

Objective of Vote: To encourage disclosure of auditor fees.

Scope & Process of Engagement: We engaged with the CFO via email in June 2024 to encourage the disclosure of auditor fees. We feel there is limited reason for not disclosing auditor fees. We escalated our engagement through proxy voting.

Final Voting Outcome: We voted against management and in line with our proxy advisor ISS' recommendation. 87% of votes cast were in support of the resolution 'Authorise Board to Fix Remuneration of Auditors.'

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

Summary of our voting activity

Proxy voting is a key component of stewardship, plays a crucial role in our overall approach to engagement and can be used to escalate our engagement where concerns have not been adequately addressed through initial engagement. Our voting escalation is not prescriptive and will differ depending on the materiality of the issue, duration and extent of prior engagement as well as local market practice. This may lead to differing types of escalation across funds, assets or geographies.







This is shown below with differing proportions of meetings where we voted against management. The highest proportion was in Pan-Asia and North America while the lowest was in Europe. The most common topics where we voted against management were on Director or other Governance and Control related votes.

Firm-wide proxy voting

37	Markets covered
523	Total shareholder meetings
158	Meetings where we voted against management

Top voting topic against management: Director related

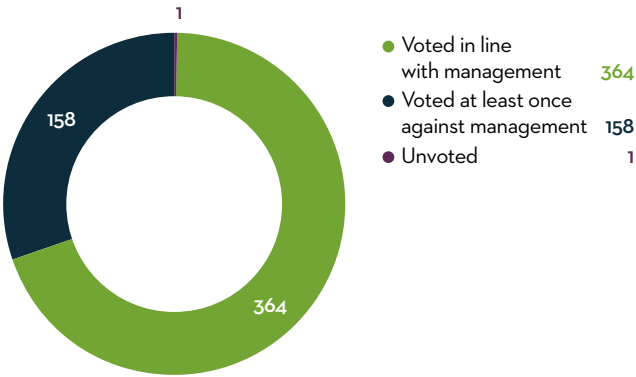
6,145	Total resolutions:
364	Resolutions voted against management
69.8%	Proportion of meetings where we voted in line with management

Company location	Meetings voted against management	Total meetings	Proportion of total meetings where we voted against management
 Australia	22	89	25%
 Rest of World	17	40	43%
 North America	36	67	54%
 Pan-Asia	54	121	45%
 Europe	19	172	11%
 Japan	10	34	29%

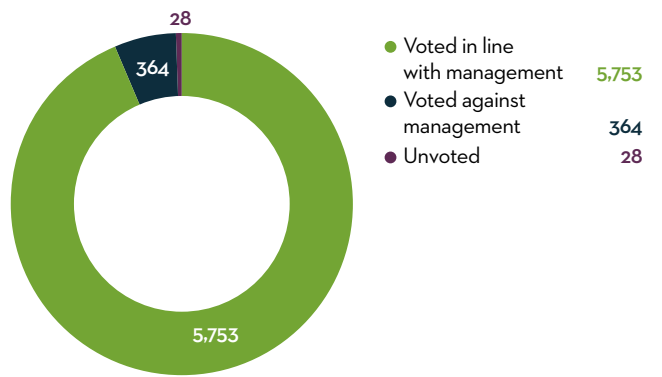
When voting on behalf of our clients, we will always seek to do so in their best interests considering the long-term impact of these voting decisions. We seek to vote all of our proxies and the proportion of resolutions voted in 2024 is shown below. Instances in which we have not voted have been a result of these being non-votable resolutions, where power of attorney was not yet in place or where votes took place during the process of fund transitions.

A full record of our voting activity is publicly available on our website one quarter in arrears.

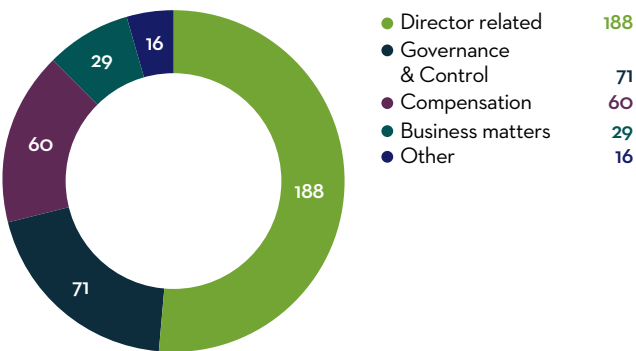
Total meetings



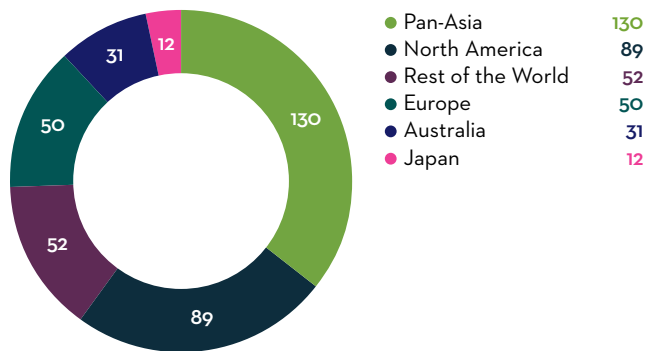
Total resolutions



Resolutions voted *against* by proposal type



Resolutions voted *against* by region



Source: Martin Currie. Proxy voting is for the period 1 January 2024 to 31 December 2024.

