

Wales Pension Partnership

STEWARDSHIP REPORT 2024–25



Foreword

FOR THE YEAR ENDING 31 MARCH 2025

I am delighted to present the fifth Annual Stewardship Report for the Wales Pension Partnership, covering the year to 31 March 2025. This report summarises our stewardship activity over the year, setting out the actions that we have taken in conjunction with our partners and the outcomes that we have achieved, demonstrating our compliance with the FRC UK Stewardship Code.

If there was a theme emerging from our work over the year, it's been one of continuing to build for our shared future. Developments over 2024/25 included the following:

- ◆ We completed work on the launch of our private-markets offerings, with the launch of our real estate proposition, where local investment within Wales was a key consideration in our appointment of Schroders.
- ◆ Our commitment to building in Wales was further demonstrated through the partnership with Pluto Finance and our investment in their local-impact programme to fund affordable housing.
- ◆ We also made considerable progress on the development of a bespoke passive-equity fund, building on the recommendations made in the All-Wales Climate Report (AWCR). We consulted extensively with stakeholders and have worked closely with our advisors and implementation partners to finalise the design of the fund, which we expect to have launched by the time this report is published.
- ◆ In response to the government's 'Fit for the Future' consultation, we started to lay the foundations for a new WPP investment management company, having submitted and received approval for our pooling proposals.

Collaboration remains at the heart of WPP's work, both with the partner funds served by WPP but also our broader range of partners. We reviewed and were delighted to reappoint our Oversight Advisor (Hymans Robertson) and our Voting & Engagement (V&E) Provider (Robeco) during the year, providing continuity during a time of broader change.

Stewardship has been a particular focus over the last year. We worked with Russell and Robeco to implement escalation principles for failed enhanced engagements, ensuring that we continue to hold our partners accountable for their activity. Building on this, we commenced work on evolving our investment framework to establish minimum standards that we can implement across portfolios. We believe this will enhance our standards as an active owner once the project is completed over the next year.

We were pleased to support the actions of our partners, signing a collaborative letter to BP, which we subsequently escalated in our voting action. We also supported the 2024 Global Investor Statement to Governments.

The focus on local investment has been a key element of government policy. We're keen to have our own impact and demonstrate the value that our investments can create. We have therefore commissioned The



Cllr Peter Lewis
Chair, WPP Joint
Governance
Committee
October 2025

Good Economy to evaluate and report on the impact of our current investments, with the intention of using this work to benchmark future activity.

Finally, we were delighted to be recognised for ESG Innovation at the LGC Investment Awards in November 2024 for our Sustainable Active Equity Sub-Fund. This strategy – the first to gain commitments from all eight partner funds – was launched in 2023 with explicit sustainability criteria that have also informed the development of our new passive fund.

WHO WE ARE



Greater Gwent (Torfaen) Pension Fund



Our beliefs

We are fortunate to enjoy a high level of collaboration between all our stakeholders. We believe the Constituent Authorities' (CAs) continued contributions towards the Pool's evolution and achieving our common goals are particular areas of strength. This is reflected in our collective objectives:

- ◆ To provide pooling arrangements that allow individual funds to implement their own investment strategies, where practical.
- ◆ To achieve material cost savings for participating Pension Funds while improving or maintaining investment performance after fees.
- ◆ To put in place robust governance arrangements to oversee the Pool's activities.
- ◆ To work closely with other Pools to explore the benefits that all stakeholders in Wales might obtain from wider pooling solutions or potential direct investments.
- ◆ To deliver an investment framework that achieves the best outcomes for our key stakeholders – the CAs. They will be able to use this framework to deliver the best outcomes for their scheme members and employers.
- ◆ To embed the delivery of long-term, sustainable investment outcomes into decision-making, through capital allocation, the ongoing scrutiny of asset managers, and the exercise of asset owners' rights and responsibilities.

Our beliefs in practice

We continue to believe our strength lies in our shared beliefs and our ability to achieve collective objectives for the benefit of all WPP stakeholders. These are reflected not only in WPP's chosen operating model, including the need for external expertise, but also in the importance we attach to the work of WPP's RI Steering Group (RISG). The RISG meets at least once per quarter to engage on the Pool's RI objectives and outcomes.

Key to implementing our objectives and beliefs is the use of our service providers in delivering investment outcomes, with our operating model continuing to rely on external expertise to support the ongoing management of the Pool, including in our stewardship and RI efforts. We continue to expand the investment offerings available to our partner funds; this year, we launched our real estate programme, which includes a specific bucket dedicated to local and impact investment. Within alternative asset classes, we also explored natural-capital allocations, which we committed to via a forestry fund following year-end.

CONFLICTS OF INTEREST

WPP's CAs have always had to identify, manage and monitor conflicts of interest. Due to the process of LGPS pooling, WPP also has to deal with conflicts of interest. This simply reflects the fact that WPP personnel and providers will have a variety of other roles and responsibilities – for example, as members of the underlying LGPS Funds or as an advisor to more than one of WPP's CAs.

WPP's approach to managing conflicts of interest is detailed in our [Conflicts of Interest](#) and Procedure Policy, which was designed to demonstrate our commitment in this area. The key principles of WPP's approach to managing conflicts are:

- ◆ **Identification:** parties should be forward-looking in their approach to managing any conflicts of interest that arise
- ◆ **Recognition:** parties must acknowledge any conflict of interest they may have
- ◆ **Disclosure:** parties should be open with each other on any conflicts of interest they may have
- ◆ **Management:** parties should work to adopt practical solutions to conflicts wherever possible

Our definition of conflicts of interest includes potential, perceived and actual conflicts. WPP understands that it may not be possible to identify, manage and monitor all potential and perceived conflicts of interest; however, it will endeavour to do so where possible. This Policy has been developed by WPP in consultation with the CAs and is designed to provide guidance to WPP personnel and providers, to ensure that WPP personnel and providers do not act improperly.

WPP has a fiduciary and legal duty to act in the best interests of WPP's stakeholders and beneficiaries. This does not preclude WPP personnel and providers from having other roles or responsibilities that may result in a conflict of interest.

External providers

As part of its Conflicts of Interest and Procedure Policy, WPP recognises that the use of external providers may be a source of conflict and has thus ensured that Service Providers have their own conflict policies in place.

Russell Investments

WPP engaged with Russell to discuss potential conflicts of interest that may have materialised over the year as stewards of capital. As an investment manager, Russell confirmed it may have structural conflicts of interest that are known and must be managed, such as being paid based on assets under management (AUM) levels.

As it relates specifically to WPP, Russell has always ensured any potential conflicts of interest are managed effectively, in keeping with its Global Code of Conduct. As part of this, Russell has a cost-plus fee structure in place, which allows underlying cost savings through time to be passed back to WPP. Russell also notes that it does not run any monies in-house for WPP, removing a potential source of conflict.

Russell manages conflicts of interest in accordance with regulatory requirements and subject to the [Conflicts of Interest Policy](#).

No conflicts of interest regarding WPP were identified over this reporting year.

Robeco

Robeco's Stewardship Policy outlines its approach to identifying and managing conflicts of interest. The approach is based on Robeco's [Conflict of Interest Procedure](#). Examples of potential conflicts of interest relating to Robeco's stewardship activities are:

- ◆ A company that is selected for engagement or is related to its parent company or related subsidiaries
- ◆ Robeco has voting rights in a company that is related to its parent company or related subsidiaries
- ◆ Clients have differences in engagement preferences

In case a business relationship might threaten the objectivity or the nature of stewardship activities, Robeco's compliance department is consulted. If, after consultation with Robeco's compliance department, V&E activities are to be pursued, different stakeholders – including the Robeco Executive Committee and WPP – are informed.

During the reporting year, no conflicts of interest were identified.

Hymans Robertson

Hymans Robertson has a detailed conflicts-of-interest management plan in place for WPP, designed specifically to address instances in which Hymans Robertson is retained to provide investment advice to any of the CAs within Wales, while also providing advice to WPP.

A number of such advisory relationships already exist and have been disclosed to all parties. The conflict is managed on a continuous basis by ensuring the teams advising WPP are not responsible for the ongoing advice to individual CAs. Where any new instruction may be given, Hymans Robertson will advise both WPP and the relevant party of the potential for conflict, advising the scope of the services and the consultant involved in giving advice. Over the year, advice (both ongoing and ad hoc) was provided to five of the eight CAs. The teams responsible for providing the services to each of the CAs remained different from the team working with WPP.



POLICIES, MONITORING & REVIEW

Our policy framework

WPP has a number of [policies](#) that govern the manner in which we implement Sub-Funds and exercise stewardship over our assets. Of particular importance to our stewardship efforts are the [Responsible Investment \(RI\) Policy](#), the [Climate Policy](#) and the [Stewardship Policy](#).

Reviewing and updating our policies

We review our policies annually (the latest review was in March 2025, with final approval following year-end). We're moving to an approach where all three policies are now reviewed concurrently.

There were a number of changes applied across policies, including:

Stewardship

Stewardship sections across policies were updated to acknowledge the importance of engaging not only with individual corporates, but also at the broader macro (policy) level. We also wished to acknowledge that stewardship (both voting and engagement) may differ depending on regions and sectors. This is particularly true in developed versus emerging markets, but we also acknowledge how regulatory restrictions may impact WPP's stewardship in various regions; political changes in the US, as well as capital-market changes within Europe, are recent examples of this.

The most significant changes to each respective policy are outlined below.

RI Policy

Local

We explicitly added reference to local-investment opportunities, recognising WPP's commitment to investing in Wales. We believe this will be an increasingly important element, given expected changes following the 'Fit for the Future' consultation.

Stewardship

We updated the stewardship section of the RI Policy to acknowledge the potential of applying WPP's voting policy to the Pool's passive-equity strategies.

Climate Policy

Beliefs

Recognising the inherent interlink between climate change and nature, and the importance of addressing these together, we added to our climate beliefs. Nature resilience is an essential component in adapting to and mitigating against climate change, so both must be addressed together.

In terms of climate considerations, we reframed one of our beliefs to reflect the importance of acknowledging climate solutions, as well as climate risk. We also wanted to acknowledge that this would be in terms of not only new investments or services, but our ongoing monitoring and evolution of existing products and services.

Stewardship Policy

Engagement

We wanted to emphasise that engagement serves not only to mitigate against the risks associated with relevant ESG issues, but to add value to WPP's investments.

Escalation

In terms of escalation, we wanted to highlight the specific point around enhanced engagements, ie those engagements undertaken where there are increased concerns around global controversies or the breach of global norms. We also wanted to explicitly acknowledge that while WPP does not generally have a policy of divestment, this will be used as a tool where appropriate.

Voting

WPP's Stewardship Policy directly embeds Robeco's House Proxy Voting Policy (contained within Robeco's [Stewardship Policy](#)), as this has previously been deemed to align directly with WPP's own expectations. Responsibility for reviewing changes to the Robeco Proxy Voting Policy rests with the RISG, with any material concern communicated to the Officers Working Group (OWG) and Joint Governance Committee (JGC) for consideration where appropriate.

This year has seen relatively minor changes to the Proxy Voting Policy. The first change related to board elections, where Robeco will not support a director election where there are any issues with dual share

classes (ie where these exist without appropriate safeguards for shareholders). We felt this change was in line with ongoing engagements around governance and capital markets, so we are supportive of it.

In terms of shareholder proposals (SHPs), there were two changes. The first was to make explicit that Robeco will generally support SHPs where the topic is in the remit for management and shareholders to address. The second change was to expand the list of generally supported SHPs, specifically when these relate to transparency and reporting around climate, political spending and AI.

The last change to the Proxy Voting Policy regards voting execution, outlining how Robeco reacts internally where there is any disagreement on controversial shareholder meetings. The change enhances the process of oversight and decision-making, whereby any such disagreement is flagged to the executive committee for input.

WPP feels that all changes continue to be in line with our expectations.

Monitoring compliance with our policies

WPP annually monitors compliance with its key policies. Working with Hymans Robertson, the Oversight Advisor, WPP reviewed compliance with its commitments within both the RI and Climate Policies during the year using a red-amber-green (RAG) framework. WPP published the outcome of this review, with a summary of the assessments included as Appendix 2 (and the full report available on our website). We recognise we can continue to improve our own processes and the way in which we serve all our stakeholders, and that this process of ongoing review and transparency will continue to improve our stewardship.

