# Engagement Policy

UPDATED MAY 2021

Wells Fargo Asset Management (WFAM) has built its philosophy, policies and processes around delivering on client and community expectations in a responsible and sustainable way. As active owners in the companies in which we invest, we regard stewardship as integral to our investment process. It enables us to have a voice and exercise ownership rights to improve disclosures and transparency and affect corporate activities, policies and behaviours that impact attractive, long-term, risk-adjusted returns for our clients.

WFAM is a trade name used by the asset management businesses of Wells Fargo & Company. It includes but is not limited to Wells Fargo Asset Management (International), LLC; Galliard Capital Management, Inc.; Wells Capital Management Inc.; Wells Fargo Asset Management Luxembourg S.A.; Wells Fargo Funds Distributor, LLC; and Wells Fargo Funds Management, LLC.

This Engagement Policy, in conjuntion with the WFAM Proxy Voting Policy and Procedure sets out how WFAM complies with the EU Shareholder Rights Directive II (EU 2017/828) (SRD II). WFAM reviews this policy every two years to reflect its ongoing evolution of the engagement approach and commitments to transparency.

## I. Philosophy and approach to engagement

WFAM's Stewardship Statement is:

*As fiduciaries, we are committed to effective stewardship of the assets we manage on behalf of our clients. To us, good stewardship reflects responsible, active ownership and includes both engaging with investee companies and voting proxies in a manner that we believe will maximise the long-term value of our investments.*

We regard stewardship as integral to our investment process, and our Stewardship team is embedded in our investment team. Stewardship gives us a voice and enables us to exercise our ownership rights towards two important outcomes:

- Improving corporate disclosures and transparency to benefit investment decision-making
- Driving improvement in corporate operating, financial and sustainability (environmental, social and governance, or ESG) performance to maximise long-term, risk-adjusted returns for our clients and provide value to other stakeholders

We summarise our approach to engagement as follows:

- Uncovers financially material ESG issues and leverages our proprietary ESGiQ scoring (described below in Section II – Leveraging ESG Research in Stewardship) to identify leaders and laggards
- Balances engagements on strategic ESG themes with the flexibility to accommodate companies on a case-by-case basis as issues or controversies arise
- Leverages proprietary research projects such as climate change and water management
- Emphasises transparency

## Establishing engagement priorities

We believe our inclusive approach is a key differentiator of how we engage. Our approach spans all of WFAM's 29 investment teams, with a focus on bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure. This allows us to leverage the deep fundamental research and perspectives of our investment teams and the ESG expertise of our Stewardship team. To enhance this partnership and bring the Stewardship team, all portfolio management teams, and the Sustainable Investing team together on a regular basis, we formed the Quarterly Stewardship and Engagement Forum (QSEF). The forum meets quarterly to enhance coordination and collaboration regarding engaging companies on ESG issues, to seek input on strategic priorities for stewardship and to identify ways to improve partnership and enhance communication. The QSEF facilitates participation from all equity and fixed income teams to provide input as we evolve our approach to strategic engagements. It also allows us to tap our fundamental teams to participate and collaborate in specific engagements, providing a unified WFAM team to companies and harnessing the scale of our overall invested assets in companies. In turn, this advantage enables WFAM to have enhanced access to companies' senior management and board members.

Annually, we set a strategic plan for thematic engagement by sectors/industries and material ESG issues. In the fourth quarter of each year, we issue a survey to our investment professionals to solicit their perspectives and opinions on topical material ESG issues and current market events. We then focus our fourth-quarter QSEF meeting on the survey results and set the strategic themes for the next year. Our approach balances proactive, strategic themes with the flexibility to accommodate companies on a case-by-case basis as issues or controversies arise. Key themes for 2020 include climate change, plastics and the circular economy, workforce safety, workforce diversity and supply chain management with a focus on human rights and labour practices. Depending on the materiality of these issues to the following sectors/industries, the following were in focus: financials, energy, utilities, insurance, autos and food and beverage. For 2020, this led to the following ESG issues (columns) and the materiality mapping of industries and sectors:

**WFAM ESG engagement priorities**

| | Corporate Governance | Climate | Data security & privacy | Waste management/plastics | Modern Slavery |
|---|---|---|---|---|---|
| Financials | Highly material | Material | Highly material | Non-material | Non-material |
| Energy | Highly material | Highly material | Non-material | Highly material | Non-material |
| Utilities | Highly material | Highly material | Non-material | Non-material | Non-material |
| Insurance | Highly material | Highly material | Highly material | Non-material | Non-material |
| Autos | Highly material | Highly material | Non-material | Highly material | Material |
| Technology | Highly material | Material | Highly material | Non-material | Highly material |
| Chemicals | Highly material | Material | Non-material | Highly material | Non-material |
| Food & Beverage | Highly material | Material | Non-material | Highly material | Highly material |

Key: Highly material | Material | Non-material

## Monitoring and prioritising investee companies

As a large, active investment manager with a commitment to deep fundamental research, we have extensive processes for monitoring investee companies: as part of our investment teams' research, through our independent portfolio risk management team and through our engagement platform by the Stewardship team.