Reaching forward



David Sheasby

Head of Stewardship,
Sustainability & Impact



A more polarised environment

As we outlined in the [Year in review](#), 2024 saw an increased polarisation in the sustainability and ESG landscape. We see this persisting in 2025 with an increased push back on ESG in the US with more scrutiny on both corporates and investors. In particular, there is a focus on where ESG considerations, as they are currently framed, fit into fiduciary duty under US law. In Europe meanwhile there is a continued focus on the sustainability agenda, albeit with a renewed focus competitiveness. The increased scrutiny of, and backlash against ESG has been accompanied by revised SEC guidance that will make it easier for companies to exclude shareholder proposals from the ballot. This guidance has emerged too late to significantly impact the 2025 proxy season but means that 2025 probably marks a near-term peak in ESG-related proposals with a fall expected in 2026. In addition, there were a record number of anti-ESG proposals put forward this year so it will be interesting to observe the extent to which support for these increases.

In addition, new SEC guidance regarding what are called Schedule 13G (simple filings that apply to 'passive investors') and Schedule 13D (more complex filings that apply to 'activist investors') and the extent to which investors can use the simpler 13G filings, may have a dampening impact on engagement in the US, most notably in relation to director elections.

While Europe remains focused on sustainability it is not immune to the challenges that are being seen on the other side of the Atlantic and as we explore below there is an increasing focus on the competitive landscape.

One area of contention is the debate that is being had in Europe about decarbonisation with a break-down in cross-party consensus on delivering net-zero by 2050. A rise in the populist vote, the hit to cost of living that in part has been driven by higher energy prices, and the increased focus on competitiveness has started to polarise the approaches that the main political parties are taking to decarbonisation. This includes, for example, the approach to renewables, nuclear power and energy efficiency initiatives. For investors this will be a key area to watch with potential implications for some energy-related investments.

One area of contention is the debate that is being had in Europe about decarbonisation with a break-down in cross-party consensus on delivering net-zero by 2050.



A focus on competitiveness and pragmatism

Regulatory reform is going to be a key theme this year. This is already evident in the US and is also on the agenda for the EU where the Budapest Declaration on the New European Competitiveness deal last year set the groundwork for a likely simplification of the regulatory environment in Europe. As we have seen in the past few years, the regulatory burden across the investment chain, and especially corporates, has expanded dramatically. 2025 was due to see a further step up in reporting requirements for those companies with significant revenues or operations in Europe or listed on the European exchanges. The New European Competitiveness deal calls for simplification of regulation with the aim of cutting the reporting requirements for businesses, notably small- and medium-sized enterprises (SMEs), by 25% by mid-2025. These refinements will likely come through the proposed 'Omnibus' regulation which suggests consolidating different regulatory elements including the EU Taxonomy regulation, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). This will be a key area to watch this year.

In addition, for the asset management industry, the evolution of SFDR will be key. There is an expectation that the current regime will be overhauled and replaced with a new categorisation system - replacing what is a de-facto labelling regime that came in under SFDR and the Article 6, 8 and 9 disclosure requirements. There are different proposals being put forward and it is clear that there has also been one eye on what has been taking place in the UK with the SDR Naming and labelling regime.

With many overseas funds sold to investors in the UK, a key area to watch here is going to be the application of SDR to overseas funds. The consultation on this has been delayed but there is an expectation that it will materialise this year, opening up the possibility for a wave of new funds adopting a sustainability label in the UK.

In the US, the competitive landscape is materialising in a slightly different way - notably companies reconsidering where they want to incorporate themselves. Delaware is the location for the vast majority of US company incorporations but we have seen other states, notably Texas and Nevada, establish dedicated business courts which are intended to operate like the Delaware Court of Chancery but with potentially different approaches to corporate governance and regulation. In 2024, Tesla was one of the high-profile companies shifting their incorporation to Texas following a rejection of CEO Elon Musk's pay deal by a Delaware Chancery Court judge. We will be watching how 'Dexit' evolves as we go through 2025.

Finally, it would be remiss not to touch on the evolution of the Stewardship Code in the UK where a refined Code and more streamlined reporting looks set to be in place for the 2026 reporting period. We have welcomed the opportunity to input into the evolution of the Code and look forward to welcoming the updated Code when it is published later this year.



