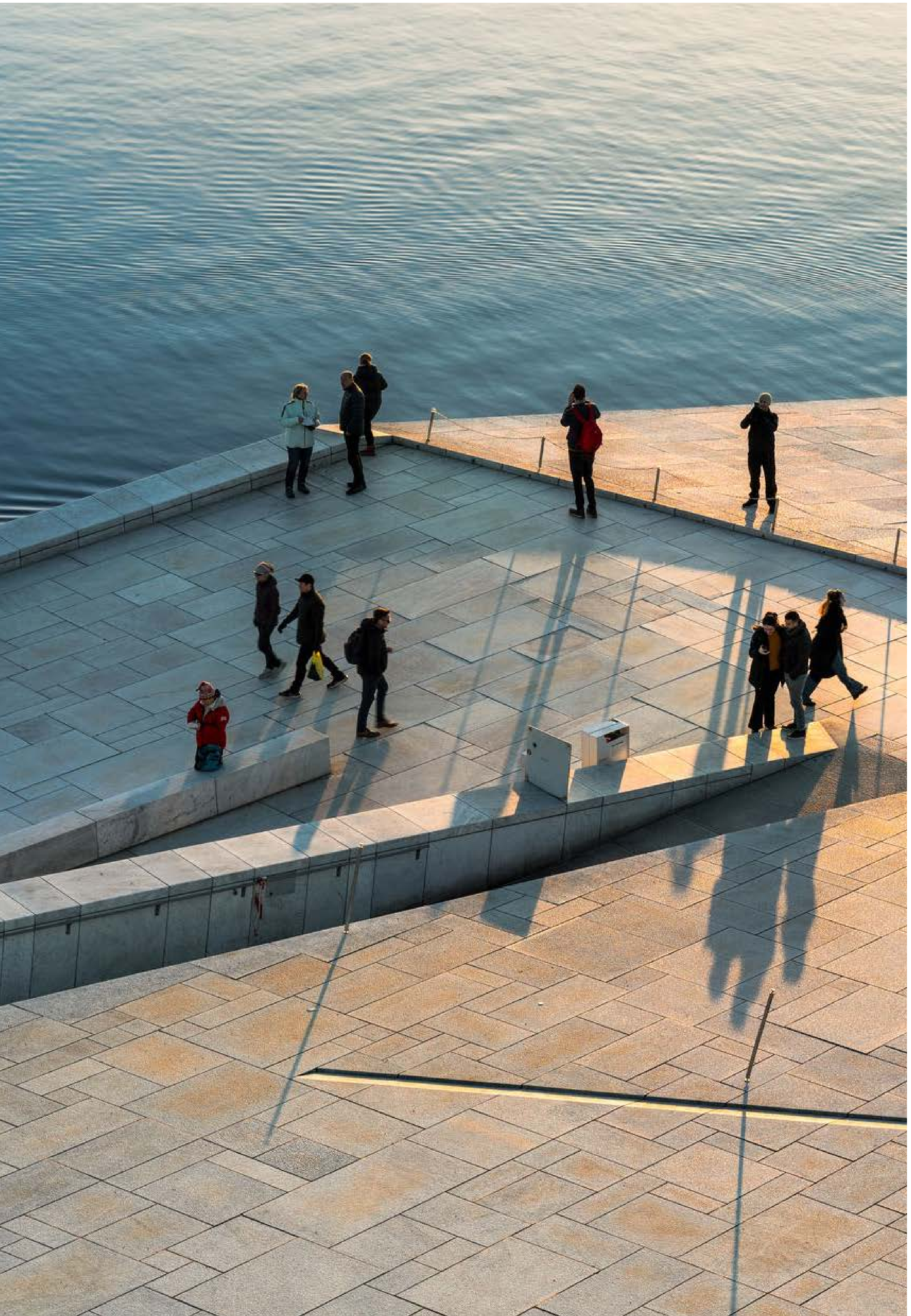
UBS-AM Stewardship Update 2024

How we engage with companies and vote at AGMs

UBS



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Foreword

Lucy Thomas
Head of Sustainable Investing

2024 has been an important year for UBS Asset Management as we formally integrated with Credit Suisse. Together, we continue to be dedicated to our stewardship priorities to enhance portfolio value on behalf of clients. In the midst of the global conversation around climate and broader tenets of sustainability we remain committed to providing our clients with an offering to meet their evolving sustainability needs. There are a variety of ways clients may choose to incorporate sustainability considerations into portfolio risk and return objectives, which is why we offer a range of approaches, including exclusions, screening, dedicated net zero, impact and transition focused strategies, stewardship, ESG integration and customization. It's all about partnering with clients to enable choice.

Our active ownership approach leverages our strength as a global, diversified asset manager to drive value and prompt investee companies to make tangible progress towards their sustainability commitments. It encompasses the integration of sustainability-related factors into investment decision making, engagement, proxy voting, stewarding real assets, advocacy with policymakers, engagement with industry participants and partnerships with our clients.

This report includes data from Credit Suisse Asset Management and UBS Asset Management across engagements and voting reflecting the integrated stewardship activities in the later stages of the year.

We hope you find it useful, and welcome your feedback.

Lucy Thomas

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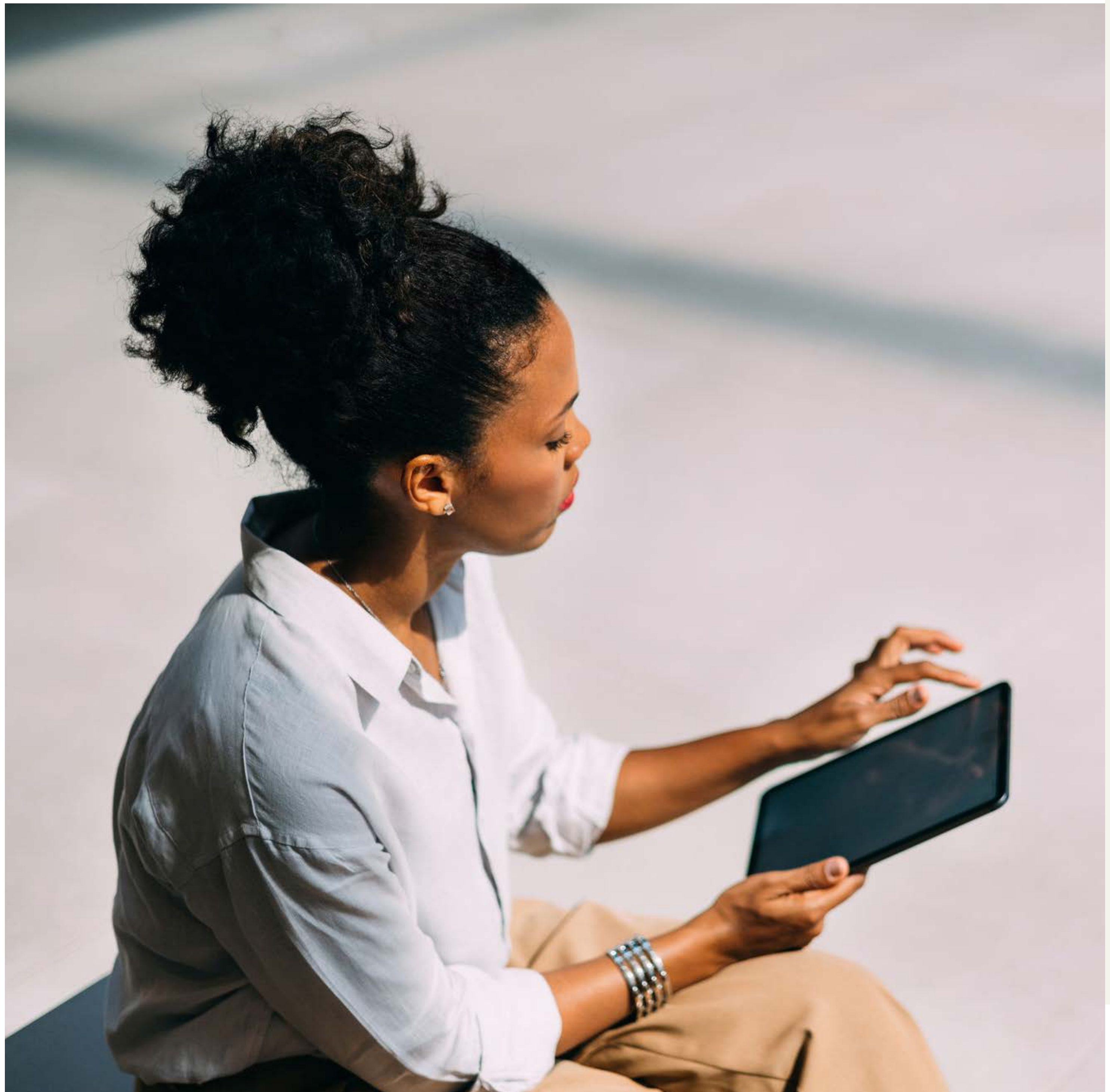
Overview of engagement and voting activity

2024 Active ownership highlights

At year end, 67% of our engagement objectives were showing progress, of which 34% were at the stage where companies are taking steps towards the engagement ask, and 11% were successfully completed.



In addition to our engagement and voting outcomes we:

01 Launched an engagement program focused on AI, encouraging companies to transform business models and services for an inclusive and productive economy with considerations of the associated risks and impacts.

02 Successfully progressed engagements with twenty companies on implementing new or improved climate transition plans, including five companies strengthening measurement and management of Scope 3 carbon emissions.

03 Successfully encouraged two companies to introduce responsible marketing policies in line with World Health Organization (WHO) guidelines.

