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Investing for a
world of change

Mineworkers' Pension Scheme

Q2 2023 Engagement & Voting Report

Introduction

Ninety One focuses on delivering sustainability with substance. This means sustainability initiatives and actions are evidence based and aim to produce real-world change or impact.

Ninety One is committed to net zero by 2050 or sooner and is a signatory to the Net Zero Asset Managers initiative. We have set interim targets for 2030 committing to 50% of financed emissions coming from companies or investments that have science-based pathways by 2030.

The Global Environment strategy engages with all portfolio companies several times a year, with specific engagement goals outlined for each company in the [Annual Impact Report](#). The Impact Report also details progress on engagements from the prior year. Our next Annual Impact Report covering calendar year 2022 will be made available in the coming weeks.

Many of the engagement topics are long-term in nature and thus there will be a repetition of topics discussed over subsequent quarters. There will also be quarters where there hasn't been a significant update from the previous quarter.

Significant engagement activity

The below outlines significant engagement activities with two of the portfolio companies over the quarter:

Nextera Energy

Nextera Energy is one of the largest electric power and energy infrastructure companies in North America and a leader in the renewable energy industry. The company also operates and invests in electric transmission in the US. Sustainable decarbonisation will require a complete change in how we generate electricity, moving away from fossil fuels towards renewable energy, mainly wind and solar. It will also require significant investment in electricity networks to reduce losses and better integrate renewables.

Our key engagement goals for NextEra have in recent years focussed on carbon disclosure. The company has made significant progress first on CDP reporting, then on carbon avoided, and last year with the release of its market-leading Real Zero plan. The plan is centred around a long-term goal to be completely carbon-emissions free no later than 2045 and without the use of offsets. We note however that the plan is not currently an approved science-based target.

Importantly, NextEra does not yet report Scope 3 and so over the quarter, we carried out a joint engagement with a significant US based asset owner. Our engagement was conducted via an in-person meeting and followed up by a formal letter signed by both parties involved in the joint engagement. Our engagement and letter focussed on articulating the benefits of incorporating Scope 3 reporting and targets, focusing on their extensive supply chain and recognising their significant potential role in the US green hydrogen opportunity as a major green infrastructure company. We look forward to receiving the company's response in due course.

In addition to the joint letter, we separately engaged with NextEra through an in-person meeting with the CFO on recent issues related to the former CEO of the Florida Power and Light (FPL) business, Eric Silagy. Silagy stepped down as CEO earlier in the year following allegations of political involvement/ lobbying in the Florida Senate elections in 2021 and 2022. Our analysis and conclusion is that there were errors in judgement from the management of FPL – in particular the former CEO Eric Silagy – but that NextEra has since conducted a comprehensive review of the situation and has enacted various governance improvements and personnel changes that we see as positive. In particular, we would note that the company has changed the way that consultants are hired, including a complete revamp in the background check process. The company has also established a new internal committee that reviews and decides instances where NextEra may donate money with the general counsel attached to this committee and with third party law firm involvement. Silagy has been replaced by the former head of the renewables development business, Armando Pimentel, who came out of retirement, with this decision made by overall CEO John Ketchum. Pimentel already knows the investors, regulators, banks, and has experience in dealing with issues such as the hurricane season in Florida. He also knows the culture of the company, how to build renewables as well as having good relationships with energy resource partners. We would highlight that the use of lobbying by NextEra is a reflection of the challenges of being a climate forward company in what

Global Environment Sustainability Report

is now one of the 'red-est' states in America. We note there is one issue outstanding relating to a Federal Election Commission investigation. The company expects an update by the end of the year but this might involve further investigation. Possible options involve settling or litigation – in the latter case we understand the financial impact would be immaterial. We will continue to engage with the company on the issues identified.

Vestas Wind Systems

Vestas is the world leader in wind-turbine manufacturing. Sustainable decarbonisation requires a radical transformation from a fossil-fuel powered world to green energy, mainly wind and solar. Vestas designs, manufactures and services wind turbines across the globe.

Our annual engagement goals with Vestas are focussed on a number of areas; publishing a biodiversity policy with accompanying strategy and targets, disclosure of gender pay gap and monitoring of gender diversity targets, monitoring progress against the firm's science-based targets and improvements in health & safety within manufacturing.

Over the quarter, we conducted a joint engagement with a number of asset owners, via a joint letter detailing our expectations on company progress. We believe that biodiversity could represent a future financial, legal, and reputational risk to Vestas. We believe a comprehensive strategy and approach to managing biodiversity will be an opportunity for Vestas to further underpin its license to operate and accelerate the further deployment of wind turbines across the globe, whilst mitigating the increasing financial and legal risks in this area.

The head of IR responded in June, commenting they found our insights to be useful, and recognising the ongoing dialogue we have built over the past year. The company noted that while biodiversity is not yet formally encapsulated in a policy, biodiversity impacts are considered in the assessments that are made whenever a new wind farm is being projected.