Key topics on the agenda

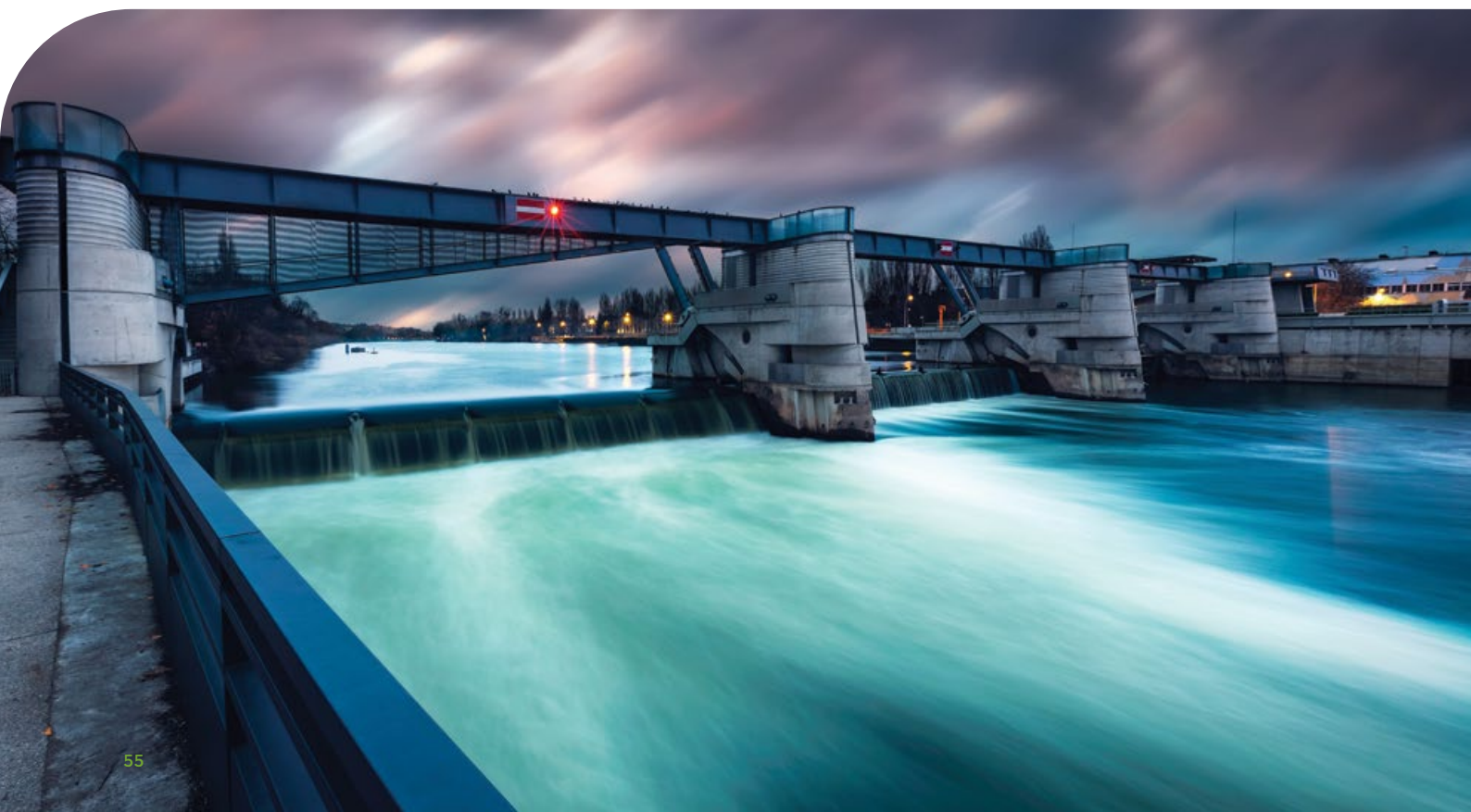
The prominence of climate will remain high on the agenda in 2025 and is now a topic for debate in Europe. With temperatures rising and likely to be more than 1.5C above the pre-industrial average, we have seen climate impacts intensifying and this has exposed the lack of preparation in some countries and companies. As a result, adaptation is likely to be promoted in the 2025 agenda, with a key focus on resilience. Policy is clearly not going to be supportive everywhere and this will create challenges for both companies and investors.

We have already identified and talked about the key connections between climate and biodiversity. There continues to be momentum behind the Taskforce on Nature-related Financial Disclosures (TNFD) and, following COP16 on biodiversity in October 2024, there are expectations that adoption will continue to grow this year.

Another aspect of nature that is gaining prominence is water - both stress and stewardship. We did some work on this a number of years ago when we looked at water risk in agricultural supply chains as part of a collaborative engagement on the topic. The issue has come to the fore again, in part driven by the rise of generative AI and an increased understanding of the energy and water needs that accompany the huge processing power in the data centres that support the generative AI models.

The rapid rise and widespread use of generative AI creates huge potential opportunities but also brings with it associated risk. This highlights the need for effective governance and oversight as well as reporting to help investors understand the potential opportunities and risks, and how companies and their boards manage and mitigate these risks. We expect this to be a key topic for engagement this year.

Another aspect of nature that is gaining prominence is water - both stress and stewardship.



Stewardship and sustainability insights

Over the course of the reporting year, we have responded to client requests and have sought their views on the stewardship and sustainability insights that we produce in terms of topics that have most relevance and urgency.

Thought leadership is published regularly on our [website](#). The following list of content explores relevant sector-specific, market-wide and systematic risks which we have identified:

- **Improving Society Impact Report 2024**

Our 2024 report demonstrates for the first time the social impact our portfolio's companies have delivered towards their Key Performance Indicators.

December 2024

- **Stewardship Matters - Edition 13: Social Impact**

This edition focuses on how equity markets can help tackle social challenges and the importance of this to investors.