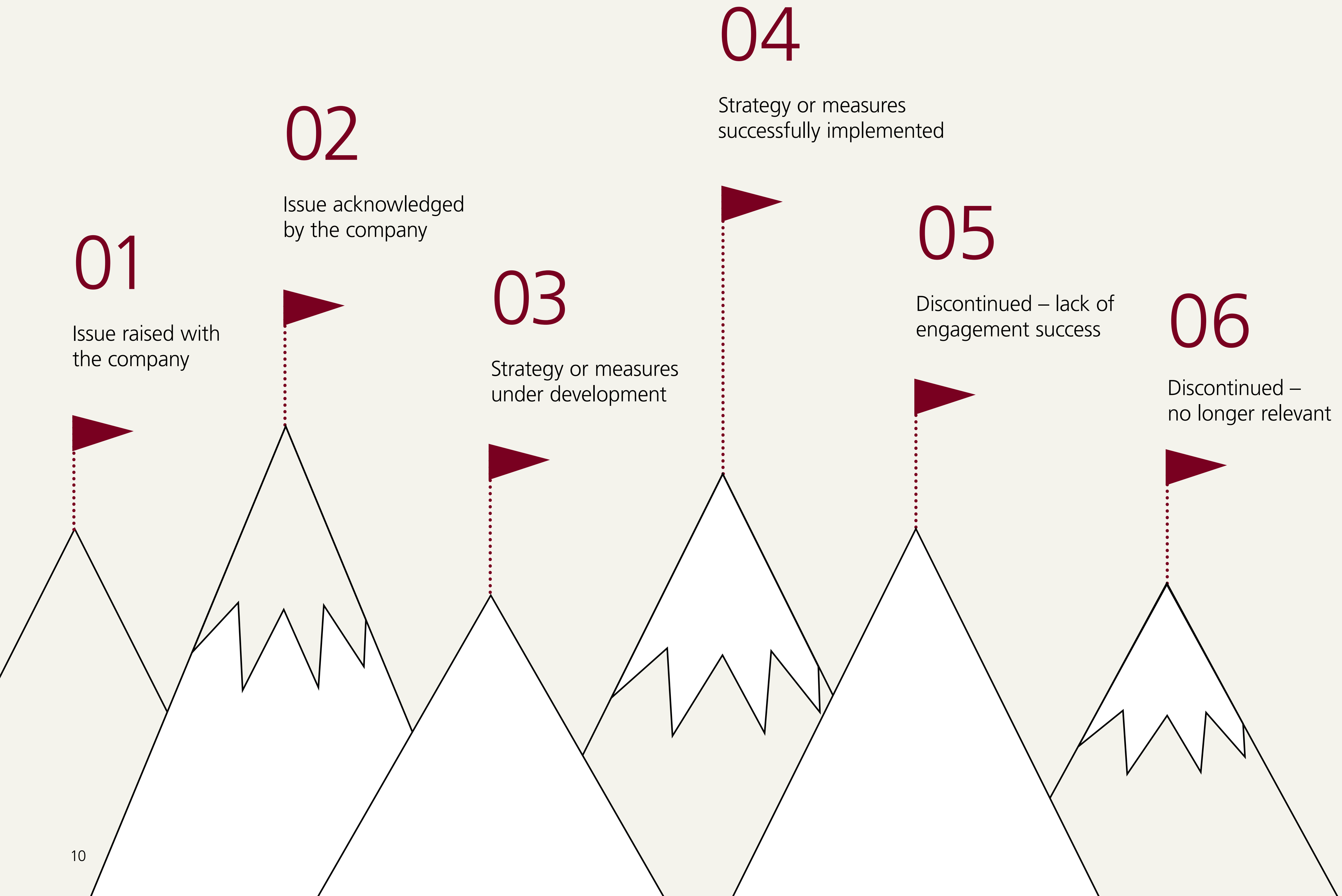
04 Participated in co-filing of a shareholder resolution on deforestation which was withdrawn in March 2024 following successful engagement with the company involved.

05 Published our Natural Capital Engagement Program paper as well as a research paper, *Climate Meets Nature*, on integrating biodiversity into the energy transition in collaboration with Planet Tracker.

06 Published a set of expectations of best practice for companies based on UBS policies, and taking into account ISSB (International Sustainability Standards Board) standards and sector materiality. These cover human rights and natural capital, and we use these standards to inform our engagement objectives and application of our voting policy.

In 2024 UBS Asset Management actively engaged with 321 companies on sustainability-related topics through a total of 473 meetings.

We set specific engagement objectives and measure our progress against these based on six milestones:



Engagement highlights

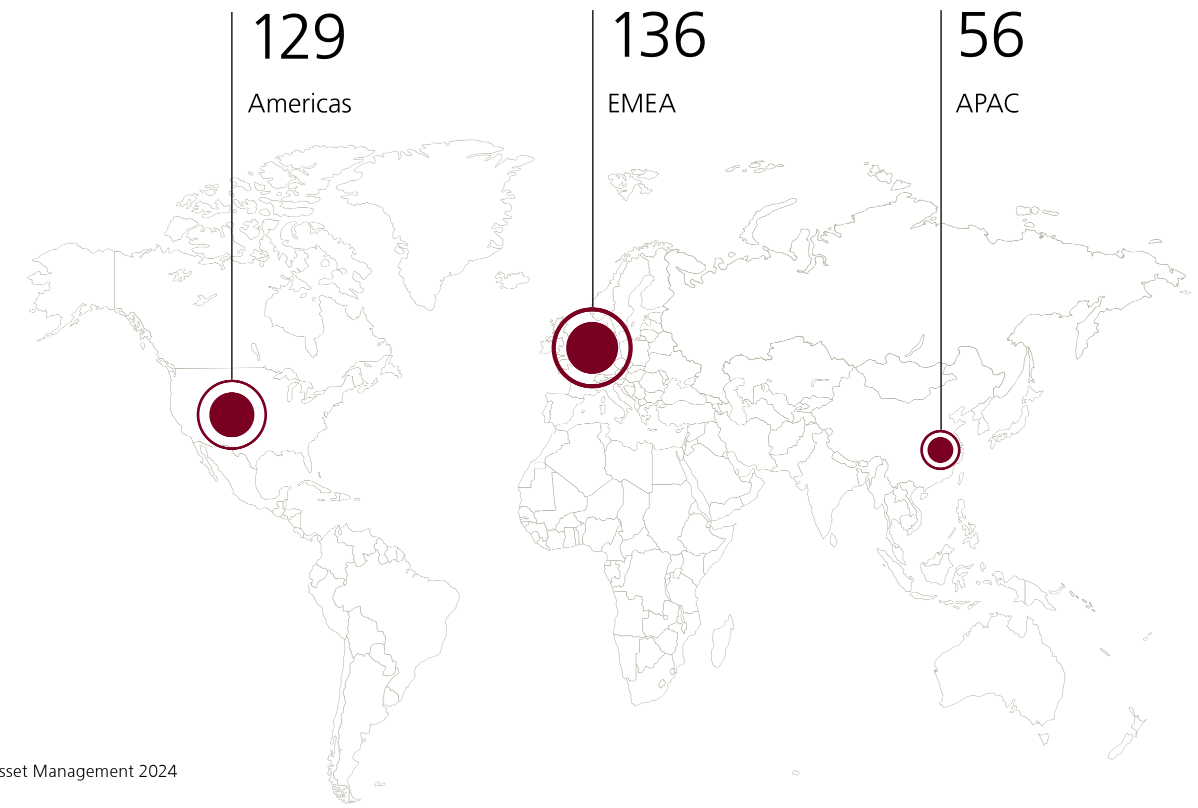
During 2024 we moved 62 of our engagement objectives to successful closure, with the strategies or measures we see as best practice successfully implemented by the company.

Examples of these include:

- Twenty companies implementing new or improved climate transition plans, including five companies strengthening measurement and management of Scope 3 carbon emissions
- Seven companies strengthening approaches to corporate governance, including board composition, chair-CEO duality and remuneration
- Five companies identifying, assessing or making commitments with regard to human rights risk exposure
- Two companies announcing third-party validation of climate transition plans and a further two companies setting new decarbonization targets
- Two companies linking climate commitments or targets to executive remuneration
- Two companies introducing responsible marketing policies in line with World Health Organization (WHO) guidelines

Our engagement activity and progress in charts

Companies engaged by region



Source: UBS Asset Management 2024

Engagement interactions across themes

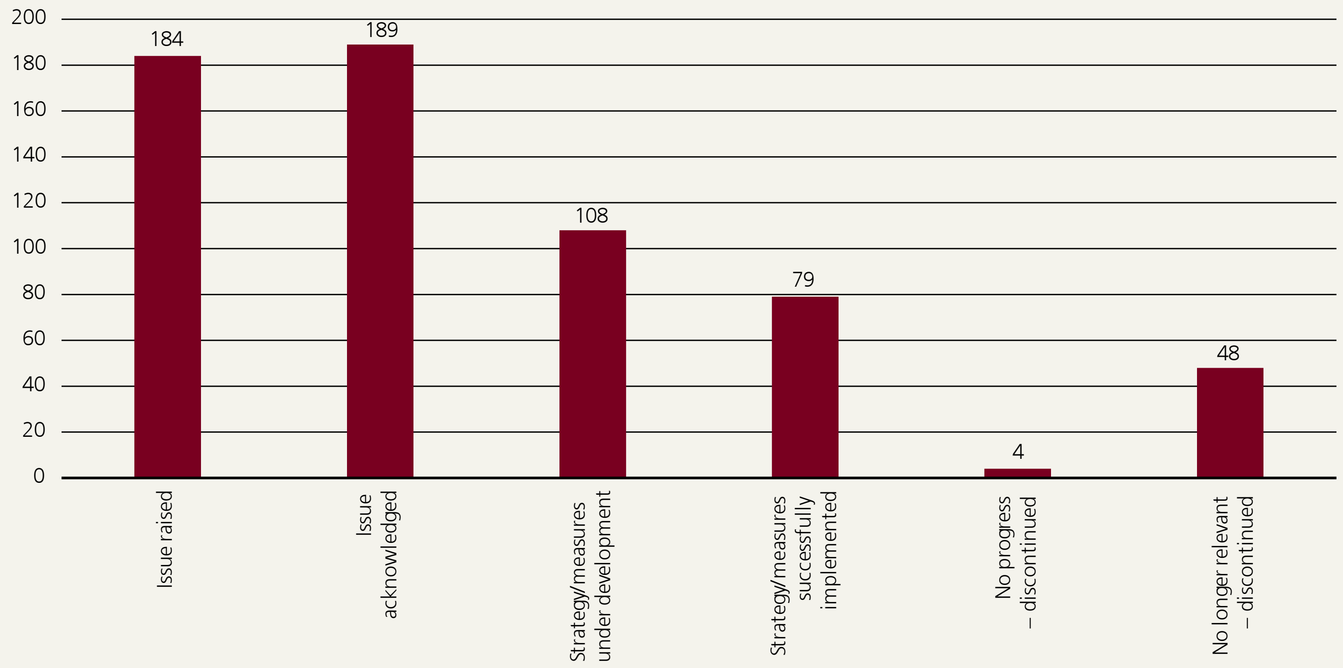
Source: UBS Asset Management 2024

Companies engaged by sector

	% of total
Communication services	5%
Consumer discretionary	7%
Consumer staples	5%
Energy	12%
Financials	9%
Healthcare	9%
Industrials	16%
Information technology	9%
Materials	18%
Real estate	2%
Utilities	8%

