EQ Investors: Stewardship plan 2024

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Introduction

We are responsible stewards of our clients' capital

1. The aim of our stewardship activity is to protect our clients' interests, the value of their investments, and enhance the investable opportunities. We also apply stewardship activities to improve the sustainability outcomes of our clients' investments, as we believe that supporting a more equitable and sustainable world is aligned with our long-term fiduciary duty to clients.
2. Taking an active approach to stewardship is a core part of our service to our clients and complements how we manage investments.
3. Our tools and methods for engagement reflect the most appropriate yet effective approach given EQ's investments are predominantly managed through the selection of externally managed collective investment vehicles (funds). Our stewardship strategy is updated annually.

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Stewardship strategy: Five key components

1. Ensuring fund manager stewardship ambition
2. Engage on flags that emerge from portfolio monitoring
3. Engage proactively on strategic themes that add value
4. Collaboratively engaging with other investors on companies
5. AGM Activisim, asking questions directly to boards

Asset manager-level

We go beyond the fund. Asset managers need to improve their processes across all their investments and points of influence

Focus 1: Push asset managers to use their stewardship influence to drive positive change with ambition

Why?

- Less shareholder resolutions pass every year
- Asset managers are hiding behind non-disclosure
- A lack of escalatory action means that engagement has “no teeth”
- Asset managers are not acting as responsible long-term stewards of capital

Focus 2: Lift the net-zero targets and implementation strategies of asset managers to align with best practice

Why?

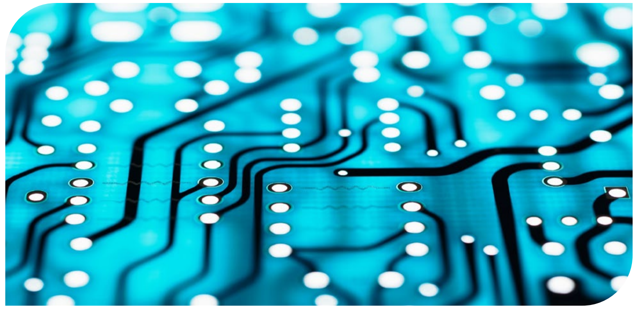
- Net zero commitments are plentiful but incomparable
- Net zero strategies don’t cover all assets
- Stewardship is not always aligned with commitments
- Science-based targets are the gold standard

Our strategic themes

Themes add value, are financially material, relevant to our holdings and client views

Climate change

Artificial Intelligence



Biodiversity risks

Human rights & Modern Slavery

Healthy nutrition

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Strategic engagement: Theme 1

Climate change

Why?

Climate change presents one of the biggest challenges and opportunity of humanity.

The pathway to transition to a 1.5 degrees world will have significant impacts across economies, create new ways of organising.

Physical impacts of climate change are already disrupting business, supply chains and livelihoods. This will accelerate with global warming.

Fund manager engagement

1) Financials

Banks have a strong influence on the world we live in tomorrow through lending and capital market activities. We engage with fund managers to push for greater green activities and stop funding fossil fuels.

2) Physical risk

We engage with fund managers to improve how physical risks are integrated into their decision making, engage where risks are present, and build resources/tools developed to do so.

Collaborative engagement groups that allow EQ direct access to the underlying companies

Largest global polluters

Climate Action 100+

ShareAction' bank group

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Strategic engagement: Theme 2

Biodiversity risks

Why?

Biodiversity is declining at rapid rates, and some companies drive the destruction.

At the same time, companies are also reliant on the services provided by nature, including land, water and pollination.

Increasingly, regulation and the irresponsible use of natural resources are creating financially material risks to businesses.

Fund manager engagement

Biodiversity risk mitigation in high-priority sectors

Best practices in biodiversity risk identification and management have significantly evolved over the last year, with the launch of the Taskforce for Nature-related Financial Disclosures (TNFD), and the wider application of the ENCORE framework by financial institutions. We engage with fund managers investing in higher-risk companies to help prevent these risks from materialising. Examples of higher risk sectors include food & beverages, utilities, and mining.

Collaborative engagement groups that allow EQ direct access to the underlying companies

spring

A PRI stewardship initiative for nature

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Strategic engagement: Theme 3

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Human rights & Modern Slavery

Why?

Labour standards and employee welfare are far from guaranteed in our globalised supply chains. A lack of transparency prevents modern slavery from being discovered and prevented, with an estimated 50 million modern slaves in the world.

Investors have the power to demand greater employee safety and security standards.

Fund manager engagement

Human rights risk mitigation in key supply chains

Identifying human rights risks in businesses supply chains is crucial for mitigating potential legal risk, protecting reputation and upholding corporate social responsibility. We engage with fund managers with green technology, semiconductor or mining exposure to push for greater transparency and assessment of supply chains.