September 2024

- **Making an impact: one year on**

As we celebrate Improving Society's first anniversary - offering clients one of the first socially-focused impact equity strategies - we are delighted to share an update with you, on what has been a fruitful first year.

June 2024

- **Impact Stories - Valmont Group**

We explore Valmont Group, a market leader in creating vital infrastructure and advancing agricultural productivity.

June 2024



- **Despite the appeal of passive Index ETFs, something is missing**

Why an actively managed portfolio might be a better option for Listed Real Asset investors.

May 2024



- **Impact Stories – FDM Group**

We explore the FDM Group, a market leader in global consultancy.

May 2024



- **Impact Stories – Intuitive Surgical**

We explore Intuitive Surgical, a global leader in minimally invasive care and pioneer of robot assisted surgery.

April 2024



- **Stewardship Matters – Edition 12: The Path to Net Zero**

This edition focuses on the path to net zero and updates on the progress being made by our investment teams and the outcome of our Australian conference on sustainability, on our Pathway to 2030.

March 2024



Appendix: Key issue & policy summaries



Proxy Voting

We recognise that we have a duty to act in the best interests of our clients. To that end, our Proxy Voting Policy is designed to enhance shareholders' long-term economic interests. All our voting decisions are made in-house and are undertaken in accordance with our Global Corporate Governance Principles and in line with our clients' best interests. Proxy voting is integral to stewardship and as such we will, in most cases, inform management of our investee companies when we are voting against them on material matters and provide our rationale.

Our policy, which covers all funds where we have the right to vote, is updated at least annually, taking into account emerging issues and trends, the evolution of market standards, and regulatory changes. The policy considers market-specific recommended best practices, transparency, and disclosure when addressing issues such as board structure, director accountability, corporate governance standards, executive compensation, shareholder rights, corporate transactions, and social/environmental issues. The framework for making these decisions is set out in our [Global Corporate Governance Principles](#).

As responsible stewards of our clients' capital, the fundamental tenet of our Global Corporate Governance Principles is to protect and enhance the economic interests of our clients. These principles are focused around corporate governance and the role of board directors in promoting corporate success, thereby creating sustainable value for shareholders while having regard to other stakeholders, both internal and external. We do note the practical difficulties of a single set of guidelines due to national market regulation and corporate governance codes, hence our current preference for principles based guidance vs rules. We also reference the Principles of Corporate Governance developed by the Organisation for Economic Co-operation and Development (OECD), which are intended to help policymakers evaluate and improve the international frameworks for corporate governance.

We believe that Sustainability or Environmental, Social and Governance (ESG) factors create risks and opportunities for companies and that these should be managed appropriately. In particular, we believe that good governance of the companies in which we invest is an essential part of creating shareholder value and delivering investment performance for our clients.

Martin Currie's procedures are designed to reasonably ensure that we vote proxies in the best interest of clients. To assist in this process, ISS is our proxy voting advisor and provides voting research and recommendations for Martin Currie in accordance with their own policy which is closely aligned with our internal policy. In addition, we use the services of Ownership Matters, a specialist governance advisor. Martin Currie's starting point is to act in the best interests of our clients. Our voting decisions are informed by both our own internal work and that of our proxy advisor and specialist governance advisor. We assess voting matters on a case-by-case basis, taking into account a company's circumstances but are guided by our overarching principles on good corporate governance. Where the recommendations of our advisors, both for and against proposals, are supported by our guidelines and our internal research we will generally vote in accordance with these recommendations. This assessment is carried out by a member of the investment team responsible for the stock. For material or contentious votes, the detailed rationale behind this decision is fully documented and retained. Most typically this occurs for votes against management, against our [Global Corporate Governance Principles](#) or where our conclusions differ from third party research providers.⁸

Clients with segregated accounts have the capacity to set their own voting policies and we may enter into client relationships where voting discretion is retained by clients or where client input into voting decisions are sought.

Client directed voting in segregated accounts can be facilitated but is not used for pooled accounts.

Martin Currie does not provide clients with a stock lending service. Should they want to lend their stock, they have to make their own arrangements, and assume responsibility for calling back their shares if they wish to exercise their voting rights. Where we are aware that securities are on loan and if we judge a vote to be material, we may advise the relevant clients to recall that stock in order to cast a proxy vote. In circumstances where it is not possible or practical to assess the materiality or where it is not possible to recall the security (e.g. where the events subject to voting are not communicated by the company in sufficient time) no votes will be cast. Full details around our voting approach are contained in our [Global Corporate Governance Principles](#) and our [Proxy Voting Policy](#).

⁸Challenge and oversight of this process is performed by the SSI team and by local senior management in the case of MCA.



Monitoring Service Providers

In addition to our own in-house research, we access a range of external ESG-specific service providers. Because these providers are used as inputs rather than outputs in our research and voting process i.e. for information not action, our key area of focus in supporting our stewardship activities is related to data quality, accessibility and compiling information. Assessments in relation to material Governance and Sustainability issues are covered by our own proprietary ratings and proxy voting decisions not outsourced to third-party providers. As the data contracts are typically at a firmwide level through our parent company Franklin Templeton, oversight and vendor management associated with these contracts is overseen on a centralised basis with a focus on good quality, data governance and sustainability as set out in Franklin Templeton's own Stewardship Report.