Source: UBS Asset Management 2024

Engagement objectives per milestone (2022–2024)



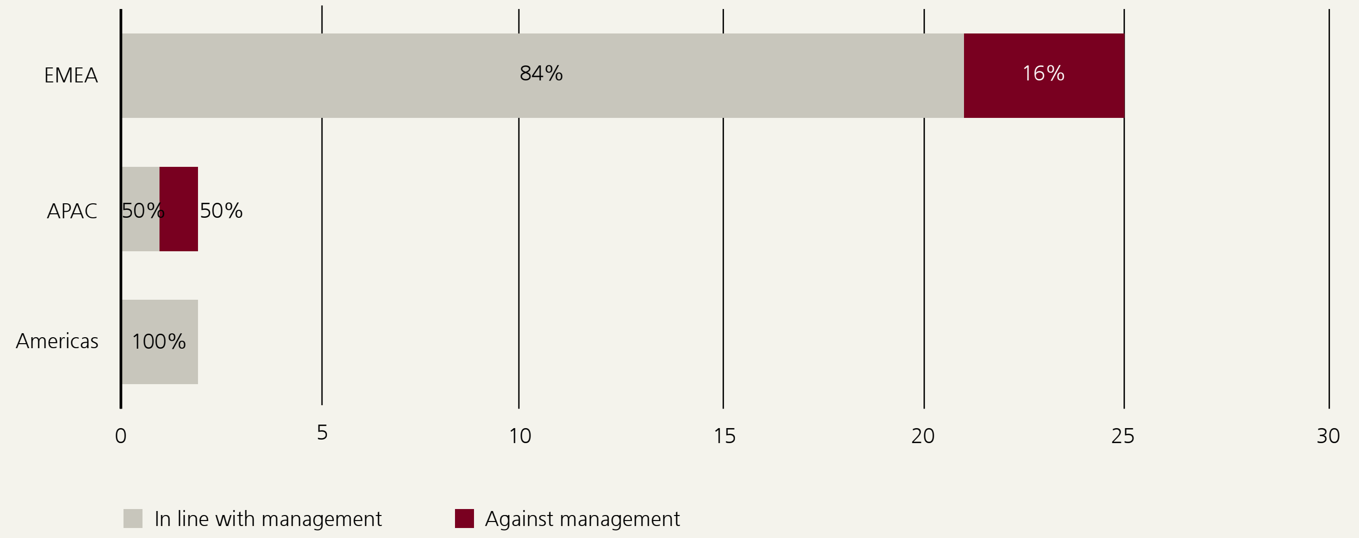
Source: UBS Asset Management 2024

Proxy voting highlights and notable trends

During 2024, there were some notable voting trends, and the highlights of our voting are described below.

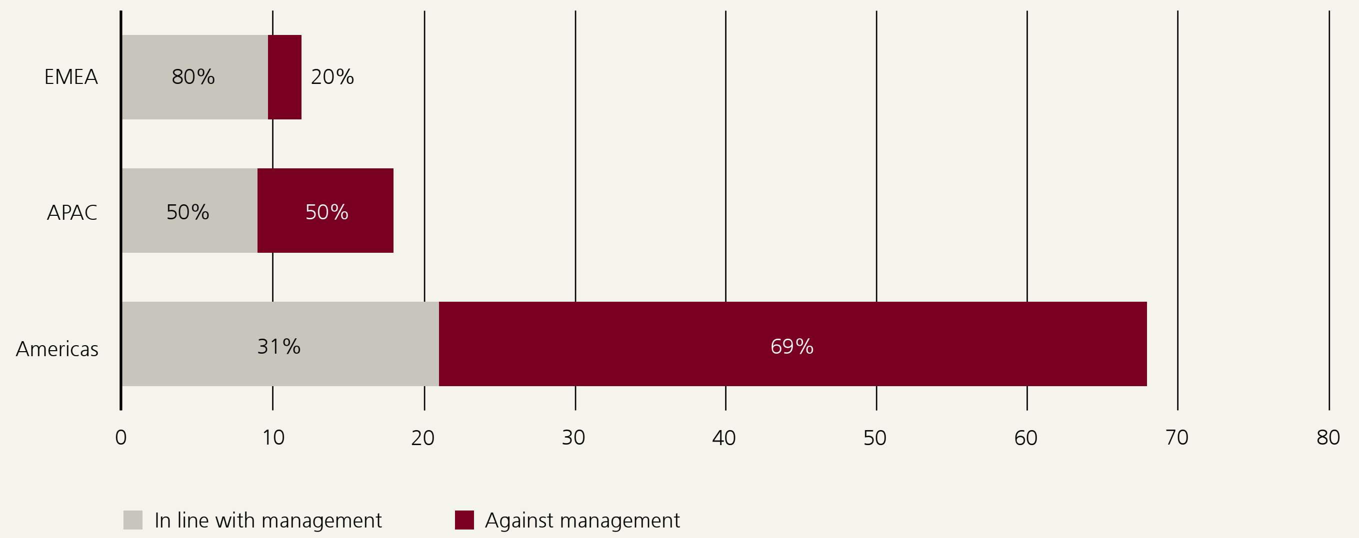
- UBS-AM support for shareholder proposals increased for climate-specific proposals. Our support for shareholder proposals in other environmental and social categories declined due to:
  - Companies improved on a variety of counts where we had supported shareholder resolutions in the previous year. We also saw shareholder resolutions being presented that did not reflect this positive trend.
  - Proposals becoming more prescriptive in terms of making quite specific requests in relation to corporate strategy, leading to us not supporting. We don't believe that it is the role of shareholders to micromanage company strategy.
- We continued to vote against relevant directors when we have concerns around lack of action to address financially material climate risk, leading to 'votes against' director elections at 10 companies in 2024.
- We observed a trend of some UK companies increasing compensation packages to improve competitiveness vs. US peers. We assessed these proposals on a case-by-case basis and supported those where we were comfortable that proposed pay packages were not excessive, and where companies had clear rationales for the increases supported by a shareholder aligned compensation structure.
- In 2024 we voted against more compensation proposals where the performance objectives underpinning variable pay were not being clearly disclosed compared to 2023. We also observed some progress on our previous engagements on this point, with companies beginning to be more transparent, and we were able to support compensation plans this year which we had voted against in previous years.
- The number of climate-related management proposals in 2024, most of which took place in the EMEA region, was similar to 2023. Comparing the transition plans underlying these proposals with our engagement and voting assessment framework we were able to support a slightly higher proportion of these compared to the previous year.
- There was a decline in the overall number of climate-related shareholder proposals in 2024 vs. 2023. The key driver of this was the reduced number in the Americas, where there were legal challenges against some proponents. Our voting policy guides our stance on all shareholder proposals including recognizing the need for investors to be able to understand how companies are navigating the climate transition where it is material to their industry. In accordance with this we have supported those proposals promoting greater disclosure and transparency where this is not already addressed in legislation or regulation, the company is not already doing so, and the proposal is not unduly burdensome or prescriptive.

Votes on climate-related management proposals



Source: UBS Asset Management 2024

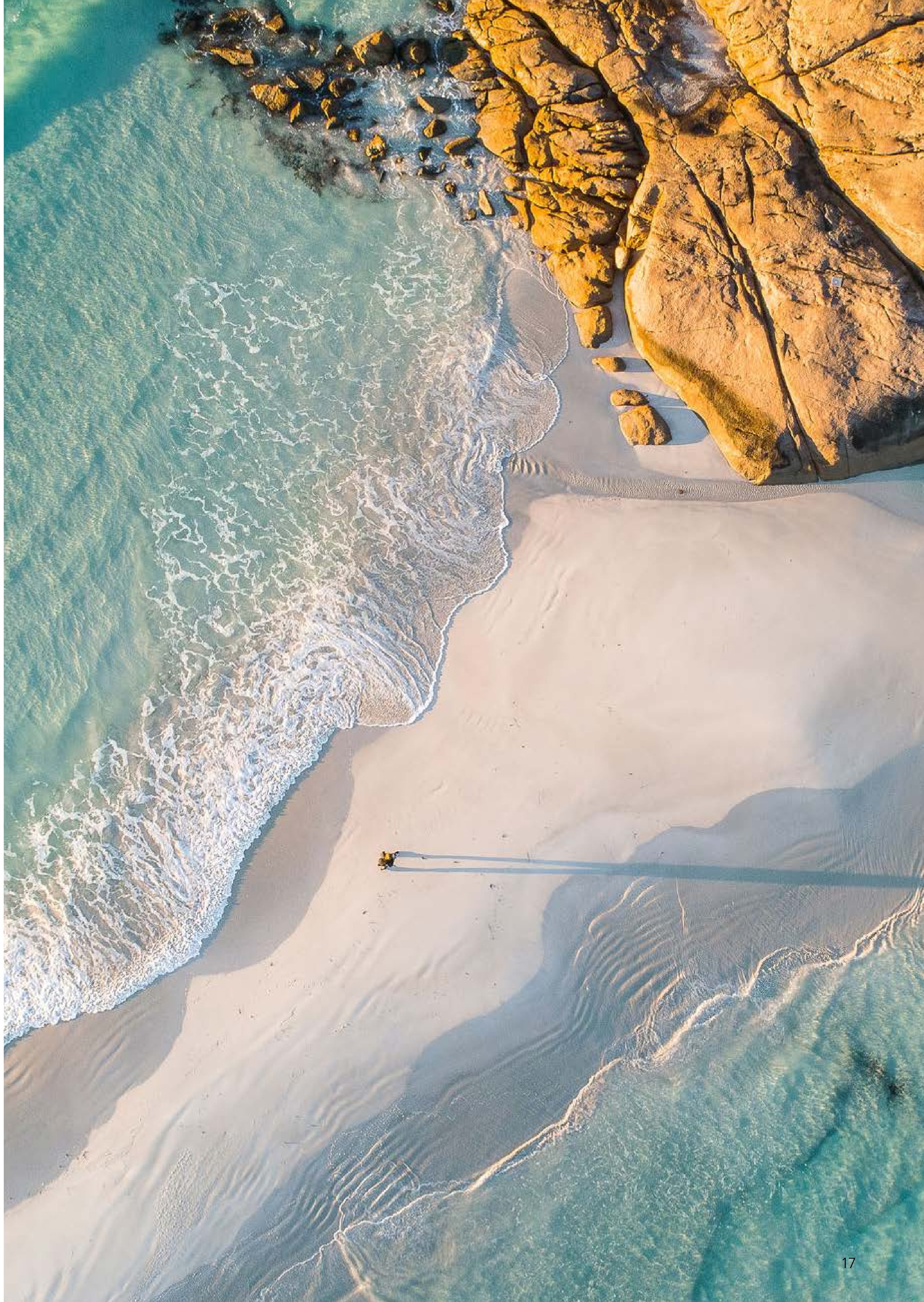
Votes on climate-related shareholder proposals