Vestas already takes appropriate measures to mitigate or compensate for any anticipated adverse impacts of its projects on biodiversity, such as using a bird/bat protection system that is available for some turbines, as well as the capability to utilise third party bird and bat mitigation systems in wind projects where biodiversity impacts are a concern from regulators or customers.

We also obtained further clarification on the expected timeline of implementing the requests we highlighted in our original letter. Over 2023, Vestas expects to complete a global biodiversity impact assessment and define an environmental/biodiversity policy and data gathering procedures. By the beginning of 2025, Vestas expects to have a biodiversity strategy in place. Furthermore, biodiversity metrics will be in line with CSRD (ESRS E4) and TNFD guidelines in the Annual Report 2024.

Summary engagement activity for the portfolio

The below provides a summary of the companies and topic area the investment team have engaged on during the quarter:

Company	Topics
Ansys	Cultural Work Practices
Croda	Cultural Work Practices
Iberdrola	Climate Change, Reporting and Disclosure
Infineon	Climate Change, Reporting and Disclosure
NextEra Energy	Climate Change, Reporting and Disclosure
Orsted	Climate Change

Global Environment Sustainability Report

Schneider Electric	Board Effectiveness, Remuneration
TE Connectivity	Climate Change, Reporting and Disclosure, Cultural Work Practices, Supply chain
Vestas Wind Systems	Reporting and Disclosure, Biodiversity
Waste Management	Climate Change, Reporting and Disclosure, Remuneration

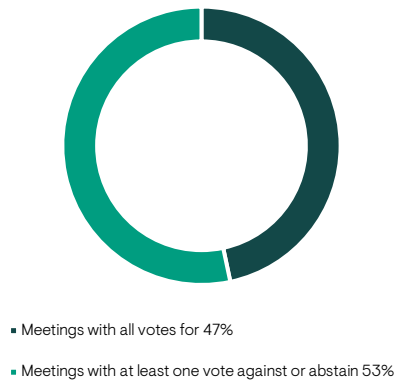
Source: Ninety One, data covering reporting period. All engagements are supported by appropriate analysts, portfolio managers and the Engagement and Voting team.

Proxy voting activity for the portfolio

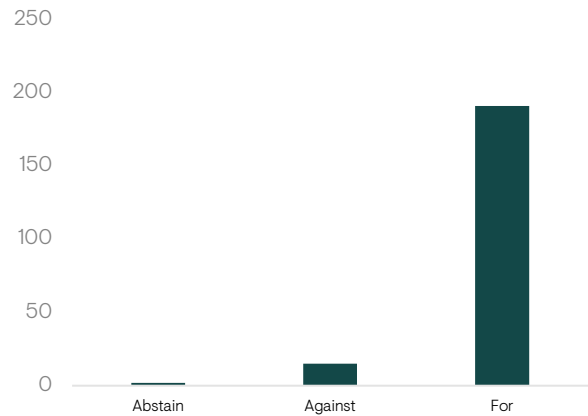
Ninety One votes at shareholder meetings throughout the world as a matter of principle. We believe that once we become investors, that is to say part-owners of a company, we assume a duty of stewardship and therefore take responsibility to support or sanction as required.

Below are the highlights of our voting activity.

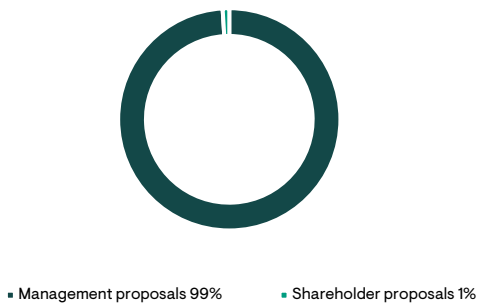
Votes Cast (%) meetings



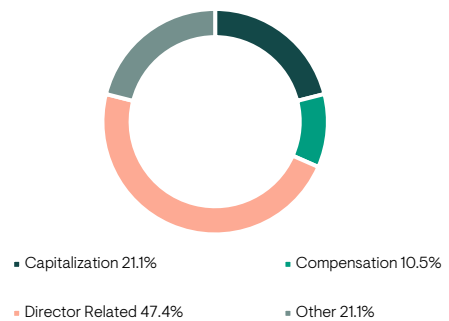
Number of Votes Cast



Votes resolutions by type (%)



Vote categories – against, abstain and withhold votes (%)



Source: Ninety One, ISS ProxyExchange, data covering reporting period.

Note: the above charts do not include ‘Do not vote’ instructions. The ‘Other’ category is a grouping of the following sub-categories in no particular order; Antitakeover Related, Preferred/Bondholder, Non-Salary Compensation, Reorganization and Mergers, Company Articles, Strategic Transactions, Miscellaneous and ESG.