Most data utilised in our Stewardship, Sustainability and Impact activities is procured and overseen centrally by our parent company, Franklin Templeton, while other services such as proxy voting and client reporting are procured by Martin Currie. During 2021 there was an exercise to compare and procure a wider range of Governance and Sustainability data for both regulatory and research purposes across Franklin Templeton. During 2022 there was an exercise at Franklin Templeton, including the SIMs, focusing on data quality. For 2023 this was augmented through the actions of a sustainability data forum within Franklin Templeton which contributes to the oversight and review process in terms of data quality, utility, and user experience. The result of this exercise in 2023 was a consolidation in the number of sustainability data providers for the group. During 2024 a working group investigated using emerging datasets on biodiversity and assessed potential use cases for these.

Key challenges include ensuring data quality because of its use in research by the investment teams but also for regulatory reporting. We recognise that it is vital for investment teams to have complete trust in the quality of the data they use. Even with the large, respected data service providers we use, there is the potential for random data points occurring - sometimes due to human error when being entered into the system. We are reinforcing our governance framework to ensure any data points - for example on carbon emissions - that may be wrong are flagged. A focus on continuous improvement is key for us with regular and ongoing methodology and data checks as part of our regulatory reporting, adding to existing data quality checks. We feed into this process through feedback around vendor and data quality.

Our third-party suppliers in relation to our stewardship activities include:

- **MSCI ESG research** - covers most of the MSCI All Country World Index (ACWI) constituents and produces industry research, focusing on: key material Environmental, Social and Governance risks and opportunities by industry, with a focus on financial implications; and company reports, based on how individual companies are performing against these risks and opportunities, and ranking them relative to peers. In addition, they provide carbon emissions data, carbon intensity and historic timeseries of these for each company. They also produce an assessment of corporate performance against internationally accepted normative standards of behaviour, with the UN Global Compact supporting effective benchmarking.
- **Institutional Shareholder Services (ISS)** - produces research reports which focus on voting recommendations for shareholder meetings. These provide useful insight into the corporate governance of the companies covered.
- **Broker research** - some of the leading brokerage houses produce Governance and Sustainability-themed research as part of their general research offering and incorporate relevant and material Governance and Sustainability factors into their stock research. This research can help frame the risks and opportunities both in broad terms and at a company level.

This external research complements our own Governance and Sustainability research capabilities. Our proprietary Governance and Sustainability research includes extensive engagement with companies which allows us to obtain relevant material data and ascertain the key non-financial factors that will impact a company's performance.

We monitor the quality of the research and service provided on an ongoing basis and provide feedback on the rare occasions we observe any issues. We also provide input the annual investor outreach programmes and policy roundtables that help frame the evolution of the voting policies and approaches.



Conflicts of Interest

A fundamental ethical principle of Martin Currie is to pay due regard to the interests of our clients and to manage potential conflicts of interest fairly. We take a holistic view of conflict risk and conflict mitigation and have policies, systems and controls in place to identify such potential conflicts between ourselves and our clients, as well as between one client and another, to achieve consistent treatment of conflicts of interest throughout the business. We aim to manage any conflicts of interest that may arise and to ensure, as far as practicable, that such conflicts do not adversely affect the interests of our clients. A robust conflict management process is in place which is owned by the Board and maintained by Compliance.

Activities which could create a potential conflict of interest are recorded on the conflicts register and are reviewed by the business regularly to ensure that the controls in place remain adequate to mitigate any risk of a conflict arising.

Martin Currie has a Conflicts of Interest Policy that applies to the business as a whole and governs situations where conflicts could arise due to the business activities of different entities within Martin Currie. The policy applies to all clients, irrespective of their regulatory classification, and must be observed by all employees, without exception. This helps to achieve consistent treatment of conflicts of interest throughout all our operations. Martin Currie aims to manage any conflicts of interest that may arise and to ensure, as far as practicable, that such conflicts do not adversely affect the interests of its clients.

In managing conflicts of interest, Martin Currie:

- Prepares, maintains and implements an effective conflicts of interest management framework.
- Maintains detailed policies and procedures for identified activities to prevent conflicts of interest adversely affecting the interests of one or more clients. These include adequate measures to assess and evaluate potential conflicts identified.
- Prevents or limits any person from exercising inappropriate influence over the way in which services and activities are carried out.
- Prevents or controls the simultaneous or sequential involvement of a person in separate activities or services where such involvement may impair the proper management of conflicts of interest.
- Has appropriate monitoring and oversight arrangements in place to ensure policies and procedures are being observed in practice.

- Ensures its organisational structure has sufficient and effective segregation of responsibilities.
- Ensures that senior management periodically receive written reports detailing actual and potential conflicts of interest.

For example, in relation to our stewardship and sustainability activities we have highlighted examples of actual and potential conflicts of interest during 2024 below.