Source: UBS Asset Management 2024

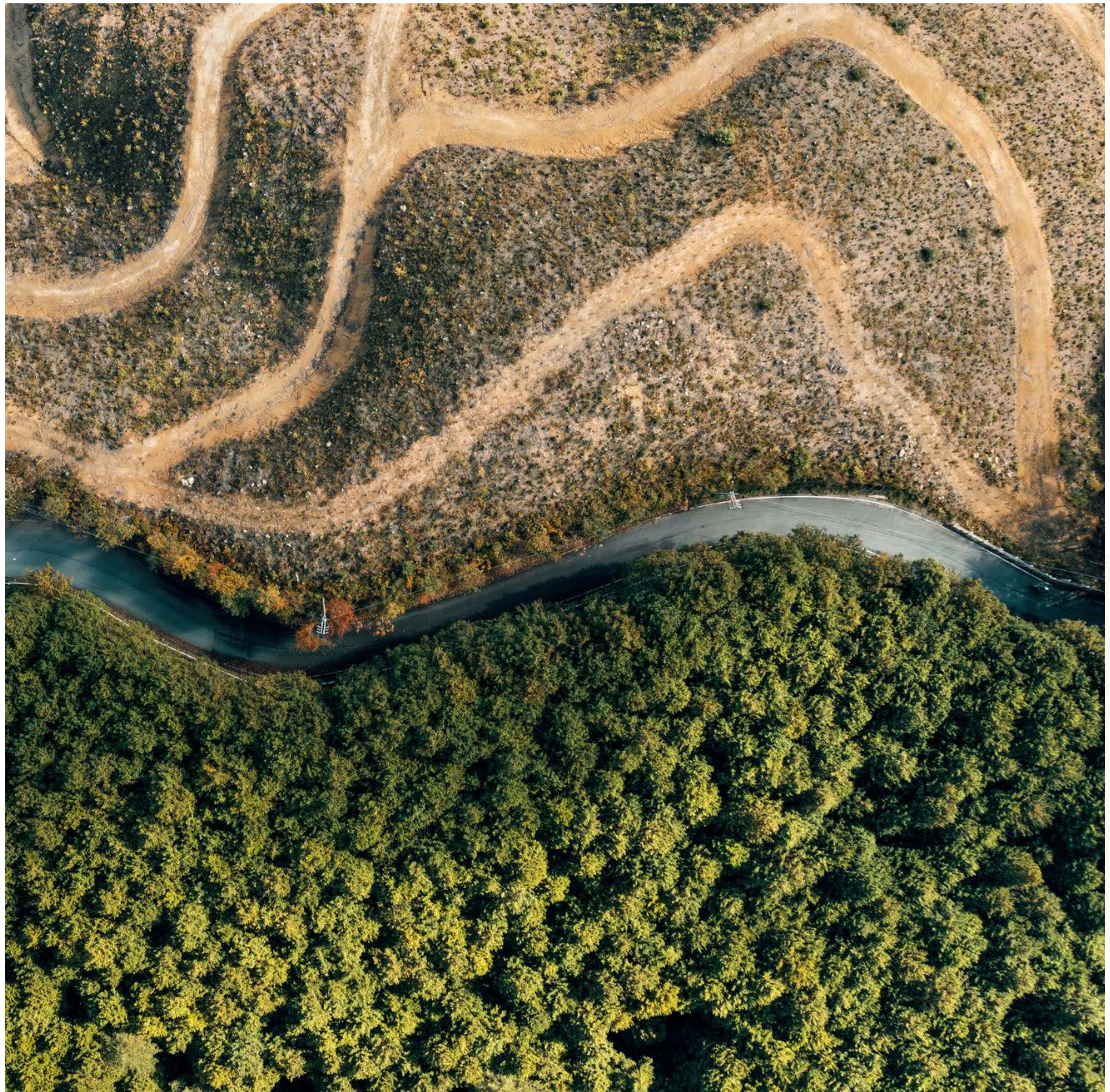
Engagement focus on environmental, social and governance

We continued to expand our engagements focused on environmental, social and governance themes, while adhering to all local government and regulatory requirements. We believe through engagement we can encourage positive outcomes for investee company performance. We engage with companies on financially material issues determined through evidence-based research, and where we have equity and/or fixed income exposure across portfolios. We seek to be clear in our aims, in setting individual engagement objectives for the company, and in our tracking of progress.



Environment

Our climate and nature engagements seek to understand and engage on systemic risks like climate change and ecosystem degradation and identify opportunities in the transition to a low-carbon, nature-positive economy where we believe these topics are financially material for client portfolios.



Climate change

We recognize that managing climate risks and transitioning to a low-carbon economy will entail a significant shift in how some companies operate. Our active ownership strategy aims to promote corporate behaviour that drives long-term value through a transitioning energy system given the impact of climate change on business models, revenue generation and capital allocation.

The pace and direction of transition can be financially material for companies and needs to be taken into account in corporate strategy, operating models and targets, particularly in areas of increasing regulation such as methane reduction.

The foundation of our climate engagement activities is a research framework which we use to assess and engage issuers on the ambition of transition plans. The framework draws on market-leading industry and sector-specific approaches. It includes parameters critical to assessing the strength of transition planning, including climate governance, target setting, decarbonization levers, lobbying and policy advocacy, the use of offsets, and finally, performance across emissions and strategy.

Natural capital

In 2024, we expanded our natural capital engagement approach as part of our longstanding climate engagement program. Our focus is on key topics such as deforestation, water use and the climate-biodiversity nexus. This approach addresses various risks, including deforestation and environmental hazards like pollution, which can impact asset values and increase financial risks for companies. We also encourage companies to integrate nature considerations into transition plans.

Natural capital can be financially significant for companies exposed to regulations and practices around deforestation, changing legislation and market trends for per- and polyfluoroalkyl substance (PFAS) mitigation, and opportunities within circular economy initiatives.

Planet Tracker

To enhance our understanding of natural capital and biodiversity for effective stewardship, we partnered with Planet Tracker. Together, we developed practical approaches to integrate biodiversity considerations into solar, wind and biofuel solutions. While the energy sector has a crucial role to play in the transition to a low-carbon economy there are potential unintended negative consequences for natural capital if not well managed. Our report, *Climate meets nature*, serves as a practical guide for investors to asset operators, to incorporate nature considerations when developing renewable energy solutions.

Social

Moving into its fourth year, our social program seeks to understand and engage on systemic risks like human rights, human capital, health and responsible AI. Our objectives are to contribute to improved corporate performance and reduce specific social risks related to portfolios. Social topics can be financially material for companies given the potential for improved decision-making and long-term performance, employee satisfaction, brand loyalty, productivity, and reduction of legal and reputation risks.

Our four themes of human capital, human rights, health and AI were selected due to their financial materiality across portfolios as well as our belief that, as an investor, we can contribute towards positive outcomes through corporate engagement. Our theory of change for the program provides focus on the issues we seek to change, the activities we undertake, and our ability to improve the outcomes for our clients' portfolios. We have joined collaborative initiatives we believe are well placed to contribute to the evidence-based research required for these engagements.

Human capital

The focus of our human capital management engagements is on businesses providing and promoting diversity and labor rights to support enhanced productivity and in turn enterprise value. We have engaged with companies on enhancing policies and practices around diversity, equity and inclusion through our engagement and voting activities. In our labour rights engagements, we are looking for companies to develop best in class labor rights policies and practices and to focus on health and safety, working conditions and workers' rights.

Human rights

The focus of our human rights engagement program is for companies to acknowledge the need to protect human rights and commit to improving human rights policies, practices and disclosures. This can reduce the corporate risk from adverse publicity and, following on, from investors and consumers to human rights violations, particularly in supply chains. We ask companies to provide evidence of these through the World Benchmarking Alliance's Corporate Human Rights Benchmark in company operations, and to utilize the Supplier Code of Conduct to achieve increased transparency on human rights in their supply chains.