Fundamental investment teams

Rigorous, fundamental company research is a competitive advantage of our investment teams across global equity and global fixed income asset classes. Our investment teams' bottom-up research processes include an in-depth analysis of the industry within which the company operates, the company's competitive positioning and an assessment of the risks and factors that are current points of contention in the marketplace. Spending time with the management of a company enables our investment teams to engage with companies on a variety of matters, including business strategy, risk and material ESG issues. Our fundamental research analysts have decades of experience and in-depth knowledge of macro economic drivers, financial markets, industry trends and operations/management of investee companies. Our fundamental equity teams conduct approximately 1,200 engagements on ESG issues with investee companies. Furthermore, our global credit analysts engage with approximately 2,000 companies a year and the engagement issues include ESG issues.

Senior investment leadership and Investment Analytics

ESG risk oversight is an important role of WFAM's senior investment leadership team and is incorporated as a component of our longstanding risk review meetings. On a regular basis, ESG exposures as well as the company's most significant exposures to securities with poor overall ESG scores are reviewed with the Office of the CIO[1]. This ESG review process is also conducted on a monthly basis with each of our investment teams on their strategies, which leads to a constructive dialogue on the exposures, risks and dynamics of ESG issues over time.

Using third-party ESG data, the Investment Analytics team supplements the independent investment teams' fundamental research with a number of ex-ante and ex-post tools and reports based on a proprietary flagging system that highlights the most significant ESG risks at both the security and portfolio levels. An ESG alert system is in place to notify investment teams of developing ESG-related issues that may have a large impact on specific companies or industries.

The ESG resources provided by Investment Analytics are intended to act as a catalyst to drive more research and/or company engagement. As such, the responsibility for ESG integration and monitoring is a partnership between the Investment Analytics team, each of our independent investment teams and the dedicated Sustainable Investment team.

Stewardship team

Our Stewardship team leads the prioritisation of which companies to focus on within the strategic themes established each year. The team screens our investment portfolios to flag laggards and leaders on material ESG issues using our proprietary ESGiQ scores (discussed in ESG research below). Potential engagement targets are then prioritised by impact potential, which is a combination of the company's systemic

[1] WFAM's Office of the CIO consists of Jon Baranko (CIO of Fundamental Investments), Dan Morris, AIA (CIO of Solutions and Systematic Investments), and Ann Miletti (Head of Active Equity), are responsible for the overall monitoring of investment risks, which includes monitoring teams' adherence to investment discipline guidelines. They work closely with the Fixed Income Risk Analytics team in order to monitor these risks.

importance, significance in our aggregate exposure, the possible significance in portfolio-level exposure and our judgement on the company's willingness to commit to change.

We also contextualise individual strategies and teams into the overall company-wide WFAM engagement strategy. We believe it is necessary to be somewhat flexible and pragmatic to accommodate cross-asset-class, cross-geographical imperatives and to be inclusive of our many investment teams and styles (e.g., aggregate exposure alone will not be beneficial to capacity-constrained strategies such as small caps, and high yield will have smaller but important positions to their strategies).

Engagements can include meetings and dialogue with companies, executives, board members, advisors and other shareholders as appropriate with an aim to build trust and develop the mutual understanding that supports continued effective dialogue. The following principles serve as guideposts for our mosaic of evaluation:

- Aim to be constructive, patient and persistent
- Set defined agenda with anticipated outcome
- Provide expectations and timelines for subsequent meetings
- Track and assess investee company feedback to determine level of follow-up engagement needed

We also need to be responsive and able to react to controversies or unexpected themes that emerge, such as the COVID-19 crisis and, more recently, companies' reactions to the public unrest underpinned from the systemic racial inequalities in the US. There is also the expectation that we will accommodate inbound requests by companies for engagement. More and more companies seek to engage with WFAM ahead of their annual general meetings. When companies reach out to us to engage on proxy issues, we may accept or decline, mainly on a combination of thresholds: whether we are tracking the company within our engagement framework described below, whether the proxy overlaps with any of the issues we have a high priority on and whether our investment in the company is significant at the company or the portfolio level in the context of any of our investment teams. We may also proactively reach out to a company to seek more input on a matter of high importance where Institutional Shareholder Services Inc. (ISS) research and management recommendations differ. We also always cover corporate governance issues in the course of all of our engagements with companies, which provides us with an opportunity to voice our concerns with the board and/or company management.