Over the year, we were pleased that there were no areas in which policy expectations had not been met, with all commitments either green or amber under the RAG framework. Highlights of the year included our work on climate, specifically in progressing several of the recommendations from the AWCR – including work on fixed income and the development of our passive solution. From an oversight perspective, we progressed the development of our climate framework and focus-list reporting. Within our investment programmes, the real estate programme

RISG Terms of Reference

This year, WPP reviewed the RISG's Terms of Reference (ToR), given the expanding remit of the group since its inception. One of the most significant changes was granting the RISG the ability to instruct Robeco to vote in line with Local Authority Pension Fund Forum (LAPFF) recommendations (in instances where this was not in line with Robeco's own voting recommendations). Given the tight turnaround times regarding voting, it was felt that this was an appropriation delegation of power, as using the normal governance processes would not allow any such instruction to be given within the necessary timescales. The number of RISG representatives was also expanded to include all eight of WPP's underlying CAs. An additional element around oversight was added, to explicitly recognise the RISG's role in monitoring compliance with WPP's RI policies and escalating these where necessary (both internally and externally).

was agreed over the year, and we're keen to highlight the specific impact and local allocations that will be made there. Lastly, on stewardship, we embedded our escalation principles and continued to work closely with our Service Providers to meet our stewardship goals; this included WPP's participation on the Robeco client panels, helping steer the direction for engagement topics, including human rights, nature and sovereign engagement.

This year, we also added a new element to the RAG framework: a 'path to green' for any commitments flagged as amber or red. We hope this will help focus our efforts over 2025/26.

Regarding our 2025/26 focus areas, we highlight ongoing work around facilitating a common climate goal and the desire to carry out scenario analysis on WPP's assets as part of our climate reporting. In terms of stewardship, we think it would be beneficial to use the RISG meetings as an informal forum to discuss collaboration opportunities. Currently, these opportunities are brought to the Pool by WPP's Service Providers, but there is no mechanism for this to happen vice versa.

Assuring our processes

As Oversight Advisor, Hymans Robertson undertakes periodic reviews of Russell, Waystone and Robeco's work, thus providing ongoing assurance to the WPP. Given the in-depth nature and time constraints, as well as the lack of available internal resource to conduct these reviews, external resource is required to provide this function. As a result, WPP can ensure that its Service Providers are meeting objectives.

Reviewing stewardship activity

To help review the stewardship activity carried out on WPP's behalf, and to ensure areas of focus meet the Pool's stewardship aims, Hymans Robertson provides quarterly reporting on its RI activity by Sub-Fund. This includes a review of Robeco's work over the quarter, any additional engagement activity from Russell, and LAPFF's stewardship work.

Investment-manager review

WPP regularly monitors the work of its investment managers. However, this year, WPP (in conjunction with its Oversight Advisor) undertook a comprehensive review of its Investment Management Solutions Provider, which Russell fulfilled over the last six years. The review focused on Russell's service delivery and included a specific review of its RI function. The review found several key strengths, including Russell's ability to provide complex and bespoke solutions for large clients such as WPP, and a good overall rating regarding the firm's approach to RI.

The review highlighted the flexibility and highly collaborative nature of the relationship with WPP. For example, although Russell is not WPP's dedicated stewardship resource, it has provided follow-up case studies (and manager dialogues) for any issuers around whom we have expressed concern on ESG topics of priority. Russell has also worked closely with

Hymans Robertson and WPP in developing and implementing escalation principles. Russell has demonstrated proactive engagement with underlying issuers and is working to share greater levels of information on individual securities to support WPP's oversight, underpinned by strong, underlying in-house tools, manager research and monitoring, and overlays. Russell is giving this area due attention and dedicating adequate resource.

V&E Provider procurement

WPP originally appointed a V&E Provider in 2020, with the aim of helping the Pool formulate and implement a base for its stewardship ambitions, focused on the formulation of an appropriate voting policy. The contract was retendered during the year, with WPP taking the opportunity to revise the underlying scope of services in recognition of the Pool's broadened stewardship demand. The new scope specifically outlined a more bespoke service, including support around reporting, the implementation of WPP's escalation principles and input into the stewardship framework. It also outlined our expectation that our voting policy would be extended to WPP's passive-equity allocations and greater transparency around voting (rationale and consideration of LAPFF voting recommendations). Following a detailed procurement exercise, we were delighted to reappoint Robeco.



OUR INVESTMENTS

WPP's role is to facilitate and provide an investment pooling platform through which the interests of the CAs can be implemented. All the CAs are part of the LGPS – an open defined-benefit pension arrangement with a long-term investment horizon. While the underlying benefit provision within the LGPS is common to all, strategy development is each CA's responsibility, considering their own policies, financial position and underlying membership.

WPP is therefore tasked with the provision and management of investment vehicles through which the CAs can implement their chosen strategy.

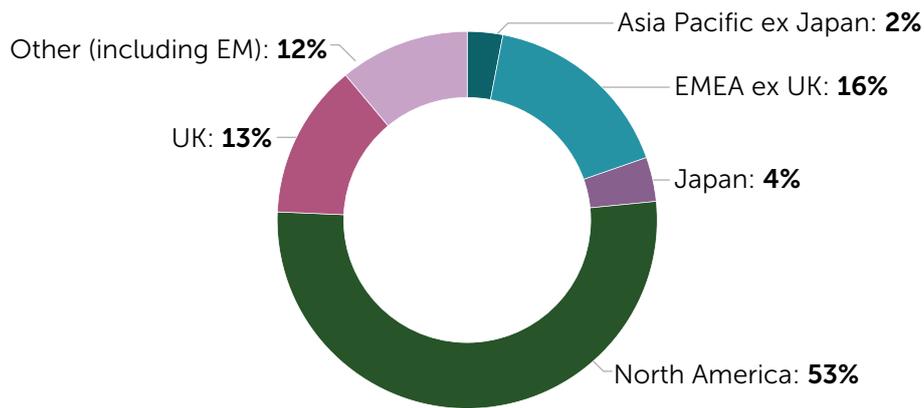
WPP-managed assets

As at end-March 2025, there were 10 active pooled Sub-Funds and three private-markets programmes, with the proportion of pooled assets remaining around 70% (including passive investments). The range of Sub-Funds offered by WPP provides the CAs with investment opportunities to meet their individual requirements. Each of the Welsh Funds invests in at least two active Sub-Funds, with one Fund investing in as many as seven. Ongoing Sub-Fund development is a key part of WPP's workplan.

Pooled active	Participating CAs	Underlying managers	Total £m 2024/25
Equity: Emerging Markets	4	6	273.0
Equity: Global Growth	5	4	3,541.1
Equity: Global Opportunities	5	8	3,402.3
Equity: UK Opportunities	2	5	765.5
Equity: Sustainable Active Equity	8	4	1,524.3
Fixed Income: Absolute Return Bond	3	4	532.8
Fixed Income: Global Credit	5	4	1,026.5
Fixed Income: Global Government	2	2	503.4
Fixed Income: Multi-Asset Credit	5	5	848.8
Fixed Income: Sterling Credit	1	1	726.5
Pooled passive	7	1	£5,065.0
Private markets			
Infrastructure	5-7*	5	680*
Private Credit	7	1	302*
Private Equity	5	1	114*
Total			£19,305.20

*given multiple vintages and different sleeves, a range of 'participating CAs' may be shown; *drawdown values

Regional distribution of actively (listed) managed assets



Source: Waystone; Russell Investments. Note: figures may not sum to 100% due to rounding

CASE STUDY: SUSTAINABLE ACTIVE EQUITY

WPP launched the Sustainable Active Equity (SAE) Sub-Fund in July 2023. This was the first time that all eight of the Pool's partner funds had invested, illustrating wide buy-in across Wales to invest together sustainably for the first time. Utilising a rigorous research framework and flexible approach to adapt to evolving sustainability themes, the SAE focuses on both financial and sustainability outcomes, including decarbonisation targets, as well as exclusionary criteria agreed among all authorities. The SAE also uses a Sustainable Development Goals (SDG) impact metric module to assess the portfolio's SDG alignment, which is used for both ongoing portfolio management and SDG reporting. Built in close collaboration with Waystone, Russell, WPP's Oversight Advisor and the underlying CAs, the Sub-Fund showcases the effectiveness of WPP's collaborative nature. We were therefore delighted to be recognised for ESG Innovation at the LGC Investment Awards. The award reflects the critical importance that the WPP and its CAs continue to place on sustainability issues, noting that the SAE has become one of the largest sustainable investment funds of its type in the UK.



Expanding the range of investment offerings

WPP is committed to ensuring it meets the evolving requirements of its stakeholders by making a range of Sub-Funds available to all underlying CAs within the Pool.

Real estate

WPP expanded its private-markets suite over the year, awarding contracts for the real estate investment programme. Schroders will manage the UK and local/impact bucket, while CBRE will manage the global bucket. Having a specific local/impact bucket will help further WPP's RI ambitions, with the sleeve targeting three broad themes: local (Wales), carbon and social. Investments will centre around several areas, including affordable housing, healthcare and employment, as well as the creation of positive social-impact opportunities and those in line with WPP's net-zero target.

Natural capital

A number of WPP's partner funds joined fellow LGPS pool London CIV in allocating to Gresham House's Forest Fund VI. The asset-backed strategy aims to create new woodland on unplanted land, as well as acquiring established growth forests in the UK. The fund will generate income from sustainably harvested timber, including from the Brycheiniog site in South Wales. The site offers several co-benefits, including carbon sequestration, habitat protection and local job creation.

Asset class	Allocator/manager appointments
Private equity	Schroders
Infrastructure	Closed-ended programme: GCM Grosvenor Open-ended programme: CBRE Global Infrastructure Fund; IFM Global Infrastructure Fund; Octopus Renewables Infrastructure Sky Fund Welsh windfarms: Capital Dynamics
Private debt	Russell Investments
Real estate	UK core real estate: Schroders International real estate: CBRE Local/impact real estate: Schroders

Evolving our existing Sub-Funds

WPP, in conjunction with its Service Providers, continually monitors its investment vehicles to ensure they meet expectations. As active owners, we may find opportunities to evolve our Sub-Funds to better meet our needs. Within the ongoing management of the Sub-Funds, Russell has delegated authority to adjust the manager line-up, making changes in three of the Sub-Funds over the year. WPP has a formal monitoring programme to evaluate the performance of the Sub-Funds and the impact of manager selection activity against expectations, including sustainability metrics.

CASE STUDY:

Fixed-income evolution

WPP launched its suite of fixed-income Sub-Funds in 2020. At that time, sustainability offerings across fixed-income markets were limited, materially lagging equity-market equivalents. However, over recent years, the sustainable fixed-income landscape has developed in response to investor demand and evolving regulation. Fixed-income managers are complying with stricter RI standards and are becoming increasingly attuned to sustainability concerns. The rapid expansion of sustainable fixed-income products has led to improvements in data availability and the exercise of stewardship across the asset class.

Against this backdrop, Russell has been assessing how to improve the sustainability profile of the fixed-income Sub-Funds in consultation with WPP, starting with the Global Credit Sub-Fund. To do so, Russell has made a number of changes, without altering the risk-and-return objectives or the benchmark. This has included changes to one of the underlying sleeves, which now takes a more sustainable approach by removing higher-emitting names. Two manager changes have also been enacted; the new managers demonstrate superior net-zero capabilities, with a resultant increase in allocations to green, social or sustainable bonds.

CASE STUDY:

Passive-equity evolution

One recommendation made within the AWCR was for WPP to consult with CAs on meeting their passive-equity demands (including applying WPP's voting policy to such investments), with a view to having a product that could help meet climate and other ESG goals. While seven of the eight partner funds had already moved part of their equity allocations into a more sustainably focused offering, we wanted to explore a more bespoke, sole-investor passive solution.

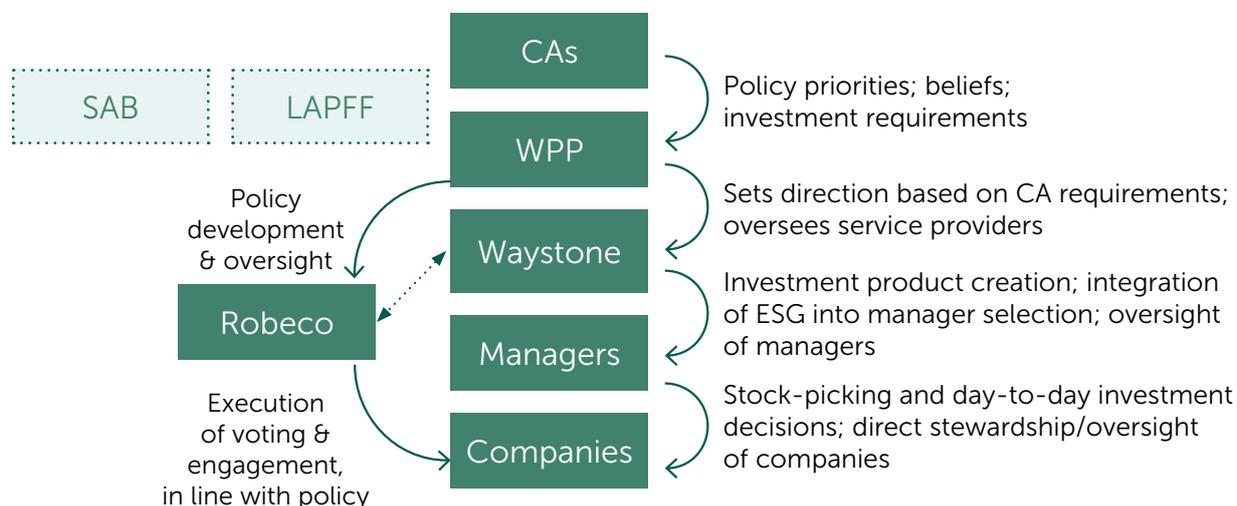
WPP first surveyed the underlying CAs to understand their priorities. The focus areas included: net-zero alignment, temperature alignment, emissions reductions and improving ESG scoring. Drawing on the survey responses, a summary of WPP's requirements was outlined to the RISG and OWG, with several potential market offerings discussed. The requirements were shared with WPP's passive provider, BlackRock, to understand whether it would be possible to evolve the current portfolio. Discussion was held on the prioritisation of themes within the solution development. Three potential design options were shared, with varying red lines discussed and the impact of their application on risk/return highlighted. Over the year, following extensive consultation between BlackRock, WPP and other stakeholders, a finalised design was reached.