Health

The focus of our health engagement is on the provision of products and services by companies and how these contribute to a healthier society. In our view a healthier society may be more economically resilient, particularly due to potentially lower costs related to chronic illness, which can lead to higher employee productivity and better potential results for companies held in portfolios. In our engagements we aim for companies to acknowledge the benefits associated with enhanced nutrition strategies and commit to improving nutrition policies, R&D practices and disclosures. We ask companies to show evidence of improved nutrition policies, developments, practices and disclosure in line with WHO guidelines and the Access to Nutrition Index (ATNI) assessments.

AI

We engage with companies and industry initiatives on responsible AI to encourage transformation of business models and services with considerations of the associated risks and impacts. The objective of our engagements is to encourage companies to demonstrate strategies and policies on AI, treating it as an opportunity for improved efficiency and greater innovation, as well as an identification of business risk across their operations. We are engaging with companies in high potential impact sectors such as pharmaceuticals, healthcare, media and entertainment, data centers and cloud providers, as well as companies where we see business transformation opportunities. We aim for companies we engage with to demonstrate a coherent AI integration strategy which acknowledges both opportunities and risks, as well as risk mitigation measures across the AI development cycle.

Governance

Our governance program is designed to engage with companies on improving corporate governance practices. Our objective is to understand company policies and promote the best and most relevant models of corporate governance, with a view to effective oversight and decision making, alignment of incentives for executive management and advocate respect for the rights of investors.

Corporate governance can be a factor in improving the financial performance of companies. This is related to solid governance structures making for better business decisions, more effective management of risks, and generation of more sustained financial value.

Our most common engagement topics are remuneration, board composition (independence and composition), board effectiveness and quality, and shareholder rights. These topics have a significant influence on how companies are being run and the oversight of executive management, with consequences for financial performance and investment returns. Our theory of change is that as a large asset management firm with a significant presence on the shareholder list of many companies, we can bring to the attention of chairpersons, board directors and executive management the need to adapt behaviours that support or enhance the value of our investment.

We use a consistent set of governance standards outlined in our public proxy voting policy to develop our engagement objectives and guide our decision making in our voting activities.

Board quality considerations

A key objective of each governance engagement we undertake is to assess board quality, and to encourage companies to continuously improve the experience and skills across the board. Directors' expertise, skills, and diversity of perspective have been a key focus of many of our governance engagements in 2024. Rather than address this in isolation, we view our discussions on board quality alongside understanding of the dynamics of individual boards, assessments of performance and effectiveness, and the interaction with the management team. In particular, we encourage board refreshment at those companies where more than 1/3 of directors have a tenure exceeding 12 years. Our objective in this regard is to promote the inclusion of fresh perspectives on the board, while recognizing the value and stability that comes from retaining highly experienced directors.

Controversies

Our assessment of, and engagement with, corporate controversies begins with identifying companies that are in violation of one or more of the 10 principles of the UN Global Compact.

Individual controversies may have a financial impact on companies through operational disruption and penalties or fines and may require additional management attention. Controversial incidents are often the result of poor corporate governance and insufficient oversight. They may indicate a gap in executive management actions to address the full span of company risks.

For companies flagged in these categories we review the nature and cause of the breach or highlighted risk, the responsibility of the company, the time elapsed since the incident and actions taken.

We may engage with the company where we see that the issue is material, both financially and with respect to its environmental or social effects, or where the issue represents a systematic management failure. Our engagement objectives are generally to ensure companies have remediated the breach or issue, defined plans to address and compensate for any negative impacts, identified and implemented processes to prevent repetitions, and communicated effectively with stakeholders.

In addition to engaging with companies we track progress through public communications. We recognize that given the nature of issues facing many companies, changes may take time and that cases may be ongoing.

Where we believe a company has taken credible corrective action, we will assess the significance of the issues, the actions taken by the company and other stakeholders and the progress of any ongoing engagement. In line with the UBS-AM Sustainability Exclusion Policy we present cases of credible corrective action to our Stewardship Committee for consideration.

Our escalation approach

Our engagement approach identifies and seeks to address financially material environmental, social or governance issues that we believe are linked to long-term value creation. We assess a company's responsiveness and progress in addressing issues of concern and related expectations that we have raised to management and/or the board. Should we observe a lack of responsiveness or progress we may consider escalation beyond meetings with senior executives and board members.

We recognize that change or progress is not always instant or straightforward. In determining escalation options, we will consider the following private, public and/or portfolio actions. Individual engagement circumstances will determine the most appropriate action for each company.

Actions we may take to escalate engagements include:

Private actions: As an initial step, private actions can be taken to raise a concern to the company. These include:
- Requesting meetings with board members or executives
- Writing a formal private letter to board chair, CEO, CFO, other board members or the whole board
- Initiating or participating in discussions with other investors, including through market initiatives
- Escalation of on-going collective group engagement, including via letter

Public actions: Public actions can be taken to escalate identified issues if needed. These include:
- Voting against management proposals or supporting shareholder proposals at the annual general meeting (AGM) or an extraordinary general meeting (EGM)
- Statements and/or questions at shareholder meetings
- Pre- and post-vote statements
- Public disclosure of voting actions after shareholder meetings
- Filing/co-filing of shareholder resolutions at AGMs

Portfolio actions: Depending on the financial materiality of the concern, portfolio actions might be utilized as a final step in the escalation process depending on the portfolio strategy. These may include implementing restrictions to new holdings or increasing positions, or exiting a position entirely.

Our escalation toolkit is utilized, when other methods of engagement have failed to meet the objectives we are pursuing.

Contributing to industry initiatives and advocacy

We also see opportunities to contribute to industry initiatives and advocacy where this supports enhancement of best practices across the investment industry. We engage on areas relevant to our role as an asset manager and where we see a well functioning and resilient financial system can better support our clients in achieving their investment goals.

This includes advocacy with policymakers and standard setters on taxonomies and regulation.

In 2024 our contribution included:

01 We participated in the UK Financial Reporting Council (FRC) consultation on changes to the UK Stewardship Code. A particular focus of our response was on the definition of stewardship, as well as the proposed reorganization of the FRC's guidance. The FRC is now working to respond to its stakeholder consultation.

02 We co-signed an investor letter to the European Commission on upcoming regulation around persistent chemicals to encourage regulatory certainty. This followed the publication of the European Chemical Agency's (ECHA) registry of restrictions covering >10,000 substances used in more than 14 sectors in 2023. The ECHA continues to assess restriction options alongside a full ban or a ban with time-limited exemptions.

03 Contributed to the World Economic Forum (WEF) AI Playbook. This white paper helps to define the role of investors in advancing the adoption of responsible artificial intelligence, including seeking strong governance frameworks and clear standards. We have used this work in designing our new AI engagements.

04 UBS-AM has a seat on an accounting standards investor advisory group. This accounting standards initiative has developed standards for high quality global baseline sustainability disclosures focusing on financial materiality. These are based on the earlier SASB standards, and we use them as the basis of our ESG sector materiality frameworks. In 2024, 30 jurisdictions were making progress towards introducing the standards in their legal or regulatory frameworks, representing approximately 57% of global GDP, more than 40% of global market capitalization, and more than half of GHG emissions.

05 In order to attempt to address the significant discount in the South Korean market – widely perceived to be driven by poor governance and tax bottle necks – we participated with other members of an Asian permanent collaborative engagement initiative in a discussion with the South Korean Financial Supervisory Service on revisions to the Stewardship Code.

2

Engagement case studies

BHP

Case study

Sector: Mining

Engagement topics: decarbonization strategy, physical risk, nature

Region: APAC

Summary of objectives and progress milestones:

- Transition plan scenario analysis and capex: strategy/measures successfully implemented
- Decarbonization trajectory metallurgical coal: issues acknowledged by the company
- Disclosure on physical risk and mitigation plans: strategy/measures under development

Context

BHP is a leading producer of iron ore, copper and metallurgical coal. The company is a significant carbon emitter, but it is also a key enabler of the energy transition with its production of minerals essential to electrification.

Actions

We have engaged with the company since 2021, and met three times in 2024, primarily focusing on the release of its new Climate Transition Action Plan (CTAP) and Scope 3 emissions. The transition plan met our expectations in content and level of detail, with a clear breakdown on decarbonization levers for operations and expected steel making pathway.

Our discussions have also focused on Scope 3 emissions, physical risk and the scenario analysis BHP uses for transition planning. We asked the company to provide further disclosure on its Scope 3 emissions abatement strategy given that 97% of its total emissions are Scope 3. While outside of BHP's direct control, we believe mining companies are in a unique position to work with its downstream partners to find solutions to these hard-to-abate emissions. We also requested an update on Paris Alignment scenarios the company uses to set its strategy, given the speed of transition will influence the demand for key minerals and be a key driver of the sector's performance. Additionally, we voted for BHP's climate transition action plan. BHP's say-on-climate proposal was not fully aligned with our expectations, however, we believe there is reasonable justification for a target that is well below 2°C given that technology required to decarbonize mining operations isn't ready to implement today. Specifically, diesel haulage truck displacement and iron and steel production techniques (for scope 3) are key dependencies.

Outcomes

In its new CTAP, BHP enhanced its Scope 3 strategy disclosures, including its view on steelmaking technologies and pipeline of abatement projects. The customers it is partnering with account for 20% of global steelmaking capacity, so any potential reduction could have a broad impact.

BHP has provided an initial framing of its assessment process on physical risk and further assessments are underway. Results will be communicated in 2025, and we will continue to engage in 2025 on the topic, as well as focusing on the lack of clarity on its outlook for metallurgical coal and the scale of expected use of offsets in its net-zero target.

Danone

Case study

Sector: Consumer staples

Engagement topics: biodiversity, plastics and chemical pollution

Region: Europe

Summary of objectives and progress milestones:

- Review ATNI assessment and prioritize actions: issue raised
- Strengthen approach to nutrition lobbying: strategy/measures successfully implemented
- Assess plastics use and impacts in value chain: strategy/measures under development

Context

We engage with Danone as a leader in the access to nutrition field in order to help raise the standard and demonstrate the benefits to other companies, so it can be applied across the food and beverage sector. In addition, Danone continues to be exposed to broader efforts to regulate plastics pollution. Research from the Access to Nutrition Initiative and Planet Tracker[1] has found that on average, companies with broader, healthier food portfolios have higher earnings before interest and tax (EBIT) margins than its peers. Danone, a global leader in the food industry, has a strong business focus on "Health through Food," contributing primarily to SDG 2 – Zero Hunger. The company has one of the healthiest portfolios in the sector and has made commitments to promoting healthy choices and extending its reach. Our engagement currently focuses on opportunities to further strengthen Danone's health strategy, enhance product impact measurement and reporting, and address risks relating to plastic pollution, in the wake of allegations of limited efforts to tackle plastic pollution in its value chain.