In terms of recent enhancements to engagement, we on-boarded a new research and communication technology, Sentieo. WFAM has implemented Sentieo across both fundamental and systematic investments, with over 250 active users. WFAM is leveraging the capabilities of the Sentieo platform to enhance ESG research and facilitate coordinated and targeted engagement efforts. Through a shared set of tags, analysts can highlight research they have done related to ESG topics or items like water usage or carbon emissions. Investment teams can tag notes detailing any engagements they have had with management regarding these topics, providing an easily accessible history and a framework for coordinated engagement efforts across investment strategies.

## II. Leveraging ESG research in stewardship

WFAM subscribes to ESG research and data from MSCI, Sustainalytics, OWL Analytics, SASB, Trucost and HIP Investor. We also consume research from S&P, Fitch, Moody's, Barclays, HSBC and Bloomberg, as well as directly from government agencies, non-governmental organisations and other publicly available databases. The complementary viewpoints of the different providers and the extensive research offers qualitative analysis, which integrates well with our teams' bottom-up research processes, data sets for incorporation into our systematic investment team models and quantitative scoring to facilitate efficient high-level review by our independent Investment Analytics team.

WFAM has developed a solution to harness the various viewpoints of different providers to create a proprietary rating to assess ESG risk, which we call ESGiQ. Our methodology combines insight from diverse ESG data sources with analysts' in-depth sector knowledge and expertise. The rating leverages high-quality ESG data and analysis from leading data providers to create a unique view whilst enabling broader coverage than that of a single provider. Assessment by our fundamental investment analysts complements vended data to ensure timeliness and capture trends.

There are two main components of our ESGiQ score:

1. A proprietary quantitative score that is distilled from multiple independent ESG data sets
2. An in-house qualitative score generated from our analysts' assessment of risk exposure, risk management and trend/outlook

The quantitative score leverages a patent-pending, proprietary process using advanced statistical learning techniques and specialised sampling methodologies to distill insights from multiple ESG data sources. The quantitative score presents a unique value proposition by deriving meaningful insights from ESG data sources to benefit our investment teams and clients.

The qualitative score is based on the analyst's assessment of ESG risks having several key features:

- Score is multi-faceted: the framework uses qualitative assessment on individual topics to form an overall view of ESG risk and risk management for the issuer.
- Assessment and score are sector relative: material ESG risks vary based on an entity's operations, geography, regulatory environment, markets, etc. Informed by the SASB's framework, we tailored each sector so that the qualitative score reflects material ESG issues.
- Focus on materiality: fundamental analysts focus their assessment of each issuer on key ESG issues, meaning issuers are judged only on ESG factors that are likely to affect their financial performance or carry significant business risk.
- Management and oversight is emphasised: we believe management quality is a primary determinant of how well material issues will be managed, so a significant portion of our qualitative assessment is based on the analyst's assessment of management quality and oversight.
- Timeliness and outlook: our proprietary framework can capture new information (e.g., ESG controversies) in a timely manner and allows for a forward-looking outlook.

The transparency and granularity of the framework allow us to dig deep into any topic or issuer, resulting in a more holistic assessment of risk within our research and investment process. Further, the sector-specific orientation of our risk assessment focuses on material issues influencing companies and our trend assessment provides a valuable outlook. Please refer to our paper for details: Meet ESGiQ: WFAMs ESG Risk-Assessment Framework.

## III. Identifying and managing conflicts of interest

We always seek to place the interests of our clients first and to identify and manage any actual or potential conflicts of interest, including those that arise from proxy voting or engagement. WFAM acts as a fiduciary with respect to its asset management activities and therefore we must act in the best interest of our clients and address conflicts that arise.

One such conflict of interest that may arise is whether WFAM and its affiliates (such as a sub-adviser or principal underwriter) have other relationships with the corporate issuer of the proxy. This type of conflict is generally mitigated by the information barriers between WFAM and its affiliates and our commitment as a fiduciary to exercise independent judgement in our investment process.