1. Conflicts of interest in relation to proxy voting activity where investments are commonly held across strategies. Where investments are held in multiple strategies, we encourage a collaborative approach to discussing and resolving key issues related to proxy voting to establish a common position.
2. Potential conflicts of interest around M&A transactions. There is the potential in capital markets transactions to have exposure to both sides of a transaction across different client accounts. In such a situation our approach would be to vote in line with the interests of clients in each strategy separately rather than attempting to establish a net position on the transaction as a whole. Such a situation did not arise during 2024.
3. Potential conflicts of interest when assessing compliance with global norms such as the UN Global Compact which form a restriction on some funds. The initial assessment of compliance is made using a third party data provider, but there is the capacity for this to be overridden following further research that leads to a different conclusion. This creates a potential conflict of interest in relation to the investment teams proposing that this threshold is not met. This is managed by having independent review of any override by the Head of Stewardship, Sustainability & Impact in conjunction with the ESG Oversight Group. There were no examples of any conflict in 2024.
4. Potential conflict of interest in proxy voting where a fund that we manage owns funds that we run as in the case of the Martin Currie pension scheme. In such situations voting decisions are made in line with proxy advice from our proxy adviser or at the discretion of the pension trustees rather than the fund managers.
5. Potential conflict of interest in stewardship oversight for products managed by portfolio managers who also have a role on the SSI team. This is managed by members recusing themselves from oversight forums such as the ESG Oversight Group as detailed in the Governance section when items for discussion arise in relation to funds managed by members of the SSI team.



Responsible Investment Policy

Our **Responsible Investment Policy** recognises that we have clear responsibilities as stewards of our clients' capital. Principal among these is to protect and enhance their capital over the long term. We believe that governance and sustainability factors create risks and opportunities for investors. We believe it is in the interests of our clients to consider these factors when making an investment in a company, and for the companies themselves to manage them appropriately. We believe the sustainability of a company's business model is critical to maintaining its competitive industrial positioning and strong capital returns. Incorporating sustainability analysis alongside traditional financial analysis provides valuable insight into the companies we invest in and the quality of the management in those companies.

We believe that companies exhibiting strong governance and that are well managed are more likely to be successful, long-term investments. We believe our integrated approach helps identify good management teams, understand their motivation and determine whether their interests are aligned with minority investors. As long-term investors, engagement and active ownership are key elements of our overall approach to stewardship. Our focus is on issues that may impact the ability of investee companies to generate long term sustainable returns.

Our responsible investment policy applies to all investments made on the behalf of our clients. Sustainability risk is an important consideration and means an environmental, social, or governance event or condition, that, if it occurs, could potentially cause a material negative impact on the value of an investment. Sustainability risks can either represent a threat of their own or have an impact on others and may contribute significantly to market operational, liquidity or counterparty risks.

Sustainability analysis can also identify potential opportunities, for example, those created by the transition to more sustainable economic growth or those companies whose products and services can help meet the ambitions of the UN Sustainable Development Goals (SDGs).

We believe an investment approach that incorporates an assessment of a company's governance and sustainability (by the fundamental research teams and not outsourced to a separate team) enhances fundamental research and can help identify those business models that are most likely to sustain high returns and resist competitive pressures. As sustainability risks and opportunities tend to play out over the longer term it is important, as long-term investors, that we consider these when analysing potential investments for our clients. We consider a variety of sustainability factors to better understand their impact on companies we research. These factors are essentially those that can have a material impact on a company's cash flows, balance sheet, reputation and ultimately, corporate value. They reflect the growing pressures that all companies are under from their key stakeholders: regulators, customers, suppliers, investors, local communities, and employees, as well as systemic risks such as climate change.



Stewardship and Engagement Policy

Stewardship refers to how we manage and protect our clients' assets by monitoring and discussing material issues with investee companies. This includes engaging with company management on strategy, performance, governance, capital structure and risk management. We apply our approach on stewardship to all companies that we invest in on behalf of our clients.

Martin Currie operates an investor-led model when it comes to Stewardship. This investor-led focus on stewardship is what sets us apart from others. We use fundamental insights from our stewardship process to enhance our understanding of what drives corporate value for the long-term and to help deliver strong outcomes for clients. To achieve the greatest impact, our investment teams are empowered to carry out all sustainability analysis, engagement and voting themselves. We are motivated by a belief that this both helps protect and enhance the risk-adjusted return on our clients' capital. Ultimately, we want to ensure that the interests of company management are aligned with their shareholders (our clients), and that the former take this into account when making decisions. We place a particular emphasis on governance, strategy and capital allocation, and also focus on material sustainability (environmental and social) issues where these may impact the company concerned or where the company's impact is material.

Our stewardship activity manifests itself principally in monitoring and engagement – both privately or in collaboration with other investors – and our voting activity. With regards to the former, we aim to build strong relationships with investee companies, ensuring that our engagement is not constrained by our clients' minority-shareholder status. Nonetheless, we will continue to join collaborative engagements on material issues, particularly when deemed likely to be more efficacious than acting alone. Our voting policy is determined by our internal guidelines, with an expectation that companies will comply with (local) best practice or explain why this is not the case. Where clients assign us proxies, we will vote in line with their best interests. When voting against management on a material issue we endeavour to inform them of our rationale for doing so in advance of the vote to allow due time for a response. All resolutions are reviewed in this context, with the responsibility for reviewing proposals residing with the investment team. Challenge and oversight of this process is performed by our SSI team who are independent from the process⁹.

