Ninety One

Investing for a world of change

Mineworkers' Pension Scheme

Engagement & Voting Report for the quarter ended Q4 2023

Contents

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.

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:

Orsted

This quarter, we wanted to share an update on portfolio-holding Orsted, which is a global leader in developing, constructing and operating offshore wind farms, with more than three decades of experience in a broad range of green-energy solutions. Radical transformation of our energy systems is a critical step to decarbonising the economy. It requires a range of solutions from solar to onshore wind, offshore wind, hydrogen and grid-scale batteries. We believe Orsted will play a key role in the decarbonisation of the economy and more specifically, is critical in Europe's transition to a net zero future.

Since the start of November, we have held multiple constructive engagements with Orsted to try to protect value for our clients following a negative market reaction to the company's ongoing issues in the US market, which were exacerbated by how Orsted's CEO and CFO handled the Q3 earnings announcement. Given the stock was trading significantly below the value of Orsted's assets (c. DKK250 at the lows versus DKK400 for existing assets based on conservative assumptions, and versus DKK600-700 based on the expected value of future development projects), we believed the right course of action was to pursue a robust engagement strategy involving a number of steps we believed necessary to regain confidence and restore value.

Over the period, we built an open line of communication with the Chairman. This communication included an initial in-depth meeting with Orsted's CEO and CFO (who subsequently left the organisation) to give them the opportunity to defend their decisions. We then had two meetings with the Chairman of the Board which we followed up with a letter to the Orsted Board of Directors explaining our key recommendations to ensure future value creation. We then followed up with an on-site meeting in Copenhagen with Orsted's CEO and newly appointed interim CFO in December. In addition to these direct engagements with Orsted, we've worked with leading industry experts and met with Orsted's competitors to help us challenge our investment thesis and build our recommendations to the company.

During our on-site meeting with Orsted, we reiterated our concerns around the three areas that we deem most material to realising value for our clients, following our extensive research -

1) Project governance and risk management and the need to bolster the management team and create guardrails around development capital expenditure,

2) Estimated funding gap and the need to clarify sources of funds for new projects, and

3) the futility of protecting dividends in this environment when investors clearly value capital protection and the reduced risk of funding projects through an equity raise, which can reduce the value of existing investors shares and reduce their proportional ownership of the company.

Subsequent to our engagements, Orsted have implemented some initial management changes aligned with our proposals, resulting in a positive market response. The Board and management seem to be focussed on the key investor concerns and actively working towards addressing them in their Q4 results. In particular, there was renewed confidence on their next large-scale project and their ability to “self-fund”, which are both positives from the meeting, partially addressing points 1 and 2 above.

We increased our position in Orsted over the course of our engagements as we gained conviction in the investment thesis, and we have seen some recovery in Orsted's share price. Our engagement is ongoing, and we look to build further confidence in the management team, and the funding roadmap, to realise value for our clients.

NextEra

NextEra Energy is the world’s largest generator of electricity from wind and solar, a market leader in battery storage, and the market leader in North American renewable energy. 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 renewable energy.

During Q4 we conducted an in-person meeting with NextEra’s CEO on supply chain decarbonisation, following on from previous engagements we’ve had with NextEra on disclosure and science-based targets.

We appreciate NextEra's Real Zero targets by 2045 but highlighted the need to explicitly cover NextEra's extensive supply chain. We discussed the importance of decarbonising upstream emissions as part of wider scope 3 emissions, largely emanating from use of steel. We emphasized to NextEra the opportunity to use the company's purchasing budget to drive acceleration to green steel. Steel is a necessary material for constructing the electricity infrastructure that is required to decarbonise our energy system. However, producing steel is a very energy intensive process and currently requires energy derived from fossil fuels to generate enough heat, resulting in significant emissions.