Another conflict of interest that might arise relates to any relationship that any affiliated person of WFAM may have with corporate issuers. To address this, WFAM is bound by Wells Fargo's Visions and Values and has adopted a code of ethics policy, which is supplementary and complements the Wells Fargo & Company Code of Ethics and Business Conduct. The policy applies to all WFAM employees and requires WFAM to implement appropriate processes and procedures to avoid, mitigate or appropriately resolve conflicts of interest. It is pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 in the US, SYSC 10 under the FRC Handbook in the UK and Article 23 of the Markets in Financial Instruments Directive II in Europe and is designed to ensure that we meet our fiduciary obligations. The policy governs employee personal trading activities and provides guidance with respect to potential conflicts of interest, insider trading and the use of material non-public information. Further details for each of WFAM's US Securities and Exchange Commission registered investment advisers can be found in their SEC Form ADV Part 2A filing.

Finally, there is also the issue of conflicts of interest potentially arising between our vendors who provide us with ESG research and the relationships they have with corporate issuers. In 2020, this is an area that we have placed heightened attention to in the case of proxy advisors with the recent focus on this in terms of US regulatory activities. We are demanding more transparency of the significant relationships that our vendor, ISS, has in its other lines of business that provide services to corporate issuers.

## IV. Escalation

As long-term active investors, WFAM takes a pragmatic and patient approach to our engagement framework in an effort to build mutual understanding that can drive effective results with issuers in which we invest. Through collaborative interaction with our portfolio management teams, who have deep knowledge and relationships with investee management, our Stewardship team assesses each engagement opportunity on its individual merit. Decisions to escalate may be informed by multiple constituents, including analysts, portfolio managers, WFAM senior leadership and members of the Stewardship team.

Should we conclude that an investee has material deficiencies, our initial course of action would be to communicate our concerns to company management and provide our expectations for improvement. Ultimately, our progress on stewardship efforts will affect our investment teams' fundamental assessment of these companies and, in turn, our portfolio managers' willingness to maintain or exit our investment positions.

## V. Engagement via industry collaborations

As a large, active investment manager, we believe we have influence and most of our engagements are conducted privately. However, we may identify select industry partnerships and collaborations as opportunities to amplify our collective voices when we unite with other investors on a common agenda such as climate change.

In August 2019, WFAM joined the Climate Action 100+ (CA100+), an investor initiative that ensures the world's largest corporate greenhouse gas emitters take necessary action on climate change. Along with more than 370 investors with more than US$35 trillion in assets collectively under management, WFAM is engaging companies on improving governance, communicating a long-term climate strategy that is linked to shareholder and stakeholder value, curbing emissions and strengthening climate-related financial disclosures. The companies include 100 "systemically important emitters", which account for two-thirds of annual global industrial emissions. WFAM was the first large US bank-owned asset manager in the CA100+. WFAM joined the CA100+ because we believe it is critical that companies in which we are invested take action on climate change. We want to stand as committed partners with our clients who are also participating in the initiative, and we want to contribute to Wells Fargo & Company's commitment to be a leader on climate change.

We are also members of the CERES Investor Network and have access to its research and ongoing dialogues of its collaboration projects "in flight".

In terms of broader ESG industry initiatives, we recognise that we can both draw from and contribute to industry initiatives focused on the advancement of sustainable and responsible investing. Therefore, supporting and contributing to industry initiatives is an important part of our sustainable investing initiatives, as illustrated by the following associations:

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| Signatory of: PRI Principles for Responsible Investment | WFAM is a signatory to the United Nations–supported Principles for Responsible Investment (PRI), committing to implementing six principles related to ESG integration. We're represented on the Fixed Income Advisory Committee, we contribute to publications and case studies and we've co-hosted industry events. |
| SASB ALLIANCE ORGANIZATIONAL MEMBER | At the Sustainability Accounting Standards Board (SASB), an organisation dedicated to standardising disclosure of material, industry-specific sustainability information, we are represented on the Standards Board, the Investor Advisory Group and the Standards Advisory Group. WFAM is also a member of the SASB Alliance. |
| Ceres | We are Investor Network Members at Ceres, a sustainability non-profit working with influential investors and companies to tackle the world's biggest sustainability challenges, including climate change, water scarcity and pollution and human rights abuses. |
| CDP DISCLOSURE INSIGHT ACTION | We are investor signatories to CDP (formerly known as the Carbon Disclosure Project). The CDP runs a global disclosure system and has built the most comprehensive collection of self-reported environmental data in the world. |
| Climate Action 100+ | WFAM is a signatory to Climate Action 100+, a coalition of institutional investors that seeks greater company disclosure around climate change risk and company strategy alignment with the Paris Agreement. As a signatory, WFAM supports the transition to a lower-carbon economy consistent with limiting the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels. |
| The Green Bond Principles | WFAM is a part of the Advisory Council to the Green Bond Principles (GBP) & Social Bond Principles (SBP) Executive Committee. The GBP and SBP establish a framework for the issuance of bonds that fund projects with environmental benefits and positive social outcomes. |