This was another highly collaborative undertaking and WPP expects the solution to be launched in 2025/26, incorporating WPP's voting policy.



OUR RI APPROACH

WPP believes that the integration of ESG factors, including the consideration of risks and opportunities, into investment processes is a prerequisite for any strategy, due to the potential for financial loss. Given its pooled assets are managed externally, WPP sets expectations on how assets should be managed with Russell and the other underlying managers to ensure the alignment of RI views, ESG integration, approaches to risk management and stewardship.



Russell Investments

Russell integrates ESG factors into its investment process via investment-manager evaluations and by providing proprietary investment solutions. Russell uses quantitative and qualitative inputs based on three building blocks (ESG annual manager survey, dedicated ESG due diligence, and data and analytics) to assess a manager's ESG awareness and integration. These inputs are then used to assign a rank, which contributes to the manager's overall rank. The ranking score ranges from 'one' to 'five', with 'three' considered consistent with the peer-group average.

For those funds with an explicit sustainable objective, such as the SAE, an additional layer of evaluation is added, through Russell's I-P-O framework:

- ◆ **Intent:** product's philosophy and objectives, ensuring a commitment to sustainability outcomes
- ◆ **Process:** considers how consistently and effectively ESG and RI practices are incorporated by the manager at the product level
- ◆ **Outcome:** evaluates a strategy's tangible ESG characteristics, which differ by asset class but may include indicators such as target investment type, low ESG risk, revenue alignment or low-carbon emissions

The scoring methodology includes four components:

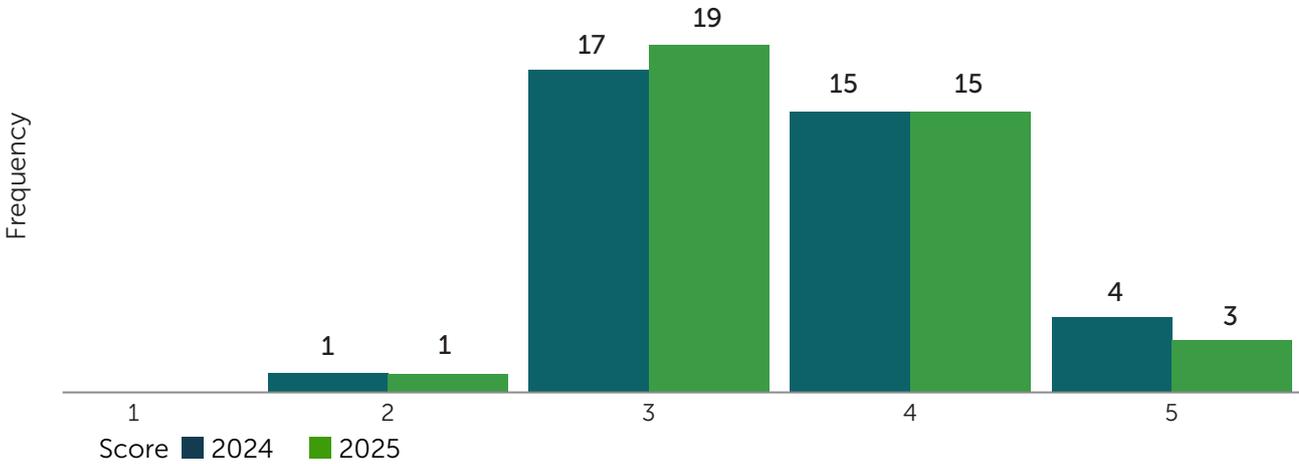
- ◆ **ESG Commitment:** ESG resources are robust and aligned with the investment process. Individuals responsible for ESG have relevant experience and are skilled. There is a variety of high-quality data sources and tools available to investment decision-makers.
- ◆ **ESG Consideration:** strong awareness of the risk-and-return impact of ESG is evident. Breadth and depth of perspective are superior to peers. Insights are derived from primary research and are differentiated.
- ◆ **ESG Implementation:** ESG insights are effectively and consistently translated into portfolio positioning. The manager clearly demonstrates how portfolio positioning reflects the management of relevant ESG risk-and-return drivers.
- ◆ **Active Ownership:** the transparency, quality and duration of engagement with investee companies on ESG issues is consistently superior to peers. Success measures are clearly stated and appropriate. Active Ownership outcomes or Impact Assessments are readily available and recorded.



- The manager demonstrates **strong awareness** of the potential risk-and-return impacts of ESG issues on individual holdings and the portfolio structure.
 - The manager can **clearly demonstrate** how portfolio positioning reflects the management of relevant ESG risks.
 - The manager can **clearly demonstrate** how relevant ESG exposures can add value.
- ↔
- The manager **does not demonstrate awareness** of potential risk-and-return impacts of ESG issues on portfolio holdings.
 - **Meaningful discrepancies** between target ESG guidelines and portfolio holdings.
 - Manager’s perspective and analytical **inputs on ESG issues lack rigour.**

Russell reports its ESG scores for each of the underlying Sub-Fund managers to the WPP. These are summarised below compared with scores in 2024.

Russell ESG ranking for underlying managers as at 31.03.25 vs 31.03.24



Source: Russell Investments. To note, figures provided for our last submission were not correct; comparisons have been updated to reflect this. Managers may appear in more than one Sub-Fund; to avoid double-counting, the score has only been recorded once. Given the management for Global Growth was transferred to Russell over the year, as well as manager additions generally for other Sub-Funds, there is an increase in the number of managers represented.

CASE STUDY:

Manager ESG scoring downgrade

We note the downgrading of one manager’s ESG score over the year (from ‘four’ to ‘three’, ie now in line with peers). Russell advised that it sees the manager as having made adequate commitment to ESG Integration. It has invested in data, proprietary signals and its investment team – in line with peers. Russell believes that the incorporation of 15 ESG pillars into its factor framework is a positive. However, these ESG signals are part of a broad set of factors, thus constraining the influence of ESG considerations when determining positioning. The manager also does not have a strong active-ownership focus, ie it does not engage directly with company management. Instead, it uses external data sources to track management behaviour and culture, while appointing a proxy advisor to improve its active-ownership profile. We will continue to monitor the rating profile and are keen to understand how ESG insights can be advanced using new techniques such as natural language processing.

CASE STUDY:

Change in the Global Growth Sub-Fund

Following the establishment of WPP, two global-equity Sub-Funds were launched: Global Growth and Global Opportunities. At the time, the decision was taken to launch these funds with different approaches:

1. Global Growth was launched on a consultative basis, meaning more input from WPP on Sub-Fund make-up and changes, with Operator services and investment-manager oversight provided by Waystone.
2. Global Opportunities was launched taking a non-consultative approach, whereby greater delegation would be given to Russell in terms of the Sub-Fund management and changes.

As at the start of 2024, the non-consultative approach was taken on eight of 10 Sub-Funds, while Sterling Credit and Global Growth took the consultative approach. While considering whether any manager changes should be enacted on Global Growth, Officers decided to look more holistically at the overall operation of the Sub-Fund and consider whether it would be appropriate to bring Global Growth under the non-consultative arrangement with Russell, in line with the other two global-equity Sub-Funds.

Russell constructed a number of indicative portfolios based on WPP's requirements, which included: continuing to utilise a focused number of managers; having complementary characteristics to the Global Opportunities Sub-Fund; consideration of managers' ESG credentials; and consideration of the costs of change.

The solution adopted many of Russell's positive characteristics in building Sub-Funds, including manager optimisation and the use of overlays to balance regional differences. It was also considered prudent from a governance perspective, in that the proposed solution would:

- Streamline governance across all WPP equity and fixed-income Sub-Funds with more than one manager
- Maintain (or increase) RI attributes compared to the current approach
- Deliver annual fee savings

The operational changes took place at the end of 2024, and we will provide more details in our next report once the changes have had time to embed.

CASE STUDY:

Manager change in the SAE Sub-Fund

The SAE Sub-Fund was launched in summer 2023, with a specific net-zero target and a number of underlying sustainability characteristics embedded in the design (including exclusionary criteria). The SAE was originally designed with five underlying managers.

Over the reporting year, there was a change of personnel in one of the Sub-Fund's underlying impact-equity strategies. Part of the reasoning behind the sleeve's inclusion was the full integration of impact assessments into the research process. With the solution's original architects leaving, our solutions provider felt that there would be material changes to the underlying philosophy and sustainability preferences, meaning less differentiation and a move towards a more benchmark-aware approach. Given these expected changes, the decision was taken to remove the mandate from the Sub-Fund and instead reallocate the relatively small position to two of the existing four sleeves.

This has highlighted Russell's proactive approach to manager oversight, with news emerging in September 2025 that the fund had indeed closed, given underperformance.

Engagement with service providers

Engaging with our appointed managers on their processes and, where necessary, the assessment of underlying appointees is an ongoing element of our governance, ensuring we retain confidence in those managing our assets.

While we have historically maintained regular check-ins with all our Service Providers, this year we established a more disciplined approach with providers specifically earmarked to discuss RI. The check-ins have been an opportunity to discuss not only WPP specifics but also any general updates around RI, including market and regulatory updates/changes, and any business updates from our Service Providers that we should be made aware of. We covered a range of areas in our dialogues, including:

1. Regulatory changes and the impact of evolving regulation at the Securities and Exchange Commission (SEC) in the US on current and future engagement activity.
2. Engagements around conflict-affected and high-risk areas (CAHRAs).
3. Collaborative climate action and ESG pushback.

We welcome the continued dialogue into 2025/26 and beyond, and believe the increased focus has improved our ability to be more proactive in our approach to addressing RI issues.

Oversight and scrutiny are undertaken by the RISG

In operating an outsourced model, WPP is responsible for the direct scrutiny of key Service Providers, with Russell and Waystone responsible for the direct oversight of the underlying managers employed within the Sub-Funds. Financially material sustainability risks are monitored by Russell and Waystone on an ongoing basis, as with any other risks. Quarterly check-ins take place with the portfolio managers with reference to ESG risks. WPP exercises oversight of Russell's processes on stewardship and ESG integration.

One ongoing role of the Oversight Advisor is to assess the management of the Sub-Funds and test the processes being employed. Hymans Robertson undertakes an independent assessment of each portfolio, highlighting aggregate and individual areas of risk to the RISG. Each Sub-Fund is reviewed on an annual basis, with at least two reports provided (covering at least two Sub-Funds) each quarter to ensure WPP's investment expectations are met.

The monitoring covers: climate-related risks (including trends in carbon emissions) and ESG related risks (including exposure to controversies). This year, we took a more holistic approach to reporting. Rather than focusing solely on backward-looking metrics, we've started incorporating forward-looking indicators around transition alignment – specifically within material sectors. We're also continuing to report on companies deriving revenues from fossil fuels but are drawing out issuers within that category that also derive revenue from green solutions. These inputs are being used alongside Transition Pathway Initiative scoring and Climate Action 100+ (CA100+) engagement to highlight individual issuers that would benefit from more focused engagement and scrutiny. We are also now reporting on Scope 3 emissions and focusing on where these are 'upstream' (ie the supply of input materials). For sectors and individual issuers, this helps show where we would expect stewardship to be taking place (ie where within the value chain decarbonisation may be most effective).

CASE STUDY:

Impact reporting

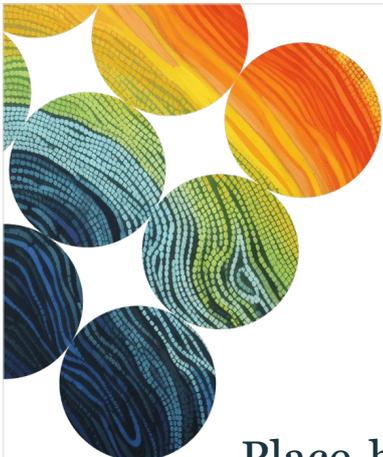
Recognising our growing focus on both local investment and impact, WPP has engaged with and (since year-end) entered into a service agreement with The Good Economy, for the production of a place-based impact report focused on all assets held by partner funds.

This piece of work will be supportive of the 'Fit for the Future' consultation efforts around pooling. As part of the new arrangements, the Pool must carry out any necessary due diligence on local-investment opportunities and decide whether to invest and how to manage those investments. Pools will also be required to report annually on total local investments made on behalf of their partner funds (and their impact).