Our conversation focussed on pathways available to Next Era to decarbonise their steel supply chain. NextEra understands targeting green steel would lead to further demand for hydrogen which could in turn be a key growth driver for Next Era. However, there is recognition that steel remains a hard to abate sector and that clarity on green hydrogen regulation from the US government will be a key determinant for NextEra’s supply chain decarbonisation strategy. Green steel is a real opportunity for supply chain decarbonisation if US regulation enables green hydrogen to become cost competitive. We will continue to engage with NextEra on decarbonisation of their supply chain and embedding of scope 3 emissions targets into their net zero strategy as the regulatory landscape becomes clearer.

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	Climate change, Board diversity.
Autodesk	Cultural work practices.
Carlisle	Cultural work practices.
Croda International Plc	Cultural work practices.
Iberdrola	Biodiversity.
Nextera Energy	Climate change, Cultural work practices, Supply chain.
Novozymes	Climate Change.
Orsted	Corporate strategy.
Schneider Electric	Cultural work practices.

Sungrow Power Supply	Climate change, Diversity & inclusion.
Vestas Wind Systems	Biodiversity.
Waste Management	Remuneration, Board diversity, Climate change, Biodiversity, Cultural work practices, Diversity & inclusion.
Wuxi Lead Intelligent Equipment	Cultural work practices, KPI disclosure, Board diversity.
Xinyi Solar Holdings Ltd	Board effectiveness, Supply chain.

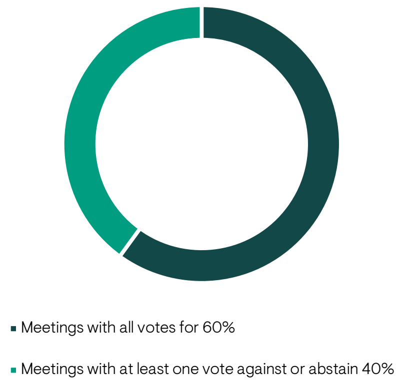
Source: Ninety One, data covering reporting period. All engagements are supported by appropriate analysts, portfolio managers and the Engagement and Voting team.

Proxy voting activity for the portfolio

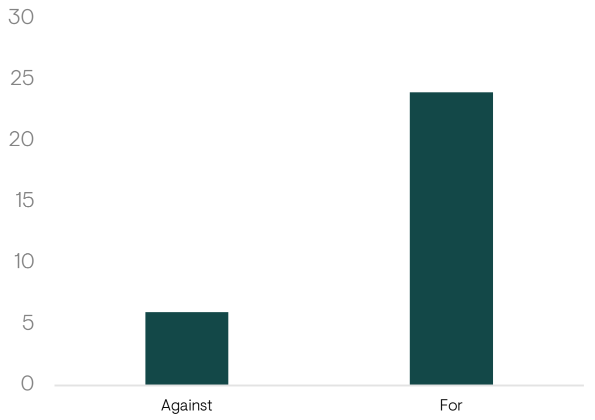
Ninety One votes at shareholder meetings throughout the world as a matter of principle. We believe that once we become investors, that is to say part-owners of a company, we assume a duty of stewardship and therefore take responsibility to support or sanction as required.

Below are the highlights of our voting activity.

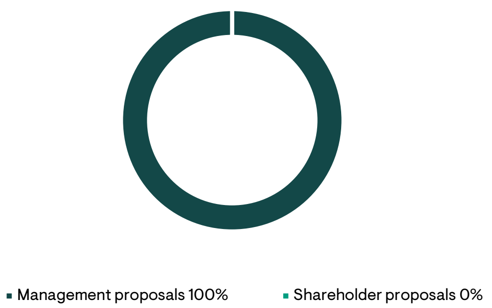
Votes Cast (%) meetings



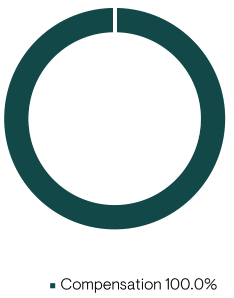
Number of Votes Cast



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.