Actions

During 2024 we had three meetings with Danone's management and sustainability leadership.

We encouraged Danone to review the findings of the 2024 Access to Nutrition Global Index, where it ranked 1st overall and 2nd in product healthiness, and to prioritize key recommendations for implementation. Additionally, we urged the company to evolve its impact measurement, report sales in countries with malnutrition issues, introduce additional metrics to measure research and development (R&D) effectiveness, and conduct a value chain assessment of plastic use.

Outcomes

Danone has updated its policy on responsible lobbying on nutrition, including guidelines for misalignment and governance of policy advocacy work. The company has also conducted an initial assessment to identify the presence of plastic in its value chain, which we see as a good starting point. We expect future assessments to be more comprehensive, including quantitative analysis of lifecycle impacts and actionable insights.

1 Materiality of Nutrition, June 2024, Access to Nutrition Initiative and Planet Tracker

Dow

Case study

Sector: Materials

Engagement topics: biodiversity, plastics and chemical pollution

Region: North America

Summary of objectives and progress milestones:

- Improve score on annual ChemsScore assessment: strategy/measures under development
- Commit to reporting on TNFD core metrics: strategy/measures successfully implemented
- Assess plastics use and impacts in value chain: issues acknowledged by the company

Context

Dow is one of the world's largest chemicals producers and the world's third largest plastics producer, and its exposure to future regulatory efforts to limit chemical pollution and curtail plastics use represents a material financial issue. The production of chemicals has increased 50-fold since 1950 and is projected to triple again by 2050, exceeding planetary boundaries related to environmental pollutants, including plastics. The resulting persistent and broad aspects of chemical and plastics pollution represent a potentially significant future litigation risk for chemicals producers. We engage collaboratively with the company and in 2024, we joined both a nature and chemicals coalition as part of our commitment to addressing nature-related risks as an investor. Our engagement discussion addressed Dow's broader approach to plastics and biodiversity, and are focused conversations on chemical pollution.

Actions

In 2024, we held two meetings with Dow's sustainability leadership and signed a letter sent by IIHC to the company's CEO.

Our focus was encouraging Dow to report on the Taskforce on Nature-related Financial Disclosure's (TNFD) core metrics, which cover critical natural capital impacts and dependencies such as forests, water and pollution. These 14 metrics serve as a solid baseline for company reporting and can help investors assess and compare exposure to risk and opportunity. Additionally, we emphasized the importance of improving the company's ChemScore assessment through disclosure on its share and production volumes of hazardous chemicals. IIHC's ChemScore assessment ranks the world's top 51 chemical producers on the companies' efforts to reduce chemical footprints and transition to less hazardous alternatives. The production of such chemicals increases corporate exposure to regulation (for example, national level bans in France and Denmark), litigation, (e.g., consumer class action lawsuits in the US) and shifting consumer sentiment, while enhanced transparency helps investors understand the company's exposure to risks associated with hazardous chemicals.

Outcomes

Dow expects to disclose against TNFD core metrics and also outlined plans to expand disclosure on hazardous chemicals in 2025. It has also committed to enhancing disclosures on the share and production volume of products containing hazardous chemicals. We will evaluate the disclosure updates in 2025 and continue our discussions on these important topics.

Enova

Case study

Sector: UGA Infrastructure

Engagement topics: Data coverage and transparency

Region: EMEA

Summary of objectives and progress milestones:

- Contribute to improving data availability, quality and transparency of data provided by the fund manager
- Engage with the fund manager in order to provide input on their management of ESG issues. The focus of the engagement is around value creation drivers and ESG KPI monitoring and reporting efforts

Background

Enova is a German renewable energy platform covering the full lifecycle of wind repowering projects. Enova owns, services and manages technical and commercial operations, and undertakes repowering and lifetime extension projects. The company owns a portfolio of mature operational wind projects and is further developing its pipeline of wind repowering projects. UGA Infrastructure has co-invested in Enova alongside Omnes Capital, a European fund manager specializing in renewable energy.

Context

DSince its inception in 2023, Enova has acquired a seed portfolio of 20 operational assets with 175MW of operational capacity and a repowering potential of 476MW. The additional renewable energy produced through these repowering projects contributes to the energy transition by leveraging existing production sites.

This means the additional renewable capacity is developed on sites where mature wind turbines currently operate, typically without significantly increasing the environmental footprint of the existing installations. Additionally, the platform is currently reviewing how to maximize the circularity of old wind turbines through partnerships.

Actions/Outcomes

- We are able to identify the best fund managers in terms of ESG and compare them to a very large number of similar opportunities as we cover a broad universe in the infrastructure market. We identified OMNES Capital as a fund manager that supports the energy transition through a long track record of investments in the renewable energy sector.
- We engaged the fund manager to report on ESG KPIs such as the renewable energy capacity installed and the renewable energy generated, resulting in the collection and presentation of tangible and meaningful figures that help our investors better understand the ESG contribution of the portfolio.
- We engaged with OMNES Capital to share our broad exposure and expertise in the renewables sector and advised on general market best practices, in particular, around metrics and goals to be reported against. We expect improvements in the management and reporting practices.

JTOWER

Case study

Sector: Communications services

Engagement topics: ESG practices, board independence, key policies (e.g., anti-bribery and corruption)

Region: APAC

Summary of objectives and progress milestones:

– Improve ESG practices / enhance ESG ratings: strategy/measures under development

We invested in the company at the IPO and remained invested until the company was taken private in 2024. The engagement has now been closed out on milestone six: no longer relevant – discontinued

Context

JTOWER is a Japanese company operating in the telecommunication sector, as an infra-sharing business, it had an initial public offering in late 2019 and was sold to a specialized infrastructure investment firm in 2024. Our engagement with JTOWER has been part of the ESG Engagement and Improvement Program. The purpose of our meetings, which have been ongoing since 2021, was to align JTOWER's ESG practices and disclosures with national and international peers, and to enhance its external ESG ratings with a view to improving the attractiveness of the company to investors. These meetings were bilateral and included the founder and CEO of JTOWER, as well as executives responsible for ESG issues and policies.

Actions

During our engagements, we discussed high-level expectations such as improvements in ESG ratings and increasing Board independence. Specifically, we recommended that JTOWER should increase independence to one-third of the Board (in line with best practice in Japan), reduce director mandates to one year (instead of two), enhance Board diversity, establish key committees, and create robust compliance policies.

JTOWER responded positively to our expectations, demonstrating strong responsiveness by swiftly implementing our recommended changes. Generally, the company showed a proactive approach to enhancing its governance and sustainability profile, aligning with best practices and making substantial improvements.

Outcomes

In 2024, JTOWER made significant progress on the milestones we set. The company announced several governance changes that included increasing board independence to one-third, reducing director mandate duration from two years to one, and improving both gender and international diversity on the board. Additionally, JTOWER established a Board Sustainability Committee and a Nomination and Compensation Committee, coupled with a new set of compliance policies.

As the company has been taken private, we have successfully exited our investment.

Koito

Case study

Sector: Industrials

Engagement topics: Shareholder return and performance, board indepen-dence, net-zero goals

Region: APAC

Summary of objectives and progress milestones:

– Increase board independence: strategy/measures successfully implemented
– Increase number of female directors: strategy/measures successfully implemented

Context

As investors in Koito Manufacturing, we have engaged with the company to discuss its strategies and outlooks across various markets. Our primary focus has been on understanding its shareholder return policy, market outlook, operational performance, board independence, and net zero goals.

Actions

During our engagement meetings in 2023 and 2024, we discussed several key topics across ESG issues. Koito Manufacturing's shareholder return policy combines share buyback and dividends for the next five years. It targets a 9% return on equity, with expectations to reach double digits by 2030. A key concern was the board composition which lacked both independence and diversity. Since 2023, we have been asking the company to establish a board with more independent and objective oversight, as well as diverse views. Koito Manufacturing responded with a plan to add a female independent board member and improve auditor independence.

Outcomes

Following the AGM in 2024, Koito Manufacturing added a new female independent director, Risa Tanaka, doubling the number of female directors and the number of independent directors. The company continues to work towards its operational, social and environmental goals, demonstrating a commitment to sustainable growth and governance improvements.

Maersk

Case study

Sector: Industrials

Engagement topics: Decarbonization, transition strategy

Region: Europe

Summary of objectives and progress milestones:

- Validation of decarbonization target: strategy/measures successfully implemented
- Improve disclosure of decarbonization levers: strategy/measures under development
- Link climate to executive compensation: strategy/measures successfully implemented

Context

We engaged with Maersk, one of the world's largest shipping and logistics companies through bilateral engagements to discuss strategy to decarbonize its shipping operations. Cargo shipping, which delivers around 90% of the world's traded goods, contributes to approximately 3% of global GHG emissions. Given its market position Maersk has a significant exposure to regulatory changes and industry adjustments related to carbon emissions.

Actions

In 2024, we held three meetings with Maersk's sustainability leadership. Our engagement focused on target setting, disclosure, and Maersk's approach to low-carbon fuel alternatives. We encouraged Maersk to validate its targets through a credible platform. Our research shows that companies with science-based targets may improve the profile of an investment strategy in terms of overall ESG characteristics and mitigation of carbon emissions-related risk.

Given the materiality of decarbonization for the shipping sector, we encouraged the company to articulate how its climate targets are connected to long-term executive compensation, and to improve transparency for investors on strategy by quantifying how specific levers contribute to targets. We also discussed Maersk's sustainable feedstock policy on methanol, which includes a commitment to fully grow its green fuels offtake, i.e., through agreements to buy or sell goods that haven't yet been made.