The Good Economy will collect data from multiple fund managers across different asset classes but will report on these in a standardised way – understanding how much has been invested and what has been invested in and, crucially, where these investments have been made. This should then provide insight into the extent that investments are delivering contributions (especially those directly in Wales) to chosen areas of impact, including affordable housing, regeneration, infrastructure, clean energy, natural capital, jobs and business growth.

WPP will use the initial report to provide a baseline for further activity.

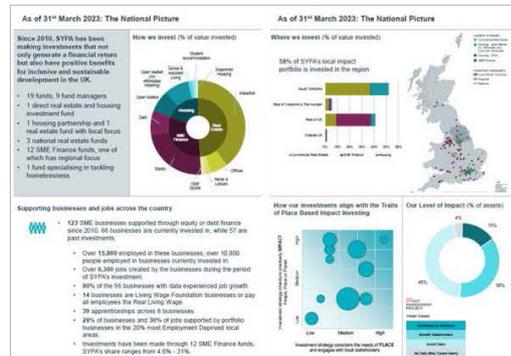
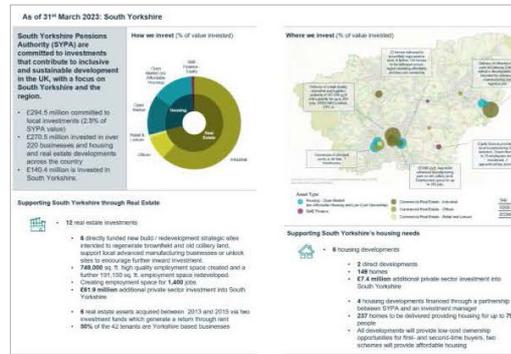
Place-based Impact Reporting Services for Wales Pension Partnership 'All Wales' Proposal



**THE
GOOD
ECONOMY**

Place-based Impact Reporting Services for Wales Pension Partnership 'All Wales'

Proposal From The Good Economy
November 2024



Source: The Good Economy November 2024

CASE STUDY:

Data challenges

We've been keen to make progress with data, both regarding its synthesis and how to use it more effectively for better monitoring, analysis and reporting. We see several areas where this can be tackled. We're reliant on company-level data and its amalgamation. WPP tackles the first through stewardship – engaging with companies to be more transparent with their data disclosures. These disclosures are expected to follow sustainability disclosure or reporting standards to ensure consistency and comparability, ie the Greenhouse Gas (GHG) Protocol or reporting standards like TCFD and TNFD. There is also a policy-level engagement element – for example, engaging on reporting requirements like the UK Sustainability Reporting Standards to ensure they meet investors' needs. For investors to access and use information to make any meaningful insight, we're reliant on third-party data providers to collate databases. Two particular challenges arise: (1) an overabundance of data (how are we using the best data sources; how are we amalgamating this; and how are we using it to create meaningful insights?); and (2) inconsistency/lack of data (if we're receiving different metrics from managers or asset classes, how can this be captured and reported; how can we ensure managers are capturing relevant data points?). The second challenge is especially persistent in the private-markets space, which doesn't face the same regulatory pressures as public companies. Investors are therefore reliant on managers and consultants for this data.

We had discussions with multiple service providers (including our Oversight Advisor and V&E Provider) and third parties over the year to understand the solutions available in the market and how to develop our capability here. We hope to progress in this area over 2025/26.

Service Providers and stewardship

To ensure WPP's Service Providers' monitoring and engagement activities continue to be in line with our expectations, we track our engagement with Russell, Robeco, BlackRock and other providers. We also maintain an ongoing log of any views or concerns that have been raised by members or other stakeholders and presented at the regular meetings (most notably the RISG). Conversations over the reporting period have included:

- ◆ **Robeco, Russell, BlackRock:** WPP wanted to understand how the SEC changes may impact WPP's stewardship on US issuers going forward. As WPP's V&E Provider, we met with Robeco in the first instance, including its Head of Voting. The general outlook, while uncertain, was positive. Robeco advised that the SEC rule change mostly impacts the degree to which we can escalate an engagement, rather than inhibiting the constructive relationships and dialogues that asset owners develop with companies. It's fair to say that engagement in the U S is likely to become more difficult, especially around the filing of SHPs (especially in the immediate short term following the changes). For now, Robeco believes the effect may well be fewer but better-quality resolutions, with more caution around disclosures and collaboration.

We also discussed the US outlook with Russell at our quarterly RI catch-up. Russell similarly foresees a greater focus on governance and (at least over the 2025 proxy season) a decline in environmental and social proposals.

Given ongoing discussion around onboarding the WPP stewardship infrastructure for the passive solution, we had multiple catch-ups with relevant personnel at BlackRock to understand if there would be any impact on voting in particular. BlackRock confirmed that there will be no implications for WPP on voting shares or engaging with US issuers. From BlackRock's perspective, the use of Voting Choice essentially turns off BlackRock's voting authority on the shares, regardless of beneficial ownership, and this also applies to engagement. The only caveat is that WPP would not then be able to instruct BlackRock to also engage on WPP's behalf.

We are comfortable with the due regards all our service providers are giving to the political context in the US, and will continue to monitor and report on this, where appropriate.

◆ **Collaborative climate action:** The ‘anti-ESG’ pushback in the US – which has seen data providers, asset owners and investment managers receiving a high number of information requests from ‘red’ states, as well as litigation threats – has also impacted a number of collaborative climate action initiatives globally, including CA100+ and the Net-Zero Asset Managers initiative (NZAMi). Keen to understand any impacts on our service providers, we reached out directly to our investment managers. Following our conversations, we were reassured there would be no rollback on their climate-related objectives, and that they were taking active steps to increase capacity around climate stewardship internally and to continue focusing on the management of climate risk as an inherent financial risk within portfolios. We’re continuing to monitor and engage with all our service providers to ensure our policy commitments and RI objectives are being met.

◆ **Post-JGC informals:** Over the year, we wanted to expand our engagement with our stakeholders: the CAs. While the JGC meetings are the appropriate forum for making policy decisions and being informed of ongoing work, we recently established post-JGC meetings for more informal discussions about work that had yet to be finalised. In these meetings, we discuss updates around pooling requirements, various stewardship topics (including the implementation of our escalation policy), and divestment and exclusion. These are now an established forum for JGC members, Officers, Practitioners and WPP’s service providers to raise queries and progress focus areas.

CASE STUDY:

Oversight in private markets

As part of our RI Policy, WPP expects the RI credentials of its investment managers to be reviewed and for this to be reported on at least an annual basis. For the listed Sub-Funds, ongoing manager evaluation is carried out throughout the year by both Russell and Waystone, with the findings reviewed and shared with Officers. For the private-markets programmes – which were launched over the year and are not overseen by Waystone – WPP has sought to establish both ongoing dialogue with these managers and a framework for the periodic review of each private-markets manager. The framework incorporates general entity-level elements, as well as issues relevant to each asset class, and explores how managers approach WPP’s areas of interest: nature, climate change and human rights.

Having finalised our private-markets-oversight framework, our oversight reports have been shared with the RISG. They are structured to provide:

1. A broad overview of the private-markets managers’ RI consideration at the firm level. This incorporates findings around governance, climate change, nature and human rights (and our expectations of ‘what good looks like’ for managers generally).
2. An overall manager deep dive that can showcase tangible examples of how the manager incorporates climate change, nature and human rights into its processes.
3. Asset-class-specifics, which draw out RI expectations that may be unique to particular asset classes. For example, where ESG ratchets are used within private debt, we expect the manager to be conscious of the associated conflicts and challenges. These are tracked and reported on, and steps are taken to mitigate information asymmetry between asset and investor. Within property investments, this may be an expectation of the manager to use industry-adopted frameworks to track its emissions and set decarbonisation targets.

These inputs form the basis for ongoing dialogue with our providers, and we hope they can help focus our engagements.

ADDRESSING SYSTEMIC RISKS

WPP’s investment approach includes the effective management of risk, which we believe is integral to good governance. WPP recognises that effective risk management – including RI and climate-risk mitigation strategies, alongside the consideration and management of broader ESG issues – are essential for delivering successful outcomes to our stakeholders. There are two processes in place for the consideration of risk.

Our Risk Sub-Group is a key forum for identifying risks

As per the Risk Policy, WPP recognises that risks left unmanaged can impact the ability of WPP (and the CAs) to act in the best interest of our stakeholders (and beneficiaries), with WPP’s success dependent to an extent on our ability to effectively balance risk and return. WPP thus recognises that a robust risk strategy must be in place to deliver on our primary objectives, with a dedicated Risk Sub-Group established to maintain and evaluate WPP’s [Risk Register](#) on a quarterly basis. The Risk Register is used to document, manage and monitor risk by:

- ◆ Outlining WPP’s key risks and factors that may limit our ability to meet objectives
- ◆ Quantifying the severity and probability of the risk facing WPP
- ◆ Summarising WPP’s risk-management strategies
- ◆ Monitoring the ongoing significance of these risks, the effectiveness of existing risk-mitigation strategies and the requirement for further risk-mitigation strategies

The Risk Sub-Group has a vital role in proactively identifying existing risks and those that may materialise in the future, and in assessing the effectiveness of existing – or the requirements for additional – risk-mitigation measures. The Risk Sub-Group puts forward recommendations to the OWG on what actions should be taken to further mitigate or manage risks, but it is not responsible for enacting the recommended actions.

Our Stewardship Framework in identifying emerging risks and themes



One way in which we seek to identify risk is through our Stewardship Framework, which we outline later in this report. The first stage of this process is critical, drawing on a range of sources to assess emerging areas of risk. These include: themes arising from ongoing monitoring; input from the wider investment community; and other bespoke research. By sharing input with, and seeking feedback from, the broader WPP stakeholder base, WPP captures a range of inputs and potential sources of systemic risk. As part of this exercise in 2024/25, one area we identified as requiring greater transparency was policy engagement (with both sovereigns and regulators) and the need to contribute to wider discussions on regulation. We highlight our participation in the Investor Statement for Governments below.

Climate change

As part of the ongoing monitoring regime, WPP monitors a range of different climate-related metrics, including emissions metrics. The table below indicates the change in weighted-average carbon intensity (WACI) and carbon footprint over 2024/25, noting that there has been a general overall trend downwards across all Sub-Funds. We do note an increase specifically within the Global Credit Sub-Fund. As we have already highlighted, we are addressing this with manager changes within the portfolio.

Sub-Fund	Weighted Average Carbon Intensity (tCO ₂ e/\$m sales)		Carbon footprint (tCO ₂ e/\$m EVIC)	
	31/03/2024	31/03/2025	31/03/2024	31/03/2025
Global Opportunities	88.3	79.1	63.0	52.8
Global Growth	51.3	51.7	24.5	24.7
UK Opportunities	59.5	54.1	47.1	43.1
Emerging Markets	165.3	140.6	101.9	80.4
Sustainable Active Equity	69.6	71.3	47.2	39.5
Global Credit	203.6	232.5	78.1	87.3
Sterling Credit	33.8	29.6	15.3	11.5

Source: Hymans Robertson. To note, coverage for these metrics is generally high (>90%); though lower in the two credit Sub-Funds (at least 67%). Only the 2024 footprint coverage for Sterling Credit is low (>40%).

Climate-focus list

One recommendation that came out of the AWCR was building a list of companies that can be more readily scrutinised from a climate perspective – helping WPP’s climate-stewardship efforts. Having engaged with stakeholders on the list’s composition, we updated it with four further issuers to align with our underlying partner funds’ expectations. Included within this is a real-assets issuer, specifically engaged in timberland and forest products. We engaged with our investment manager to understand the inclusion of this issuer and a steel manufacturer already on the climate-focus list within the SAE. On the forestry company, the manager advised that it is leading in efforts to improve the usefulness of trees as carbon sinks, supporting climate mitigation, and providing a material that is less carbon intensive than other materials like concrete. The company’s entire timberland portfolio has been certified by the Sustainable Forestry Initiative and typically plants two trees for every one harvested. The name had been flagged for thermal-coal exposure, which we were assured was part of legal timberland acquisitions that they are not growing and are actively seeking to divest.

On the steel company, we acknowledge that steel is a critical material required for global society and, more specifically, in infrastructure to support the climate transition. Given there is not an adequate supply of recycled steel to fulfil global requirements, production of primary steel will be required for decades to come. This is therefore a crucial industry that needs to transition, with this particular company leading peers in transitioning its business, including in supporting global initiatives on decarbonisation. Indeed, following year-end, we were pleased to see the manager offer an engagement session for the company to provide insight into decarbonisation within the (hard-to-abate) steel industry more generally.