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| Task Force on Nature-Related Financial Disclosures | WFAM is represented on the Informal Working Group of the Task Force on Nature-Related Financial Disclosures, which aims to create resilience in the global economy by redirecting flows of finance to allow nature and people to flourish. |
| Terra Carta | WFAM is a signatory to Terra Carta from HRH The Prince of Wales' Sustainable Markets Initiative. This charter provides a road map to 2030 for businesses to move towards an ambitious and sustainable future—one that will harness the power of nature combined with the transformative power, innovation and resources of the private sector. |
| Stewardship codes | WFAM is a signatory to Japan's Stewardship Code as well as the UK Stewardship Code 2012. The codes aim to encourage investor and company engagement in promoting sustainable growth. We commit to actively engage with companies in which we invest, publicly disclose our stewardship and voting activities, monitor investee companies and manage conflicts of interest through robust policies and procedures. |

## VI. Connecting engagement with proxy voting

We believe engagement and proxy voting should be connected and the two activities should be managed harmoniously. WFAM supports sound corporate governance principles in our proxy voting and engagement activities and we've defined our expectations of investee companies in our WFAM Governance Principles below.

WFAM's Governance Principles

**Boards should have strong, independent leadership.**

- Independent leadership of the board is necessary to oversee a company's strategy, assess management's performance and provide a voice independent from management that is accountable directly to shareholders and other stakeholders.
- A majority of directors on the board should be independent. We believe the issue of separation of CEO and chairperson is company dependent and should be assessed based on a company's own circumstances.
- If we deem a combined CEO/chairperson structure is beneficial for the company, we would seek a credible independent lead director with clearly defined responsibilities to ensure effective and constructive leadership.
- Boards should establish committees to which they delegate certain tasks to fulfil their oversight responsibilities. At a minimum, the audit, compensation and nominating committees should be fully independent

**Boards should adopt structures that enhance their effectiveness.**

- Boards should be composed of directors having a mix of direct industry expertise and skills relevant to the company's current and future strategy.
- A well-composed board should also embody multiple dimensions of diversity in order to create a constructive debate of competing perspectives and opinions in the boardroom.
- Diversity should consider personal factors such as gender, ethnicity and age as well as professional factors such as area of expertise, industry experience and geographic location and experiences.

- We believe companies should have at least one female director on the board.
- The responsibilities of a public company director are complex and demanding. We believe directors should sit on no more than four public company boards and CEOs should sit on no more than one other outside public company board.
- Directors should aim to attend all board meetings and we will generally vote against a director with poor attendance (defined as attending less than 75% of combined board meetings and applicable key committee meetings).
- Boards should disclose mechanisms to ensure there is appropriate board refreshment.

**Companies should strive to maximise shareholder rights and representation.**

- Companies should adopt a one-share, one-vote standard and avoid adopting share structures that create unequal voting rights among their shareholders.
- We expect boards of companies with dual- or multiple-class share structures to review these structures and we will encourage them to establish a mechanism to end or phase out controlling structures.
- Directors should be elected by majority vote and a simple majority-voting standard should be required to pass proposals.
- Where there is a substantial or dominant shareholder, supermajority voting may be protective of public shareholder interests and we may support supermajority requirements in those situations.
- We believe long-term shareholders should be allowed to participate in decision-making through direct director nomination, proxy access, calling a special meeting or acting by written consent.