Collaborative engagement groups that allow EQ direct access to the underlying companies

Responsible Minerals Initiative

Stewart Investors

KnowTheChain

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Strategic engagement: Theme 4

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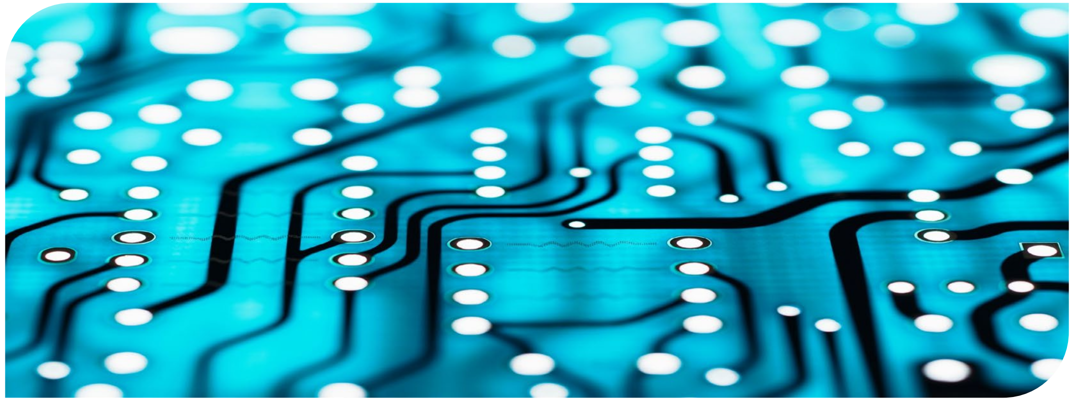
Ethical AI

Why?

The growing influence of AI in society raises ethical considerations. As AI systems make autonomous decisions and interact with humans, it is crucial to ensure that it aligns with ethical principles. Issues such as privacy, transparency, accountability, impact on employment, and bias can arise from the adoption of AI.



Fund manager engagement

Establishing strong AI governance for companies utilising AI

It's crucial to establish a strong set of ethical AI principes and ensure that they are operationalised in the business to mitigate against potential negative human rights outcomes. We engage with fund managers with exposure to companies utilising AI to help prevent these risk materialising.

Collaborative engagement groups that allow EQ direct access to the underlying companies

World Benchmarking Alliance

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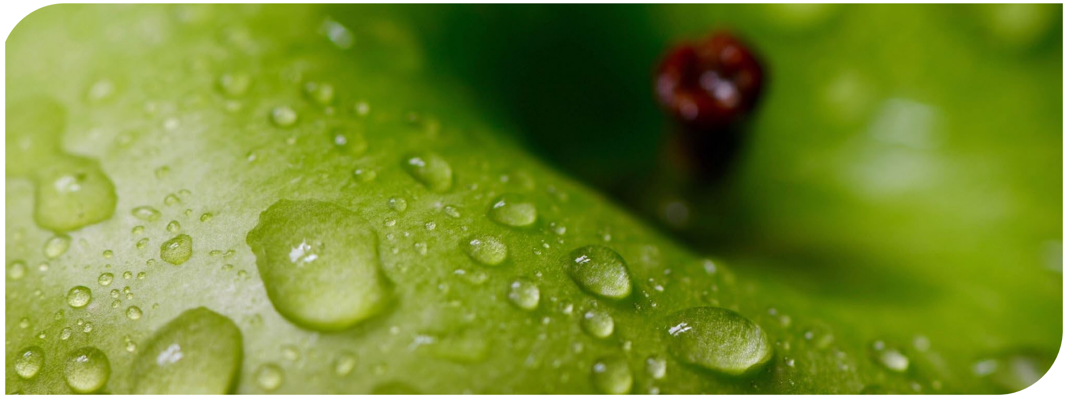
Strategic engagement: Theme 5

Healthy foods and consumer health

Why?

Food and beverage manufacturers and retailers have a strong influence on public health, including the obesity crisis. Many do not provide sufficient disclosure on the nutritional profile against scientific methodologies, nor do they develop strategies that align with public health responsibilities.

Sugar taxes and mandated "traffic light" systems are beginning to highlight the related financially material risks



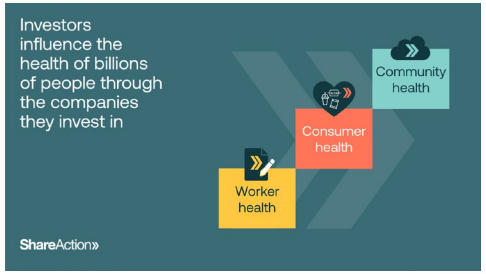
Fund manager engagement

Integrating issues of public health impact into stock engagement and sustainability risk assessments

Public health is significantly under-engaged across the asset management industry. We aim to push fund managers to invest in assessing risks from unhealthy foods & beverages and to engage on these with companies to mitigate negative impacts.

Collaborative engagement groups that allow EQ direct access to the underlying companies

ACCESS TO NUTRITION INITIATIVE



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Ongoing engagement activity through AGMs

EQ uses AGM attendance to engage on number of topics

EQ's annual AGM attendance

We align with a number of sustainable outcomes, depending on the identified weakness of the target company. Last year that included:

- Climate plans
- Renewable energy targets
- Living wages
- Renumeration links to sustainability achievements
- Ethnicity and gender paygaps

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