CASE STUDY:

Climate traffic lights

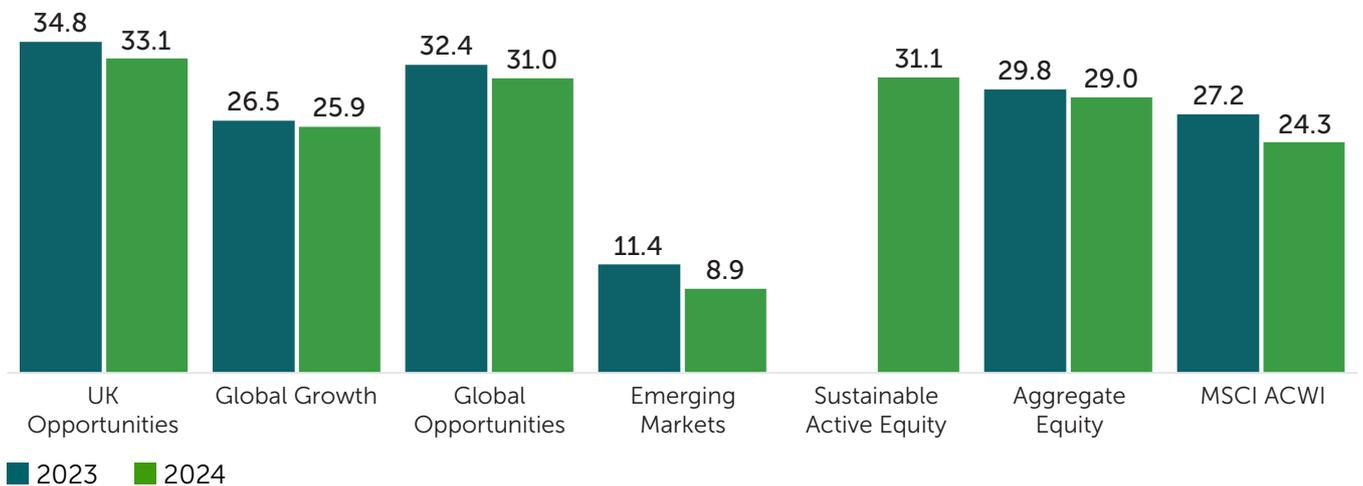
As we have highlighted, data integration and amalgamation is a continually evolving area for investors. We were pleased to see our V&E Provider release its climate traffic light data as open source. The data has been used within Robeco to inform investment-management and stewardship work (including the proxy voting guidelines). However, this is now available publicly and is being used predominantly by academics to inform their work. While this framework has been in place for some time, we are pleased to see further development of new frameworks (with traffic lights) that will tackle controversies and social issues.

Nature

WPP recognises nature loss as a systemic risk, noting the interrelated aspects of climate change, deforestation and biodiversity. Last year, our analysis recommended building nature into WPP's climate framework, developing broader policy commitments to nature and incorporating nature considerations into WPP's stewardship oversight. All of these recommendations have now been undertaken; however, one element (reporting on nature within our regular climate & ESG risk reports) remains that we still need to progress.

That said, we are continuing to report to the RISG on our deforestation exposure and to maintain an open dialogue with Size of Wales. To expand this analysis, this year's report incorporated MSCI and Forest500 data. Our analysis was limited to the active-equity portion of WPP's investments, within which we were pleased to see slightly less exposure to commodity-driven deforestation versus the broader equity market (as measured by the MSCI ACWI). We also note a decline overall in deforestation exposure versus the previous year (when comparing Forest500 data):

Year-on-year comparison of Forest 500 data



Source: Hymans Robertson

CASE STUDY:

Robeco: expanding coverage on climate & nature

In recent years, the climate transition of financials – particularly their financed emissions – has gained relevance, mainly due to financials' prominent role in facilitating a low-carbon transition. Financial institutions have faced rising pressure from clients and investors advocating for portfolio decarbonisation. As a result, Robeco launched the Climate Transition of Financial Institutions theme at the start of 2021. Its engagement in practice saw a growing focus on nature and biodiversity as another (interlinked) risk for financials. From the start of 2024, Robeco therefore expanded the theme to include both climate and nature in its engagement with financial companies. This has seen the incorporation of TNFD guidelines and will include targets such as committing to halt and reverse biodiversity loss; committing to rights-based approaches; and collaboration with local communities affected by project financing.

CASE STUDY:

Enhanced engagement on palm oil

In 2019, Robeco started an (enhanced) engagement programme with companies around palm oil, specifically targeting those producers where land certified under the Roundtable on Sustainable Palm Oil (RSPO) was between 50–80% RSPO-certified. Although palm oil is a commodity of economic necessity in several emerging economies, its production is linked to deforestation and biodiversity loss, and it presents risks to local communities and workers. Robeco's engagement programme therefore targeted a number of specific objectives: environmental management, including protection of areas of high conservation value and high-carbon stock forests; social management, including workers' rights, and free, prior and informed consent of local and indigenous communities; transparency around governance and reporting; controversies and stakeholder management, including engaging with and including smallholders in supply chains; and putting in place management plans to achieve 100% RSPO-certified land. The engagement was positive overall, with most companies making progress against the objectives. Two companies were excluded for not meeting the 80% RSPO-certification threshold, though one received a grace period due to its demonstrated commitment. This engagement theme is now being expanded rather than closed, to focus on forest-risk commodities more generally (soy, beef products, pulp and paper). The engagement will tackle companies critically exposed to such risk and target those companies without a deforestation policy or with severe controversies.

REA Holdings

Robeco identified REA Holdings as a good example of strong sustainability leadership. REA has emerged as an industry leader, surpassing the 80%-RSPO-certification threshold and compliant with the European Union Deforestation Regulation. The producer has also enacted a Smallholder Inclusion for Ethical Sourcing programme, supporting 600 smallholders to achieve RSPO certification. The company has adopted the TCFD framework, committed to the Science Based Targets initiative (SBTi) and promotes the protection of biodiversity through research, organic fertilisers and carbon-reduction efforts.

Geopolitical risks

Geopolitical risk – including escalations in the Middle East, the Russia/Ukraine conflict and US-China tensions – was one of the most frequently cited risks among participants in the Bank of England survey.

Russell continuously evaluates the transmission mechanism of any geopolitical event and then looks to quantify the impact on portfolios. Political risks are evaluated from both an investment-risk and operational-risk standpoint. Such risks in an investment context are assessed as part of Russell's market and credit-risk management processes, which include periodic stress testing and scenario analysis, alongside other risk analysis. In the case of conflict escalation in the Middle East, Russell considered the likely impact via oil markets and any impacts on real economies. Russell interacted with underlying sub-advisors as the conflict arose; however, based on its analysis, Russell did not take any direct action in relation to the Sub-Funds over the reporting period. To date, there has been a very limited investment impact from these events.

One area of continued concern has been in the Occupied Palestinian Territories (OPT) and the ongoing humanitarian crisis. Later in this report, we outline how we've been engaging with corporates flagged as having ties to the area, with a particular focus on heightened due-diligence processes. We were also keen to understand our specific exposures to the area. While Waystone currently tracks WPP's exposure to Israeli companies – and continues to monitor the current situation as part of its oversight process – we wanted to understand the wider picture.

As part of our oversight, WPP undertook analysis to understand exposures, analysing holdings against three different sources that consider 'involvement' in the OPT. These sources are seen to offer validity and are used by other parties across the LGPS for similar purposes. Such analysis has given WPP a basis with which to engage with stakeholders, to progress dialogue with providers on exposures and current engagement cases, and to provide a starting point for dialogue on policy development. This work has progressed following the reporting year-end, and we hope to elaborate further on this in our next submission.



WORKING TOGETHER

We continue to work with other LGPS stakeholders

WPP recognises that collaboration with other like-minded investors and representative bodies can maximise the influence of WPP's assets on investee companies. One area of direct collaboration is through the Cross-Pool RI Group, which comprises LGPS pools from England, Scotland and Wales, and includes both funds and pool operators. The forum allows for discussion between LGPS investors, which operate in the same regulatory environment, and with similar expectations from CAs and beneficiaries on RI and ESG topics. One topic we've found challenging to address has been data and disclosures – particularly the effective consolidation and synthesis of disparate data sources to provide reporting and analysis.

WPP, together with all CAs, is a member of LAPFF, which undertakes engagement with companies on behalf of all of its members. We note that WPP continues to have a representative on the LAPFF Executive Committee, with the position changing hands following year-end. Acting as a forum for LGPS funds, LAPFF is the UK's largest collaborative shareholder-engagement forum, engaging across a broad range of ESG themes with investee companies. WPP is a pool member of LAPFF and feeds into the annual engagement work plan. WPP draws directly on LAPFF's voting alerts, which are fed into our Stewardship Policy. Information gained from LAPFF engagement provides a basis for ongoing dialogue and challenge of BlackRock, Russell and Robeco's own activities, ensuring that discussions are constructive. As part of the RISG's evolving responsibilities, the group must now to directly challenge the Robeco voting policy in favour of LAPFF voting alerts.

Representative on the SAB RIAG

Formed in 2019, the RI Advisory Group (RIAG) of the Scheme Advisory Board (SAB) meets once per quarter to discuss RI matters as they pertain to the LGPS. WPP has retained a representative on the RIAG, where it has actively contributed to various discussions over the year, including on:

- ◆ Impact and local growth in the LGPS
- ◆ Approach to divestment and exclusions (including on the OPT)
- ◆ Fiduciary duty (including the advisory opinion of Nigel Giffin KC)
- ◆ Net-zero transition planning within the LGPS
- ◆ Stewardship Code (2026) consultation
- ◆ 'Fit for the Future'
- ◆ Climate-risk reporting (including scenario analysis)

Robeco LGPS panel

We attended the LGPS-specific panel organised by Robeco at the end of 2024. The meeting was a chance for LGPS clients (both engagement and investment) to share their objectives and priorities for the LGPS sector, and for Robeco to explore its work over the year. Specifically, we looked at the expansion of work on climate, including the addition of climate objectives into other engagement themes, such as those on UN SDGs.

Over 2025, a number of key priority areas were outlined for which WPP actively advocated: public-policy engagement (both from a governance and climate & nature perspective); healthcare; climate & nature; human rights and how to make this an evergreen theme. One area on which Robeco has been working and hopes to improve is the attribution of impact, ie whether engagements are achieving real-world impact. Work has been done on this around the SDGs, including surveying those issuers under engagement, but Robeco hopes to continue evolving in this area.

CASE STUDY:

Investor statement to governments

One area of our stewardship work we were keen to expand over the year was our 'macro' (policy) engagements. We therefore took the opportunity to sign the 2024 Global Investor Statement to Governments on the Climate Crisis. This was an opportunity to collaborate with other global asset owners on climate policy, acknowledging the role that investors have in shaping and advocating for the net-zero transition. The letter called for global government action to create policies that enable and encourage private-sector investment in the transition to a net-zero economy. This includes the need to view climate and nature together, the nuance necessary in addressing sectoral differences, and the differences between developed versus emerging and developing economies. The statement is aligned to WPP's RI beliefs and policy commitments, and we felt that our support would help encourage the development of a stable policy environment, focused on ensuring a rapid but orderly transition to a low-carbon economy. We believe this is essential for both corporates and investors, allowing for long-term investment decision-making.

External partners

WPP's view on maximising impact through mutual priorities and collaboration is in line with Robeco's. Therefore, WPP relies heavily on its V&E Provider to undertake any relevant industry collaborations on our behalf and to report back on any progress. Robeco actively collaborates with the following:

- UN PRI
- Net-Zero Asset Managers Initiative
- CA100+
- Taskforce on Nature-related Financial Disclosures
- Farm Animal Investment Risk & Return
- Business Benchmark on Farm Animal Welfare
- Finance for Biodiversity Pledge
- Cambridge Institute for Sustainable Leadership
- World Wide Fund for Nature Netherlands
- Institutional Investors Group on Climate Change
- Investor Mining and Tailings Safety Initiative
- Investor Policy Dialogue on Deforestation
- Powering Past Coal Alliance Finance principles
- Investor Alliance for Human Rights
- Platform Living Wage Financials
- Nature Action 100 (NA100)
- PRI SPRING
- PRI-led Collaborative Sovereign Engagement on Climate Change
- Global Commission on Mining 2030
- Finance Sector Deforestation Action (FSDA)
- Eumedion
- ACGA Korea Working Group
- Valuing Water Finance Initiative

CASE STUDY:

BP

WPP actively supported a collaborative engagement between Robeco and other investors with BP. The letter to BP's chair outlined concerns about the company's climate commitments (including the weakening of hydrocarbon-reduction targets) and asked for greater transparency around BP's transition planning – such as how emissions budgets are considered in the development of new projects (including in fossil fuels).

We were disappointed in BP's response to this, with the company failing to address concerns around a lack of 'Say on Climate' and failing to offer anything new on capital expenditure (capex) and transition resilience. Concerns continue to grow around the rolling back of climate commitments (including interim targets for an orderly transition); Robeco therefore escalated these in the first instance by voting, on our behalf, against the chairman and the chair of the safety and sustainability committee.

The AGM marked the first time in 10 years that such a large number of shareholders (nearly a quarter, including WPP) had opposed the reappointment of the chair (Helge Lunde).