How Martin Currie monitors investee companies on relevant material issues

As bottom-up investors we monitor both the financial and non-financial performance at investee companies, using publicly available information, third-party research and direct communication. We hold regular meetings with management of the companies in which we invest our clients' money, to discuss strategy, sustainability and performance, and to review management processes against best practice.

Our in-depth research, regular contact with management of companies we invest in, and assessment of resolutions put to shareholder vote, help us identify potential issues or potential changes at investee companies. Where we identify a particular material issue, this will inform our engagement activity with the investee company.

How Martin Currie conducts engagement with investee companies

Engagement is a key element of our stewardship approach, how we manage our clients' assets and how we deliver long-term value for them. Areas of engagement are informed by our analysis of the material governance and sustainability risks that each company faces, how they are managing and mitigating these and the disclosures that they make in this regard. Our aim is to establish an open dialogue with investee companies. We aim to engage with companies in an informed, constructive and discrete manner.

We have extensive interactions with the companies that we invest in and in many cases will be seeking information on, or monitoring the evolution of, their business, strategy and long-term value creation. Where we are engaging for change on a particular issue, we set out a clear objective (what we are trying to achieve) and then work with the company to aim for that outcome. We also monitor the progress of the engagement against this objective, recognising that engagement takes time and often requires patience and persistence.

Engagement may include a combination of writing emails or letters to set out concerns, face-to-face meetings with management or other key personnel or meetings with board members. Our engagements are led by the investment teams – they have the strongest long-term relationships with the companies that we invest in – and are supported as necessary by the SSI team. Much as our analysis informs our approach to engagement, the progress and outcomes of engagement also inform our ongoing analysis and understanding of the companies concerned.

We recognise that our 'standard' engagement approach – seeking constructive dialogue with management – may not always yield the results aimed for. Where there is limited progress on an engagement or where it relates to an issue which may impact the investability of a company we may escalate the issue through other stewardship activities such as voting, collaboration or ultimately divestment.

How Martin Currie approaches collaborative engagement initiatives

We are willing to collaborate with other investors when this is in our clients' best interest, particularly in relation to systemic issues. Systemic risks by their nature are caused by factors beyond the control of a specific company and cannot be diversified away by holding a large number of securities. Although most of our engagement is private, where an issue is systemic and therefore likely to impact a broad range of companies this may require a more collaborative approach to engagement. Typically, we will only join a collaborative initiative where we have an existing relationship with a company involved and where we have the capacity to bring something to the collaborative engagement – typically by leading the engagement on a specific investee company.

⁹And by local senior management in the case of Martin Currie Australia (MCA).

Our decision to pursue a collaborative effort will, among other things, be a function of the nature of the issue; the materiality of the issue; the likely efficacy against acting privately; and the motivations of the other investors. Our focus here will always be on issues that are material and thus could have an impact on long-term shareholder value. Our collaborative engagements are overseen by the Head of Stewardship, Sustainability & Impact.



Global Corporate Governance Principles

All our voting decisions are made in-house and when voting on behalf of our clients, we will always seek to vote in their best interests considering the long-term impact of these voting decisions.

Our approach is framed by our [Global Corporate Governance Principles](#), our [Proxy Voting Policy](#) and, for some clients, their bespoke policy. Our [Global Corporate Governance Principles](#) are closely aligned to the ICGN Global Governance Principles, which set out a primary standard for well-governed companies with the intention of being widely applicable, irrespective of national legislative frameworks or listing rules. Where overseas corporate governance codes are consistent with our overall principles, we will adopt these. We recognise that the circumstances under which companies operate vary considerably and as such we take into account the specific circumstances of each company when assessing how to approach corporate governance. However, we will actively question and challenge companies when we believe that their governance policies fall short of the standards we expect and/or may affect our clients' interests and long-term returns.

At a minimum, we would expect companies to comply with the accepted corporate governance standards in their domestic market or to explain why doing so is not in the interest of shareholders. The principles focus on a number of areas: board role and responsibilities; leadership and independence; composition and appointment of the board members; corporate culture; risk oversight; remuneration; reporting and audit; and shareholder rights. For each of these, we set out our high-level expectations and what we regard as best practice. The Martin Currie [Global Corporate Governance Principles](#) can be found on our [website](#).



Climate Policy

Sitting alongside our [Stewardship and Engagement Policy](#), our [Climate Policy](#) sets out our current expectations of companies with regards to climate change and our approach to engagement with our investee companies.

As a systemic issue, climate change, and the transition to a lower carbon economy, will impact most companies in some way. We expect companies to be aware of the potential risks that they are exposed to and the potential impact that they have, and to manage and mitigate these risks and impacts. We also encourage companies to embrace the potential opportunities that may be presented by the substantial economic changes required.

As investors, in order to be able to make an informed assessment of these potential risks and opportunities we also expect companies to disclose decision-useful information in a timely manner that can help build our understanding of each company that we invest in on behalf of our clients. We believe that the TCFD and the CDP frameworks provide robust channels for these climate disclosures.