Outcomes

Maersk has validated its targets with the Science Based Targets initiative (SBTi) and introduced decarbonization metrics in executive compensation. The company has also improved its disclosure, for example, reporting on metrics such as the number of customers opting for eco delivery (which gives customers a choice to allocate energy from lower GHG emissions fuels). To profile and positively reinforce Maersk's leading approach to sustainable feedstock, we featured the company in our report on the nature-related impact of energy transition solutions as an example of best practice.

In 2025, we will continue our engagement, encouraging Maersk to deepen discussions on its transition strategy in its annual integrated report.

PEMEX

Case study

Sector: Energy

Engagement topics: Transition strategy, safety

Region: North America

Summary of objectives and progress milestones:

- Decarbonization strategy with detail: issues acknowledged by the company
- Methane emissions verification: issues acknowledged by the company
- Company membership of OGMP 2.0: issues acknowledged by the company

Context

PEMEX, the Mexican national oil company (NOC), is a significant carbon emitter and faces ongoing UN Global Compact controversies surrounding its pipeline operations. Our engagement is therefore focused on improving the company's approach to emissions and community relations, with benefits in terms of operational performance and improvement in the investibility of this fixed income issuer. In 2023 PEMEX announced the formation of a Sustainability Committee, and has subsequently opened up to conversations with investors on related topics. With the change of administration in Mexico last year, and with the new president's background as a climate scientist, the energy transition is taking on a greater role in national policymaking, providing a supporting backdrop for PEMEX to move forward on its transition strategy.

Actions

In 2024 we held our first engagement with Pemex. We spoke to the company twice during the year, meeting its sustainability team and IR, focusing on the need for a climate transition plan and clarity on the remediation actions taken in relation to the pipeline controversies. In our engagement with PEMEX, we communicated several expectations. These included receiving third-party assurance for methane emissions calculations, joining the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) partnership, the primary organization for methane measurement and reporting, and providing annual updates on its transition plan progress.

We also emphasized the need for more granularity in disclosure on the underlying projects identified to meet emission reduction targets. We see these as key material determinants to PEMEX's ability to decarbonize, and could reasonably be initiated with today's technologies, which we expect would reduce the company's exposure to transition risks. PEMEX acknowledged the benefits of joining OGMP 2.0 but is prioritizing rejoining the UN Global Compact.

Outcomes

PEMEX announced its inaugural climate transition strategy in March 2024, setting interim targets across its operations with a net zero by 2050 ambition. PEMEX's climate transition strategy marks a significant step forward for the NOC. The transition strategy includes plans for electrification in exploration and production (E&P) and gas processing, energy efficiency, renewable diesel, and carbon capture and storage (CCS) initiatives.

PEMEX's willingness to engage investors on decarbonization topics has improved, and we will continue to focus our dialogue on the implementation of the plan, with a particular focus on methane emissions monitoring and abatement.

Project Care

Case study

Sector: Multi-Manager Real Estate

Engagement topics: Asset sustainability performance, best practice

Region: EMEA

Summary of objectives and progress milestones:

- To encourage the manager to maintain the investment's competitive sustainability performance
- To monitor the company's alignment to best market practice and regulatory requirements, contributing to both the manager's and our real estate sustainability commitments and targets

Background

Project Care is a fund formation involving high-quality social infrastructure assets built with leading sustainability credentials in a diversified pan-Nordics portfolio anchored around care homes. The investment focuses on Sweden, Finland and Denmark, and is centered on capital cities, key catchment areas, strategic regional cities and high-need areas.

Context

The manager, an established player in the social infrastructure sector, had already embarked on and/or achieved various sustainability targets including net-zero carbon emissions across all funds by 2030, 100% non-fossil electricity usage by 2025 across all assets, 100% non-fossil heating usage by 2030, fulfilling SFDR Article 8 disclosure requirements for all funds, and a 100% data coverage rate for energy consumption and GHG emissions.

Actions/Outcomes

During underwriting, the UGA Real Estate investment team successfully negotiated the introduction of a transaction fee explicitly linked to the green building credentials of any new purchases stipulating that new real estate assets purchased by the manager should be certified to a BREEAM certification standard of at least Good or Very Good. This should ensure that the portfolio's energy efficiency is in line with client expectations, leading market practice and regulatory requirements. This should also contribute to UGA-RE's objectives of ensuring its underlying managers incorporate robust sustainability targets in their investment decision-making processes and real estate portfolios.

Prudential

Case study

Sector: Financials

Engagement topics: Governance, capital allocation, reporting, remuneration

Region: Europe

Summary of objectives and progress milestones:

- Transition to TEV reporting: strategy/measures successfully implemented
- Initiate a share buyback program: strategy/measures successfully implemented

Context

For a number of years, we have been engaging with Prudential, a leading insurer and asset management company listed in London, but operating mainly in Asia. As long-term investors, our goal was to encourage Prudential to consider some improvements in capital allocation, reporting methodologies, and remuneration practices.

Actions

In 2024, in view of the recent poor share price performance of the company, we stepped up our engagement efforts. During our discussions with key company stakeholders, including Board Chair Shriti Vadera, CEO Anil Wadhwani and Senior Independent Director Jeremy Anderson, we emphasized the importance of implementing a share buyback program, transitioning to a traditional embedded value (TEV) reporting methodology (in line with peer practice), and refining its executive compensation to align with long-term performance goals. These expectations were discussed in detail during bilateral meetings throughout the year.

Outcomes

Prudential has responded by announcing a USD 2 billion share buyback program in June 2024. It also committed to transitioning to TEV reporting in August 2024. This effort underscored the company's commitment to shareholder interests and enhanced transparency.

Springfields

Case study

Sector: Real assets

Engagement topics: Social value initiatives

Region: Europe

Context

Springfields is a prominent retail and leisure outlet in Lincolnshire, housing over 55 brands, and was first acquired in 2006.

Actions

The on-site team has actively engaged in social value initiatives, even before the lockdown. Since 2023, we have been conducting a community audit programme, led by third-party specialists, to assess Springfields' existing policies, measure its impact on the local community, and propose additional initiatives.

The program is continually reviewed and creates a meaningful sense of community engagement in order to engage with local schools to enable young people gain significant career awareness, skills and access to employment opportunities, arts and culture, health and wellbeing, and environmental projects.

It also is designed to help drive continued local employment at Springfields, with 90% of the 650 staff living within 15 miles.

A goal is also to support and sponsor local sports, art, vulnerable groups and community centers.

Outcomes

Since January 2024, the program has led to roughly 200 hours of volunteered support for local community projects. The development has used 20 local contractors and suppliers utilized on site.

The 'Springfields Springboard' recruitment program works in conjunction with the local Job center and the 'Let's go green' event raises awareness of sustainable values with engagement and support from a number of brands, service providers, the local council and the local primary school.

Yili Group

Case study

Sector: Industrials

Engagement topics: Human rights, grievance mechanisms

Region: APAC

Summary of objectives and progress milestones:

- Publish human rights commitment: strategy/measures successfully implemented
- Board responsibility for human rights: strategy/measures successfully implemented
- Assess human rights risks and impacts: strategy/measures under development
- Identify human rights risks and impacts across operations and supply chain: strategy/measures under development

Context

As investors in Inner Mongolia Yili Industrial Group (Yili), we are engaging the company to discuss its human rights policies and practices parallel to our engagement in nutrition issues. As the leading supplier of dairy products in China, human rights are a potential business risk for Yili given its extensive supply chain. Our primary focus is on understanding implementation of its newly published code of business conduct, including due diligence processes and grievance mechanisms.

Actions

During our engagement meeting, we discussed several key topics including human rights policy and risk mitigation process. After our discussion in 2023, Yili had undertaken a number of enhancements. First, it had updated its code of business conduct (available in Chinese) to cover its employees, and introduced a responsible procurement standard covering employees in its supply chain. Second, Yili had joined Sedex and committed to human rights and environmental audits of its supply chain. Third, the company had set up a human rights grievance system accessible to all stakeholders. Given these improved systems, our engagement during 2024 emphasized the importance of promoting these approaches to both employees and suppliers and the need for periodic trainings. We also provided the company with an introduction to the concept of living wage which it was not previously familiar with.

Outcomes

Following our engagement, Yili has made significant progress in its human rights practices. After the 2023 publication of its code of conduct (including its approach to human rights for a safe and fair workplace), the company started working on supply chain human rights issues and audit standards. They are currently mapping suppliers and entering them into a database. Additionally, the company has established a Strategy and Sustainable Development Committee within the board, overseeing areas such as responsible sourcing and business ethics. We have also provided the company with information on the principles of living wage, and resources such as UN Global Compact living wage portal and IDH Roadmap on Living Wages. Yili is open to further discussion about a living wage. These steps demonstrate Yili's commitment to improving human rights practices and transparency within their operations and supply chain.

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Proxy voting case studies

AstraZeneca

Case study

Topic: Remuneration

Background: The company were seeking approval at the AGM on 11th April for a revised remuneration policy. The proposal included an increase in the short-term incentive (STIP) from 250% to 300% of base salary and long-term incentive (LTIP) from 650% to 850% of salary. We want to ensure executives are being properly incentivized but without excessive compensation.

Vote: We voted against the proposed remuneration policy at the April AGM.

Key result: The remuneration policy was approved, but with only 64% support.

Rationale: The company's rationale was to align its policy with US peers for the purpose of retention and recruitment, as 40% of leadership and revenue is based in the US. While we agree consideration of the US market is necessary, this increase puts them far above its UK and European peers, including above all FTSE100 peers, which we felt was not warranted.

Baloise Holdings AG

Case study

Topic: Shareholder rights

Background: zCapital AG (a small Swiss institutional investor) put forward three shareholder proposals. We consider two as material.

Vote: At the April AGM we supported two of the proposals.

Key result: The first shareholder proposal was accepted with 78.2%, the second one with 76.3%.