WPP also benefits from the stewardship efforts led by Russell. This includes Russell’s engagement initiatives; its partnership with Sustainalytics, supporting five key themes (an expansion since last year, as detailed below); engagements carried out by Sub-Advisors within the WPP portfolios (individually and collaboratively with Russell); and various industry collaborations that Russell has joined. This benefits from a ‘double-active’ approach, whereby both Russell and the underlying Sub-Advisors will engage issuers, with Russell monitoring Sub-Fund activity internally through its enhanced-oversight capability.

To increase the effectiveness of their stewardship work, Russell undertook several changes:

- ◆ **Resourcing:** expansion of the active-ownership team; stewardship insights are now further integrated into portfolio management by embedding engagement responsibilities directly within the investment division.
- ◆ **Technology:** upgrade of ENACT, Russell’s proprietary stewardship-tracking tool; this now includes enhanced outcome metrics and peer comparisons. More work is being done on using AI to enhance stewardship and research.
- ◆ **Partnerships:** expansion of the thematic coverage with Sustainalytics to include net-zero transition, biodiversity and social risks in high-impact markets.
- ◆ **Thematics:** conducted a review of the three-year stewardship strategy and introduced two new priority areas: 1) AI and digitalisation and 2) human rights.

The engagement areas initiated by Russell cover a broad range of ESG themes, including:

- ◆ **E:** climate change resilience; natural capital management
- ◆ **S:** human capital management; human rights
- ◆ **G:** responsible AI & digitalisation; board composition; shareholder rights; executive compensation; transparency; UNGC compliance

Five specific engagement areas are included within the Sustainalytics partnership:

Biodiversity and Natural Capital	Aims to positively and materially address biodiversity loss and nature degradation.
Japan-Material Risk	Mitigating material ESG risks, particularly governance to protect shareholder value.
Net-Zero Transition	Helps companies adapt to regulations aligned with the Paris Agreement goals and the global movement toward net-zero greenhouse gas emissions by 2050 while mitigating investment portfolio climate risk.
Human Capital Management	Seeks to improve the management, measurement, and disclosure of talent strategies that drive performance and cultivate a healthy, engaged, and productive workforce, aligned with evolving trends.
Human Rights Accelerator	Aims to improve the adoption of globally agreed corporate standards for managing and promoting human rights.

Source: [Russell Investments](#), for illustrative purposes only.

Engagement with other parties

WPP also engages with other stakeholders, seeking constructive engagement wherever possible. Over the year, we continued our regular engagement with Friends of the Earth Cymru to discuss our approach and progress on RI (with a focus on climate specifically). Moreover, we continued our regular engagement with Size of Wales on deforestation risk, highlighted above. WPP also responded to the government consultations on pooling (‘Fit for the Future’) and on the Stewardship Code.

STEWARDSHIP

WPP's Stewardship Framework

WPP uses its Stewardship Framework as a basis for its annual stewardship review. As well as identifying any potential stewardship gaps and evolving risks, which can be used to enhance monitoring and reporting, the annual review serves two main purposes: (1) to consider whether any of WPP's existing themes need to be evolved and (2) to feed into to feed into Robeco's annual Active Ownership client panel, where new stewardship themes are chosen.

Associated SDGs	7.  Affordable & clean energy	13.  Climate action	6.  Clean water & sanitation	14.  Life below water	15.  Life on land	1.  No poverty	2.  Zero hunger	3.  Good health & wellbeing	
Core theme	Climate Change		Environment			Health & Wellbeing			
WPP Stewardship theme	Focusing on net zero					Supporting people			
Implementation	LAPFF	<ul style="list-style-type: none"> Climate and Strategic Resilience Environmental Protection Fair and Just Transition 	<ul style="list-style-type: none"> Climate and Strategic Resilience Environmental Protection Fair and Just Transition (ECE) 				<ul style="list-style-type: none"> Social Factors: Human Rights and Employment Practices 		
	Robeco	<ul style="list-style-type: none"> Acceleration to Paris Climate and nature transition of financial institutions Just Transition in EM Net-zero carbon emissions Transition minerals 	<ul style="list-style-type: none"> Biodiversity IPDD Nature Action 100 Natural resource management Ocean health Deforestation Sound environmental management 				<ul style="list-style-type: none"> Hazardous chemicals 		

SDG engagement | Global controversy engagement | AGM engagement | Sovereign engagement

Associated SDGs	4. 	5. 	10. 	8. 	9. 	11. 	12. 
	Quality education	Gender equality	Reduced inequalities	Decent work & economic growth	Industry innovation & infrastructure	Sustainable cities & communities	Responsible consumption & production
Core theme	Diversity & Inclusion			Society & Community			
WPP Stewardship theme	Supporting people						
Implementation	LAPFF	<ul style="list-style-type: none"> Promoting Good Governance 		<ul style="list-style-type: none"> Social Factors: Human Rights & Employment Practices 			
	Robeco	<ul style="list-style-type: none"> Sound social management Human capital management 		<ul style="list-style-type: none"> Fashion transition Human rights DD for conflict-affected areas Labour practices in a post-Covid world 		<ul style="list-style-type: none"> Modern slavery in supply chains Sound social management Transition minerals 	
Associated SDGs	16. 						
	Peace, justice & strong institutions						
Core theme	Good Governance						
WPP Stewardship theme	Governance for sustainable outcomes						
Implementation	LAPFF	<ul style="list-style-type: none"> Promoting Good Governance 					
	Robeco	<ul style="list-style-type: none"> Corporate governance standards in Asia Good governance in Emerging Markets 	<ul style="list-style-type: none"> Good governance Tax transparency Policy engagement: shareholder rights 				

SDG engagement | Global controversy engagement | AGM engagement | Sovereign engagement

The annual review process draws on a broad range of inputs, including:

◆ **Themes arising from ongoing monitoring:**

the ongoing monitoring of Sub-Funds can help identify potential stewardship gaps. For example, issues that should be raised with companies or trends that need to be addressed.

◆ **Input from the wider investment community:**

including research, upcoming legislation, emerging issues of concern, monitoring of RI news and views, and input drawn from the wider stewardship expertise within WPP's Oversight Advisor.

Governance on sustainable outcomes

Given this theme was not updated during our last review (and has not been updated since it was originally established as a voting priority), we felt it sensible to update it now. This comes against a backdrop, in recent years, of high-profile corporate-governance failures, both globally and in the UK. This has been reflected in voting and engagement reactions, but has also precipitated a stricter regulatory setting. Stakeholders agreed that an update to the wording would be appropriate, as follows:

Sustainable governance practices are central to how an organisation is run, as many environmental and social failures can be traced back to weaker governance practices. We believe organisations should be managed in such a way as to ensure sustainable, long-term value creation with a focus on strong risk management, particularly in relation to emerging sources of risk. Organisations should be transparent in how they assess and manage any ESG risks within their supply chains and in their strategies. This should include: monitoring (and, where appropriate, reporting on) ESG due-diligence practices; how ESG is incorporated into corporate decision-making; incorporating ESG criteria into compensation awards; performance criteria that promotes the management of both financial and non-financial risks; performance criteria that is linked to company goals; more structured (ie less discretionary) performance-evaluation frameworks for both short-term and long-term incentive awards (especially executive bonus calculations).

Having consulted with WPP's RISG and other stakeholders, the following subject areas were proposed for discussion at the Robeco client panels (both the initial LGPS-specific panel and the active-ownership panel, where themes were chosen).

AI, emerging technologies and cybersecurity

We continue to see a rise in tools that are mainstreaming the use of AI and machine learning. While the potential considerations for the deployment of this technology are widespread, it's necessary to ensure that AI is being used responsibly and with the necessary protections for people. Over 2023/24, we saw an increase in the number of resolutions on this topic at big tech companies. However, we believe this issue will continue to present risk across sectors, not just those companies within the technology sector. In the early stages of deployment of any new technology, growth can often be exponential, with companies seeking to establish how such tools can be integrated into business. To the extent that operational activity has been increasingly digitised, so protecting networks and systems from cyberattacks is an essential component of business practices. There is typically a disconnect between technology deployment and the establishment of necessary regulatory safeguards, with the former happening at a much more rapid pace. It is thus essential that businesses build safeguards into processes and systems at the same time as use cases are being established and tools deployed, rather than after the fact. Investor stewardship should therefore be focused on the development and deployment of such safeguards within companies, in considering both business security as well as broader societal downsides (such as job losses).

Human rights

There has been increasing attention paid to 'S' (social) factors in general, including the emergence of the Taskforce on Social Factors. Globally, we've experienced a number of heightened geopolitical conflicts, including the war between Russia and Ukraine, conflict in the OPT and the civil war in Sudan. Last year, in response to an increase in the number of conflict-affected areas (including Russia), as well as ongoing human-rights issues in China, Robeco's engagement theme on Human Rights Due Diligence for Conflict-Affected and High-Risk Areas was expanded (the theme was originally meant to run until 2024) to target four new companies.

We suggested this theme forms part of discussions with Robeco, including whether it will now consider human rights an 'evergreen' theme (as per suggestions last year) and whether/how it plans on further expanding this over the coming year.

Corporate lobbying practices

Input into government decision-making and public policy are vital components of a democratic society, allowing for greater public discourse and for stakeholders' views to be heard (and reflected in legislation). However, corporate lobbying practices can be detrimental, giving companies a disproportionate influence over public policy; they can also be out of line with the publicly stated goals of such companies (and best interests of shareholders). Research from Morningstar has highlighted a rising number of SHPs (particularly in the US) around political influence and lobbying activities, as well as identifying a number of instances where lobbying practices have either been detrimental (including in the case of rail company Norfolk Southern) or out of alignment with stated goals (such as ConocoPhillips's support of the Paris Agreement while continuing to lobby for Arctic drilling approvals). Transparency in such practices is therefore necessary, not only from the perspective of protecting investor interest, but also given the potential for regulatory risk should legislation in this area tighten.

Stakeholder feedback

One key input for the evolution in stewardship themes was the incorporation of feedback from wider stakeholders. Of the responses received, the evolution of WPP's governance Stewardship Themes (Governance for Sustainable Outcomes), highlighted above, was supported. This should then feed into the quarterly scrutiny (and reporting) of the stewardship activity carried out by Robeco, the underlying investment managers and LAPFF on WPP's behalf. It was also agreed that the focus over 2024/25 should be concentrated in facilitating the greater monitoring and reporting of activity against WPP's themes.

Engagement on human rights was seen as a high priority for WPP's stakeholders, particularly as it relates to conflict. We therefore felt the consideration of this theme should feed into both Robeco client panels in November 2024. The two other themes, AI and corporate lobbying, were also discussed.

In addition, we agreed to seek updates on:

- ◆ **Climate change:** any expected changes to the evergreen theme.
- ◆ **Biodiversity:** NA100 and how Robeco applies its biodiversity investment framework to the Global Credit Sub-Fund and how this comes through in stewardship work.
- ◆ **Policy engagement:** what progress has been made on policy engagements and if there has been any expansion on the work highlighted last year; also seeking to understand how Robeco can showcase this work more regularly in its quarterly reporting.

CASE STUDY:

Robeco active-ownership client panel

WPP played an active role in Robeco’s active-ownership client panel, advocating for the launch of both the policy engagement theme (on shareholder rights) and a specific engagement on transition minerals. We were also pleased that a number of other key points were acknowledged, including the expansion of the climate-engagement programme(s) and expanded engagement coverage for biodiversity-related topics (such as expanding the deforestation programme to not only include palm oil but other forest commodities too).

Our Stewardship Themes

Incorporating the annual review outlined above, WPP has determined a set of Stewardship Themes. These provide areas of focus for informing Robeco of WPP’s V&E expectations, and for scrutinising the stewardship activity carried out on WPP’s behalf. This ensures the focus reflects those topics most relevant to WPP and that stewardship activity achieves the desired outcome. The themes are used as key focus areas for the V&E work carried out by Robeco, as well as WPP’s scrutiny of its managers.

Stewardship Theme	Rationale
Focusing on net zero	Organisations, particularly those in materially affected sectors, should be developing and implementing transition plans to ensure that the long-term migration to a low-carbon economy is orderly. Companies should ensure that plans are published, and climate management disclosures are comprehensive and available for investor scrutiny. Any consideration of carbon offsetting in companies’ net-zero plans should be in line with the Oxford Principles. Moreover, stakeholders should be made aware of any reliance on carbon-removal technologies, including the extent to which these technologies are used.
Supporting people	An organisation’s workforce is one of its most valuable assets, and it is incumbent on the organisation to ensure that its people are properly managed and rewarded. This includes the consideration of people within supply chains, which can often be areas of lower scrutiny. While acknowledging that engagement may be nuanced, given unique regional, sectoral and size circumstances, WPP is particularly supportive of engaging with UK companies on the alignment of their wage structures with the Living Wage Foundation’s guidance.
Governance for sustainable outcomes	Sustainable governance practices are central to how an organisation is run, as many environmental and social failures can be traced back to weaker governance practices. We believe organisations should be managed in such a way as to ensure sustainable, long-term value creation with a focus on strong risk management, particularly in relation to emerging sources of risk. Organisations should be transparent in how they assess and manage any ESG risks within their supply chains and in their strategies. This should include monitoring (and, where appropriate, reporting on) ESG due-diligence practices; how ESG is integrated into corporate decision-making; incorporating ESG criteria into compensation awards; performance criteria that promotes the management of both financial and non-financial risks; performance criteria that are linked to company goals; and more structured (ie less discretionary) performance-evaluation frameworks for both short- and long-term incentive awards (especially executive bonus calculations).