Our aim is to establish an open dialogue with investee companies. We aim to engage with companies in an informed, constructive and discrete manner. The key considerations that frame our engagement include the overall governance, awareness and management of climate risks and opportunities; emissions disclosures; the ambition and disclosures of emission reduction targets; and overall climate reporting.

The policy sets out our approach to escalation and voting and also highlights that where appropriate we will take part in collaborative engagements with other investors, pooling our efforts to amplify our collective voice and effect greater change.



Human Rights

We view human rights and labour rights as universal principles, as articulated in both the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. Human rights issues are relevant to businesses, and we believe that they can present a material financial risk for the investments that we make. We also believe that respect for human and labour rights is fundamental to advancing the UN Sustainable Development Goals (SDGs). They are therefore considered within the sustainability analysis section of our investment process.

The UNGPs set out a framework based on Protect, Respect and Remedy. The UNGPs outline how states and businesses should implement:

- The state duty to protect human rights,
- The corporate responsibility to respect human rights, and
- Access to remedy for victims of business-related abuses.

These are complemented by the OECD Guidelines for Multinational Enterprises which set out recommendations from governments to multinational enterprises on how to carry out business sustainably and responsibly, and specifically in the context of human rights, respect the internationally recognised human rights of those affected by their activities. We expect companies to comply with the UNGPs and observe the OECD Guidelines for Multinational Enterprises. We also expect companies to comply with and report on any relevant regulatory obligations that apply in markets in which they are listed or operate. We believe companies should engage with supply chains, employees, customers and other stakeholders to avoid contributing to negative human rights impacts.

Our investment approach

We recognise that businesses and their associated supply chains are complex and that there is a possibility that certain companies we invest in may cause, or contribute to, adverse human rights impacts. Our ability to identify these, and to have influence on mitigating them, is driven by our integrated sustainability analysis and our focus on active ownership – notably engagement and proxy voting. We also recognise that human rights issues and exposure will vary by company, industry, sector and geography and therefore encourage companies to disclose their approach where the potential risks are material.

Our assessment of the potential impact and relevance of human rights risks is incorporated into our proprietary sustainability risk assessment. This is supported by specific proprietary tools that help identify those companies in industries or operating in countries that present enhanced risks with regards to, for example, modern slavery, such as particular industry or geographic risks or the presence of human rights-related controversies. Where we identify potential risks, we may engage with the company concerned, setting out clear objectives for what we are looking to achieve and measuring progress against these objectives. Where we identify a high level of risk as part of our initial due diligence on a company, we may decide not to proceed with the investment.

Active ownership

As long-term investors, where we identify a potential human rights issue, we may engage with the company concerned and will do so in a constructive manner with the aim of supporting demonstrable change in the behaviours and activities of the company where necessary. We may engage on potential and actual negative impacts on human rights when they are material and relevant to the investment case.

Although most of our engagement is private, we have participated in a wide range of collaborative efforts to address specific systemic issues. With regards to human rights and labour engagement we participate in Advance, a stewardship initiative that was launched at the end of 2022 where institutional investors work together to take action on human rights and social issues as noted in the [Collaborative engagement](#) section of this report.

Important information

This information is issued and approved by Martin Currie Investment Management Limited ('MCIM'), authorised and regulated by the Financial Conduct Authority. It does not constitute investment advice. Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested.

The information contained in this presentation has been compiled with considerable care to ensure its accuracy. However, no representation or warranty, express or implied, is made to its accuracy or completeness. Martin Currie has procured any research or analysis contained in this document for its own use. It is provided to you only incidentally and any opinions expressed are subject to change without notice.

The document does not form the basis of, nor should it be relied upon in connection with, any subsequent contract or agreement.

Past performance is not a guide to future returns.

The distribution of specific products is restricted in certain jurisdictions, investors should be aware of these restrictions before requesting further specific information.

The views expressed are opinions of the portfolio managers as of the date of this document and are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice.

Please note the information within this report has been produced internally using unaudited data and has not been independently verified. Whilst every effort has been made to ensure its accuracy, no guarantee can be given.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/fund/security. It should not be assumed that any of the security transactions discussed here were or will prove to be profitable.

It is not known whether the stocks mentioned will feature in any future portfolios managed by Martin Currie. Any stock examples will represent a small part of a portfolio and are used purely to demonstrate our investment style.

The analysis of Governance and Sustainability factors forms an important part of the investment process and helps inform investment decisions. The strategy/ies do not necessarily target particular sustainability outcomes.



Martin Currie Investment Management Limited, registered in Scotland (no SC066107)
Martin Currie Inc., incorporated in New York and having a UK branch registered in Scotland (no SF000300), 5 Morrison Street, Edinburgh EH3 8BH.

Tel: (44) 131 229 5252 Fax: (44) 131 222 2532 www.martincurrie.com

Both companies are authorised and regulated by the Financial Conduct Authority.

Martin Currie Inc, 280 Park Avenue, New York, NY 10017 is also registered with the Securities Exchange Commission.

Please note that calls to the above number may be recorded.

© 2025 Martin Currie Investment Management Limited