**Boards are accountable to shareholders and should be responsive to shareholders.**

- Directors should be elected annually to increase their accountability to shareholders.
- On classified boards, we may choose to vote against or withhold votes from the available slate of directors when there is not a voting mechanism to immediately address concerns of a specific director that is not on the slate.
- Anti-takeover measures adopted by companies can reduce board accountability and can prevent shareholders from realising maximum value for their shares. If a board adopts an anti-takeover measure, directors should explain to shareholders why adopting these measures are in the best long-term interest of the company.
- Shareholders expect responsive boards to work for their benefit and in the best interest of the company.
- Boards should seek to understand the reasons for and respond to significant shareholder opposition to management proposals.
- Boards should respond to a shareholder proposal that receives significant shareholder support by implementing the proposed change(s) or by providing an explanation to shareholders why the actions they have taken or not taken are in the best long-term interest of the company.
- The appropriate independent directors should be available to engage in dialogue with shareholders on matters of significance in order to understand shareholders' views.
- We may oppose the re-election of directors when they have persistently failed to respond to feedback from their shareholders.

**Boards should oversee company management's formulation and communication of long-term corporate strategy, addressing the sustainability of their business model and operations over the long term and linking it to the proposition of shareholder and broader stakeholder value.**

- Companies should clearly communicate their long-term strategy and how it links to economic value creation for shareholders and other stakeholders.
- To reinforce this, the board or its compensation committee should link long-term performance goals that underpin the company's long-term strategy into the management incentive plans and ensure that quantifiable, long-term, performance-based incentives serve as majority drivers of incentive awards.
- The emphasis should be on the long term and should seek to mitigate short-term pressures that can lead to an undue focus on short-term profits at the expense of strategic investments needed for long-term growth and value creation.
- All extraordinary pay decisions for the named executive officers should be explained to shareholders.
- Boards should consider establishing a sustainability committee (or amend the charter of an existing committee) to establish clear accountability for the identification and management of environmental and social risks that are material to long-term shareholder and stakeholder (e.g., workers, families and communities) value.

Proxy voting

WFAM has a centralised proxy voting framework and a singular proxy policy and process. Our process emphasises engagement with our fundamental equity portfolio managers to leverage their deep knowledge of their investee companies. Whilst our process has a systemic approach to arriving at a recommended vote, portfolio managers can push back on any proxy recommendation with a substantiated rationale. We value the deep knowledge and fundamental research supporting those situations, and we attempt to align our conviction into a single stance on that issue so only in rare cases are there "split votes".

Our centralised proxy voting process is supported by the WFAM Proxy Governance Committee, which is chaired by the head of Fundamental Equities. The WFAM Proxy Governance Committee is responsible for overseeing the proxy voting process to ensure its implementation in conformance with the WFAM Proxy Voting Policy and Procedures. Our intent is to focus our resources on the most important matters with pragmatic filters to push items to Due Diligence Working Group review and refer to the Proxy Governance Committee if necessary. We have established a WFAM TOH view as the company's unified stance on a particular proxy issue. We also review matters of high importance (as defined by the top three categories of ISS's High Importance Ratings, including proxy contests, capitalisation matters and mergers and acquisitions) where ISS and management recommendations disagree. Another key feature of our proxy process relates to integrating ESG issues into the proxy process and applying our ESG expertise to determine whether issues are material to investors and worthy of further research, debate and discussion to arrive at a recommendation.

The progress of our engagements with companies on ESG issues also informs our proxy votes. For example, shareholder proposals related to climate change are growing given the urgency of time and the systemic risk it presents to companies and the world. We agree that climate change is a systemic risk and we believe it is a complex challenge for companies to address. It can take companies time to map out and execute a successful strategy to be resilient in the low-carbon economy. The critical horizon is 2050: much progress is needed and many goals need to be reached between now and then in order to achieve success. For this reason, climate change is a perennial issue on which we engage given the urgency of time and the drive for progress on key commitments. This will take time to play out.

We evaluate shareholder proposals on climate change in the context of where each company is in its climate transition strategy and whether proposals address the most pertinent issues at the right time in that journey. We recognise the importance of companies' commitments to engage with stakeholders, including shareholder proponents, and the value of negotiating constructive outcomes to make progress on disclosure and climate commitments. For these reasons, our voting outcomes on climate change may appear varied, but the detail of the analysis to support or not support is contextual and often informed by our dialogue with companies in our private engagements.

## VII. Commitment to transparency on stewardship activities

The WFAM Stewardship team is committed to providing transparency of our proxy and engagement activities. Each year we produce an annual stewardship report that is published on our website. We also provide a mid-year update. We work with clients to meet their individual reporting requirements for proxy and engagement activities, including proxy voting records for their accounts and rationale for votes or areas of engagement.

WFAM also discloses its Stewardship Policy (including Proxy Voting Policy and Procedures and Engagement Policy) on our website.