Stewardship in private markets

While stewardship focus is often on the listed space, we must also acknowledge the importance of activity in private markets, where impact and influence can be marked given the nature of the investment relationship in these asset classes. Having recently launched our private-markets programmes, we outline several examples of how WPP is demonstrating oversight of our unlisted investments.

Private debt

WPP's private-debt investments are managed by Russell, which applies the same ESG due diligence and enhanced-oversight approaches to private-market investments.

CASE STUDY:

Pluto

Within the private-markets programmes, WPP has been proactive in discussing its aim of increasing allocations to local investments that benefit Wales. During the year, as part of its private-debt programme with Russell, WPP invested in an opportunity with Pluto Finance. This involved providing support for local communities by funding the delivery of affordable housing in Wales, particularly through bolstering small- and medium-sized housebuilders, and targeting economic growth and job creation. The investment will be made through Pluto Finance's local-impact programme, through which LGPS funds and pools can provide place-based investment.

CASE STUDY:

Proprietary sustainability frameworks

We have previously flagged the issues, acutely felt in private markets, of data availability and how this can be better amalgamated to create insight. One of the managers, Lombard Odier, within our private-debt programme is aiming to tackle this around the 'just transition'. The strategy uses its proprietary framework to support investments that contribute to the 'CLIC' economy: Circular, Lean, Inclusive and Clean. Each investment is assessed against the framework, which uses three tests when classifying a potential investment as sustainable:

1. **Substantial contribution:** tests which of the investment's activities create a positive environmental or social impact.
2. **Do no significant harm:** uses several metrics to ensure that the company is not contributing to other environmental or social harms in pursuit of a positive contribution elsewhere.
3. **Good governance:** this takes a holistic approach, ensuring there is board oversight and risk management, as well as supply-chain management and human-capital management. It also leverages the use of local teams to ensure appropriate engagement with local communities and stakeholders.

The aim is for the investment to create positive impact in three different areas: (1) climate and environment (eg decarbonisation); (2) socio-economic distribution & equity (eg job opportunities); and (3) community voice (engaging with local communities from pre-development through to implementation and ongoing operation).

Private equity

WPP’s private-equity allocation is managed by Schroders Capital, which invests across primaries, secondaries, as well as direct and co-investments. As part of our private-markets oversight, in collaboration with our Oversight Advisor, we have established expectations for private-equity managers in ‘fund of fund’ structures. This includes how managers approach their relationships with general partners and how they actively monitor and report on activity. We are positive on Schroders’ approach to RI generally; we note a UN PRI A+ rating for private equity specifically and commitment to the ESG Data Convergence Initiative, which aims to tackle the fragmented and disparate collection and reporting on ESG data within private markets.

We highlight below Schroders’ proprietary Sustainability and Impact Framework, which provides a sourcing-to-exit approach to ensure RI considerations are embedded throughout the investment process:

Fully integrated S&I Framework: WPP approach

Sourcing	Due diligence	Subscription	Value creation	Execution & monitoring	Exit	
Focus on: <ul style="list-style-type: none"> Negative exclusions Positive selection Possibility to report Perceptiveness to engagement 	ESG integrated	All investments: <ul style="list-style-type: none"> ESG incident and controversy assessment Transactional investments: <ul style="list-style-type: none"> ESG material risk and opportunities assessment Fund investments: <ul style="list-style-type: none"> Proprietary GP and Fund ESG assessment 	All investments: <ul style="list-style-type: none"> Encouragement on ESG reporting (including EDCI) Fund investments: <ul style="list-style-type: none"> Schroders Capital exclusion policy Acknowledgement of UNPRI principles 	Strategic GPs: <ul style="list-style-type: none"> Governance (of ESG), transparency (reporting) and material business practices for portfolio companies Transactional investments: <ul style="list-style-type: none"> Focus on ESG incident prevention or follow-up 	All investments: <ul style="list-style-type: none"> ESG incidents Carbon proxy data (~50% of Schroders Capital’s private equity NAV) RepRisk rating Proprietary GP and Fund ESG assessment Transactional investments: <ul style="list-style-type: none"> Proprietary SDG alignment assessment 	Schroders Capital exit responsibility (minority of investments): <ul style="list-style-type: none"> Include most recent ESG profile in sale documentation External lead investor exit responsibility (majority of investments): <ul style="list-style-type: none"> Regular exit-related engagement with lead investors to ensure sale to ESG- and impact-aligned investors or strategic buyers
	Sustainability driven	Transactional investments: <ul style="list-style-type: none"> Proprietary company ESG with score expectation Fund investments: <ul style="list-style-type: none"> Proprietary GP and Fund ESG assessment with score expectations 	All investments: <ul style="list-style-type: none"> Mandatory ESG reporting KPIs and reporting timeline 	All investments: <ul style="list-style-type: none"> Enhancement of ESG performance, including regular re-assessment in proprietary tools 	All investments: <ul style="list-style-type: none"> Scope 1 and 2 GHG emissions Gender diversity at company and senior management level Existence of Code of Conduct Existence of formal Corporate Sustainability approach Proprietary ESG assessment scores 	



Source: Schroders Capital, UN Sustainable Development Goals, UN Principles for Responsible Investments, ESG Data Convergence Initiative, Operating Principles for Impact Management, Impact Management Project, SASB Standards, RepRisk, ILPA, World-Check, iCI (Initiative Climat International) 2025. WPP Advisory Meeting. Logos shown are the property of their respective entity.

Infrastructure

WPP's closed-ended infrastructure investments are managed by GCM Grosvenor, while CBRE, IFM and Octopus implement the closed-ended infrastructure programmes. All of WPP's infrastructure managers integrate ESG into their investment process, both at the approval (pre-investment) stage, as well as through monitoring and oversight.

CASE STUDY:

Measuring climate mitigation and impact in infrastructure

One of WPP's infrastructure investments is within a renewable-energy portfolio. While these investments contribute towards the energy transition and real-world decarbonisation, a number of risks still remain; this underscores the importance of effectively tracking and measuring risk from multiple lenses and potential pathways. In seeking to understand how managers are tackling this, we reviewed the manager's methodology for considering climate risk and impact, and were pleased to note a holistic approach that incorporates forward-looking analysis.

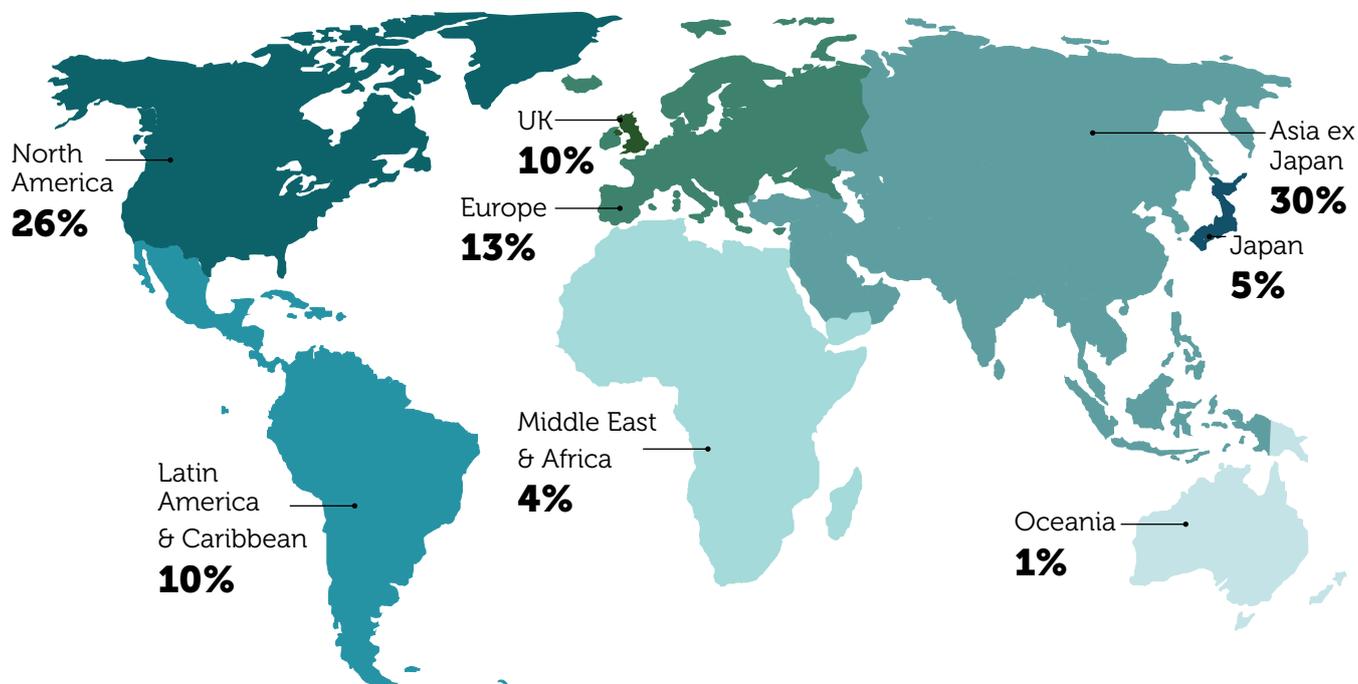
The manager understands that climate- and nature-related effects can lead to long-term changes in weather patterns, which may impact an asset's energy yield from that expected at the time of investment. They therefore seek to mitigate the impact of these physical climate risks on the portfolio by diversifying an investment's phase, technology and geography. Sensitivities are also modelled for a change in energy prices. Moreover, the manager considers the financial impact of physical climate effects by undertaking scenario analysis. This analysis focuses specifically on wind generators, considering the potential impacts of physical climate change on power price and generation in a 4-degree scenario.



HOW WE VOTED

Our voting outcomes

The map below illustrates the regions in which votes were cast over the year to 31 March 2025, determined by the underlying regional distribution of assets within WPP's equity Sub-Funds:



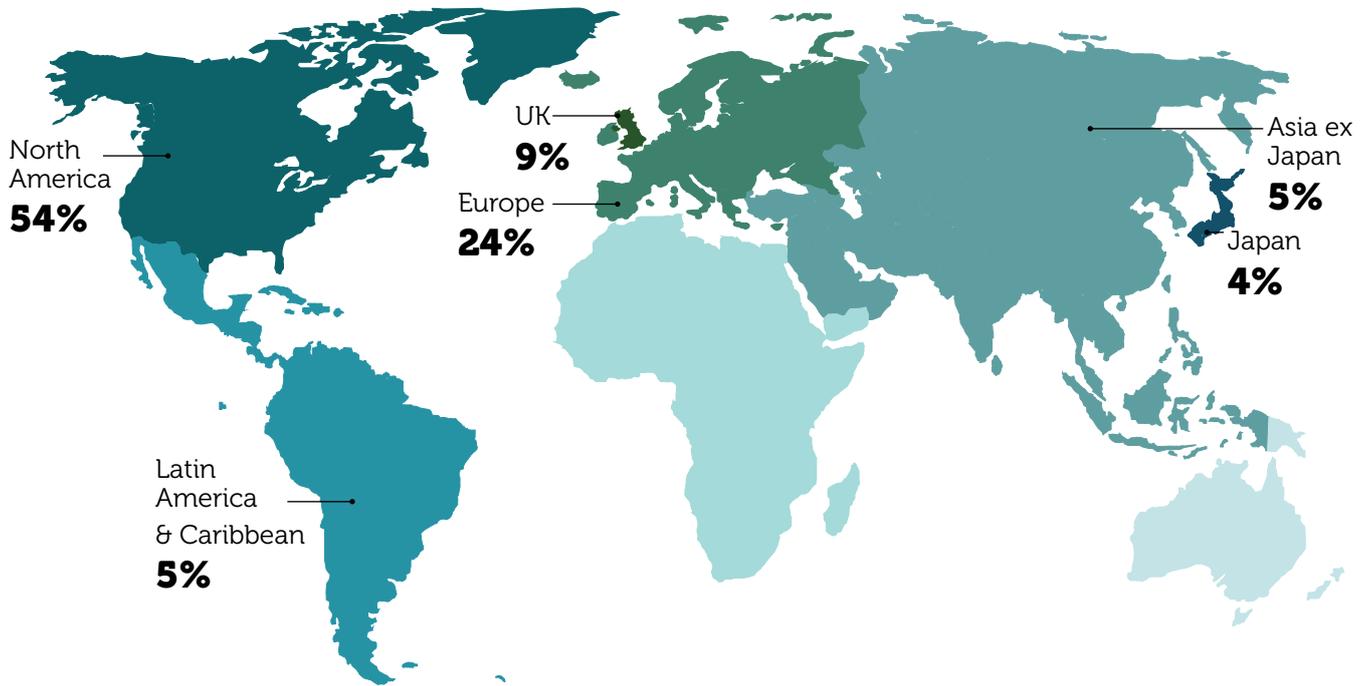
2024/25	
Number of meetings	1,362
Number of agenda items voted	16,379
With management	14,410
Against management	1,969
Meetings with at least one vote against management	56%