Rationale: One proposal was to eliminate the voting rights restriction of 2.0%. UBS-AM and CSAM each controlled more than 3.0%, but our weight was capped at 2.0% voting. The other requested to lower the qualified majority from 3/4 to 2/3 of the votes represented. Both proposals reflect best practice and eliminate old approaches that do not fit into a modern corporate governance.

General Mills

Case study

Topic: Shareholder proposals on use of pesticides and plastics

Background: In 2024 there was a shareholder proposal for the company to disclose regenerative agricultural practices and a proposal for a report from the company on its efforts to reduce plastic use.

Vote: At the company's September AGM, we supported each of the shareholder proposals on the ballot.

Key result: While the shareholder proposals were ultimately rejected, they received significant shareholder support. The resolution on regenerative agriculture was supported by 28% of shareholders, while the one on plastic usage by 40%.

Rationale: We supported the proposal requesting disclosure on regenerative agriculture practices within supply chain. Significant use of pesticides and the resulting persistent and broad effects represent a source of potentially significant future litigation risk for agriculture companies. This is an elevated risk for investors in General Mills as the company does not disclose data on the reduction of pesticides through its regenerative agriculture practices as many peers do. We believe additional disclosure would be useful for shareholders to better understand the effectiveness of the company's current programs and how they can increase the sustainability of its suppliers. For the proposal requesting a report on efforts to reduce plastic use, our evaluation indicated that many of its peers have goals to reduce absolute plastics use and we believe additional disclosure could help shareholders better evaluate how the company compares to these peers in managing this risk.

Glencore

Case study

Topic: Climate Action Transition Plan (CTAP)

Background: The disclosure on the decarbonization direction of its thermal coal business was improved from the previous CTAP in 2021.

Vote: At the May AGM we voted to support the company's CTAP. We had voted against the two previous Climate Progress Reports.

Key result: The management proposal received 90% support, vs. 70% support in 2023 and 76% in 2022.

Rationale: We supported the proposal in recognition of alignment to our core expectations: Glencore discloses its Scope 1, 2 and 3 emissions using recognized GHG accounting frameworks.

The company has set short (15% - 2026), a new interim (25% - 2030) and longer-term (50% by 2035) emissions reduction targets covering scope 1, 2 and 3 emissions from a 2019 baseline; and has stated a net zero ambition for its industrial assets by 2050.

They have demonstrated how its targets are aligned to recognized 1.5°C pathways. (However, not aligned to the most aggressive International Energy Agency Net Zero Emissions 1.5°C pathway). Glencore has further demonstrated sufficient consideration of the Evercore net coal assets at this time given the acquisition is yet to be approved regulators.

The company has said it will consult with shareholders on setting emissions targets for the new business and examine partnerships with customers to address its Scope 3 footprint post-acquisition.

Masimo Corporation

Case study

Topic: Proxy Contest

Background: At the September AGM the company faced a proxy contest from Politan Capital Management for the second year in a row.

Vote: After review of the dissident nominees and the potential impact of the CEO/chair departure on core business and daily operations, we voted for the Politian nominees and voted against the board nominees.

Key result: Politan was successful in its contest, with both members they nominated for election gaining enough support to join the board. Both management backed nominees, including CEO and Founder Joe Kiani, did not receive majority support. Kiani has left the board and resigned as CEO in the aftermath of the contest.

Rationale: Financial concerns have persisted at Masimo Corporation, and while there were some corporate governance changes, major issues had still gone unaddressed. At the 2023 AGM, Politan was successful in nominating two directors to the board to replace existing directors. At the 2024 AGM, Politan sought a further two seats on the six-member board. Its argument was consistent in both years: that leadership was deteriorating the value of the company through operational missteps, consistent total shareholder return underperformance vs. peers, and ineffective corporate governance.

Microsoft Corporation

Case study

Topic: Shareholder proposal

Background: A shareholder proposal to report on AI data sourcing accountability.

Vote: At the company's December AGM we supported the proposal.

Key result: The proposal received notable shareholder support, as 36% of shareholders votes in favour.

Rationale: The proponent of the proposal asserted that companies that do not prioritize ethical data usage will suffer harmful fiduciary and regulatory consequences. It highlighted that Open AI has allegedly used large amounts of personal information without notice to the owners of the data.

The company discloses a good deal of information on steps it is taking to protect customers' privacy, but it does not disclose adequate information about how it is assessing and managing risks related to copyright infringement. We believe shareholders would benefit from greater disclosure about how the company views the use of copyrighted information.

Nike, Inc.

Case study

Topic: Shareholder proposal

Background: A shareholder proposal was on the ballot asking for a report on the effectiveness of supply chain management on equity goals and human rights commitments.

Vote: At the company's September 2024 AGM we voted against the proposal.

Key result: The proposal was clearly rejected, with only 13% support from shareholders.

Rationale: Reviewing the previous year's engagement, we concluded that the company has taken sufficient measures to effectively oversee human rights issues in its supply chains (such as expanded compliance program for suppliers and industry assessment tools to improve transparency). We communicated where we would like to see further progress in the future, but given the sensitivity of the issue and how it has caused Nike boycotts in the past, we did not feel an itemized report on the matter would be beneficial to shareholders.

Reliance Industries

Case study

Topic: Climate change

Background: While the company has an ambitious target for Net Zero by 2035, it lacks interim carbon reduction targets, and there is limited disclosure about the path to achieve it.

Vote: At the June AGM we voted against the reappointment of P.M.S. Prasad as an Executive Director.

Rationale: Given the company's reluctance to disclose its path towards net zero and the progress it has made more clearly, we decided to escalate this to a vote at the AGM. P.M.S. Prasad received 10% dissent on his re-election to the Board.

We consider voting against the reappointment of directors when decarbonization is material to a company and it is deemed to have made insufficient progress toward the objectives set.

Samsung C&T Corp.

Case study

Topic: Dividend policy and plan

Background: The proposed dividend policy and plan included only a moderate increase in the level of the dividend.

Vote: We supported a shareholder proposal for a higher dividend of KRW 4,500 per share, compared to the management proposed dividend of KRW 2,550 per share.

Key result: The shareholder proposal received support from 23% of shareholders, while the management proposal received 77% support.

Rationale: The dividend policy focused on its affiliates' profit allocation, not its own performance. It was unclear when shareholders will be able to participate in the company's improving business performance. We also felt the dividend was low, given the company's robust balance sheet, improving operational performance and strong cash flow generation.

Starbucks

Case study

Topic: Labour rights and board elections

Background: Ahead of the annual general meeting dissident shareholders proposed alternative candidates for the board due to concerns about labour rights.

Vote: We supported the board's slate of candidates, who all received >90% support, while the proposals to elect dissident candidates were withdrawn.

Key result: The dissident shareholders withdrew the candidates as they believed the company had made sufficient progress addressing labor rights concerns.

Rationale: Ahead of the AGM in March we met with both the Company and the group of shareholders seeking board seats, to understand the materiality of the Board's alleged failure to manage labour rights, including the issue of unionization.

While the dissident's criticism of Starbuck's board had some merit, Starbucks put in place changes to its governance and initiatives to improve employee satisfaction, retention and productivity, and to avoid any disruption.

Toyota Motors

Case study

Topic: Business culture and risk management

Background: Management had failed to sufficiently balance cost control, efficiency, sales and quality. Additionally, Toyota did not adequately communicate its emphasis on safety and quality to its subsidiaries.

Vote: At the June AGM we voted against the reelection of Akio Toyoda (board chair) to express our concerns about Toyota's governance quality.

Key result: Toyoda received 85% of the votes in favor of his reelection, the lowest in recent years.

Rationale: In February 2024, we engaged with Toyota to understand the scale of falsification of records within its safety certification system and its plan to restore the quality of its internal governance.

While the company has reshuffled management at different levels in response to the incidents, the frequency of operational failures signal the need for cultural change. We urged the management to strengthen internal communication on product quality and to improve its internal management control, including reviewing performance metrics and putting in place a stronger whistleblowing system.

TransDigm

Case study

Topic: Remuneration

Background: We had concerns about the design of the executive compensation program.

Vote: We elected to vote against the executive compensation package for the third year in a row, at the AGM in March.

Key result: The compensation vote was approved by shareholders but received a significant 31% dissent.

Rationale: We continued to have concerns about the design of its executive compensation package. While the most recent plan addressed some issues we had raised in the past, including disclosing a clawback policy and updating its change-in-control policy to double trigger vesting conditions.

However, our largest concern around pay quantum went unaddressed, with total CEO compensation increasing 42% year over year to USD 34.7 million. This is over twice the size of the company defined peer group median CEO pay and far above our expectations. While TransDigm expressed responsiveness to our concerns, the plan remained excessive.

The Walt Disney Company

Case study

Topic: Board changes, transparency

Background: At Disney's AGM in April 2024, two different sets of shareholders challenged the company's board and management and proposed their own nominees to the Board.

Vote: We voted to support one dissenter's slate (Trian) and withheld support for the reelection of longstanding members of the nomination and governance committee, Maria Elena Lagomasino and Derica W. Rice. We did not vote the company's or the second dissenter's (Blackwells) slate.

Key result: Almost two thirds of the shares voted the management slate. All management nominees were elected, however nomination committee member Elena Lagomasino failed to receive support from 37% of the shares voted. Nelson Peltz and Jay Rasulo (Trian's nominees) received the votes of 31% and 12% of shares, respectively.

Additional background: The two dissenters: Trian Partners, an asset management firm with a stake in Disney, challenged Disney on the basis of the company's poor performance and the board's ineffective oversight of CEO succession. Trian nominated Nelson Peltz (CEO and founder of Trian Management) and Jay Rasulo (former CFO at Disney).

Blackwells, an asset management firm with a stake in Disney, supported for Disney's board and management but said the board needed to add skills and independence. While the Blackwells challenge had its merits we had the impression that its parallel contest followed an inconsistent arc.

Rationale: Having met with Disney's CFO and with Trian we reached the conclusion that the addition of Trian's two dissident nominees could sharpen the board's focus on delivering a more effective strategy and better returns to investors and help oversee the planning of the succession to Mr Iger's role as CEO.