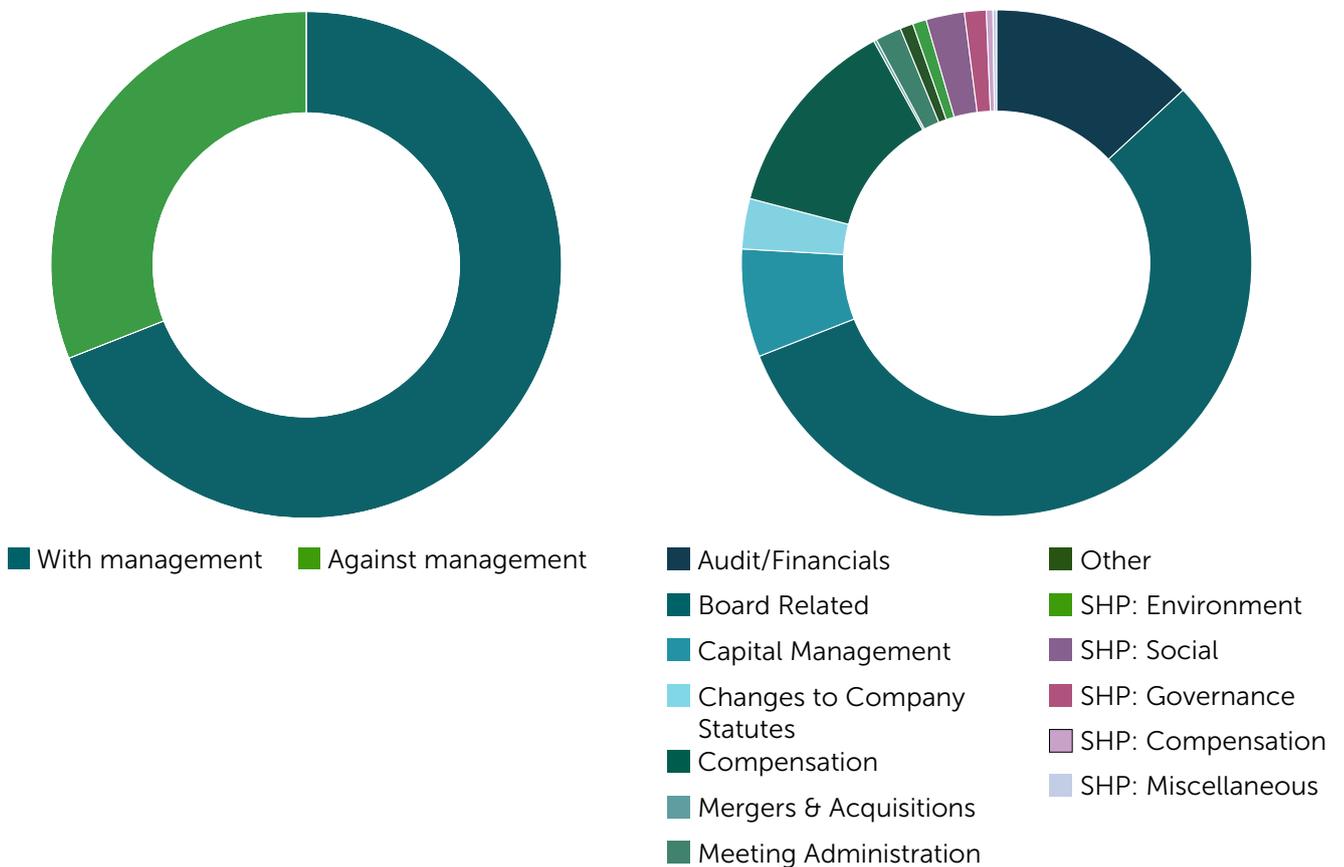
Source: Robeco; note, totals may not sum due to rounding

Voting outcomes by Sub-Fund

GLOBAL GROWTH

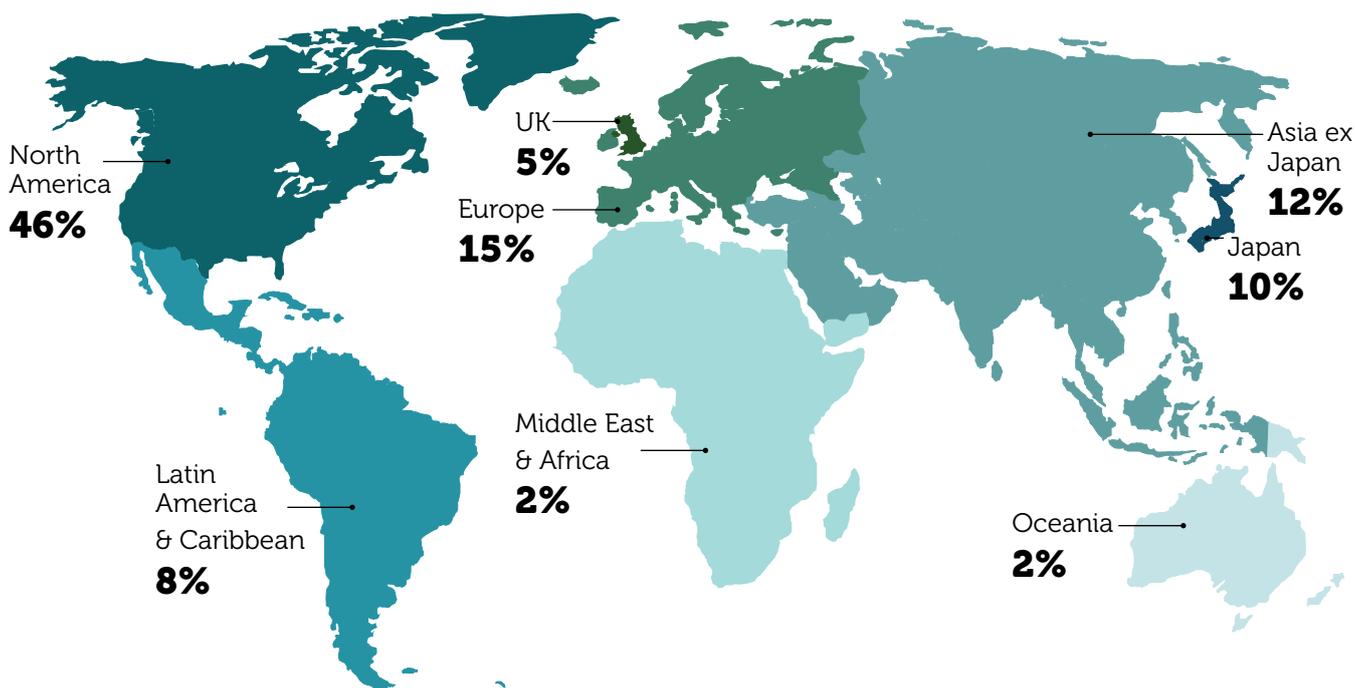


Meetings voted: 152
 Agenda items voted: 2,178



Source: Robeco; note, totals may not sum due to rounding

GLOBAL OPPORTUNITIES

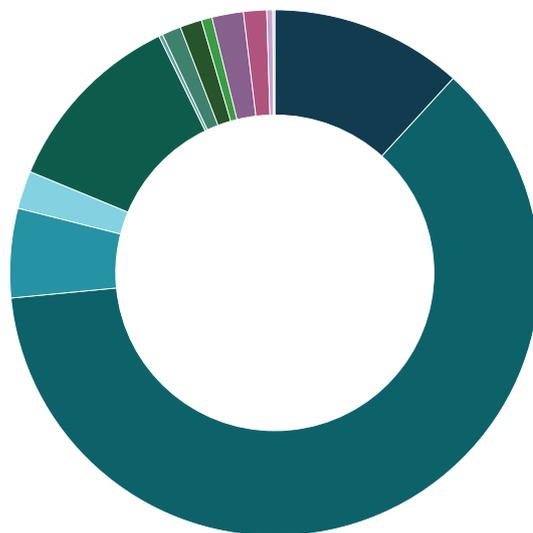


Meetings voted: 571

Agenda items voted: 7,656



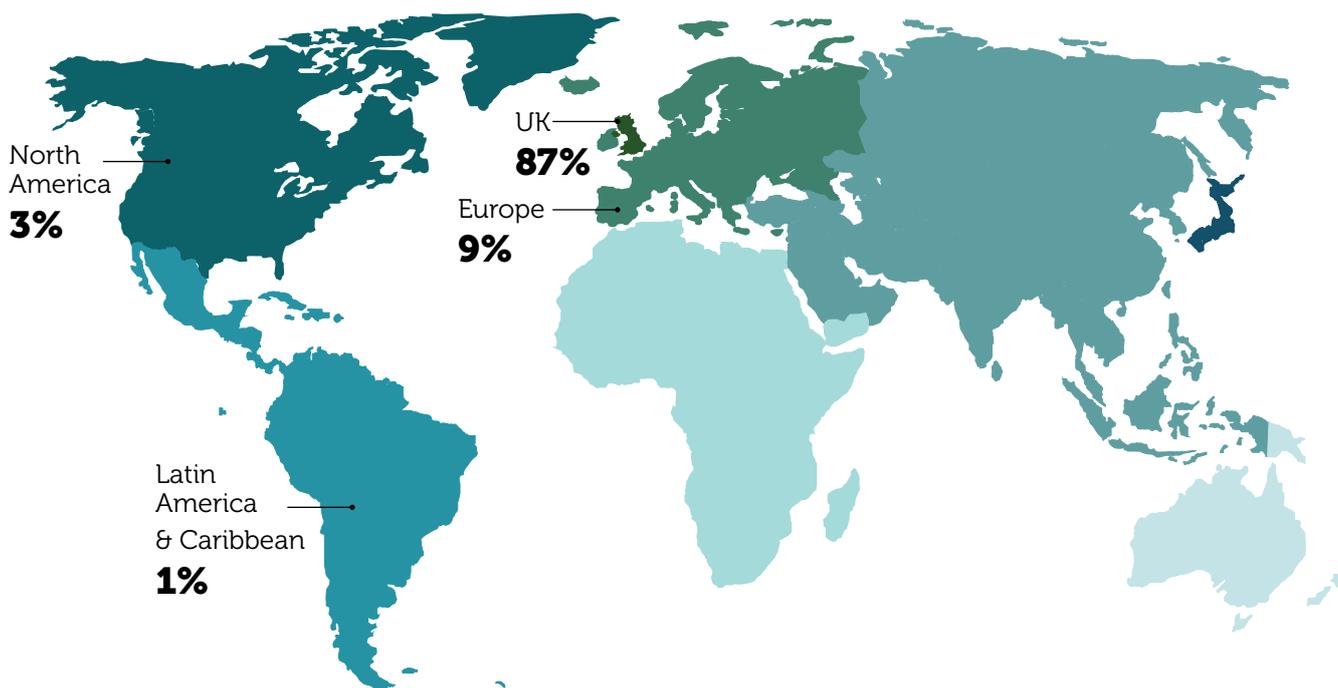
■ With management ■ Against management



■ Audit/Financials ■ Other
 ■ Board Related ■ SHP: Environment
 ■ Capital Management ■ SHP: Social
 ■ Changes to Company Statutes ■ SHP: Governance
 ■ Compensation ■ SHP: Compensation
 ■ Mergers & Acquisitions ■ SHP: Miscellaneous
 ■ Meeting Administration

Source: Robeco; note, totals may not sum due to rounding

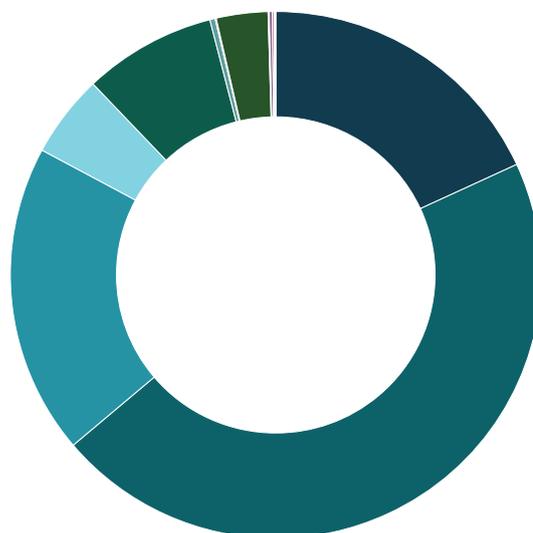
UK OPPORTUNITIES



Meetings voted: 150
 Agenda items voted: 2,805



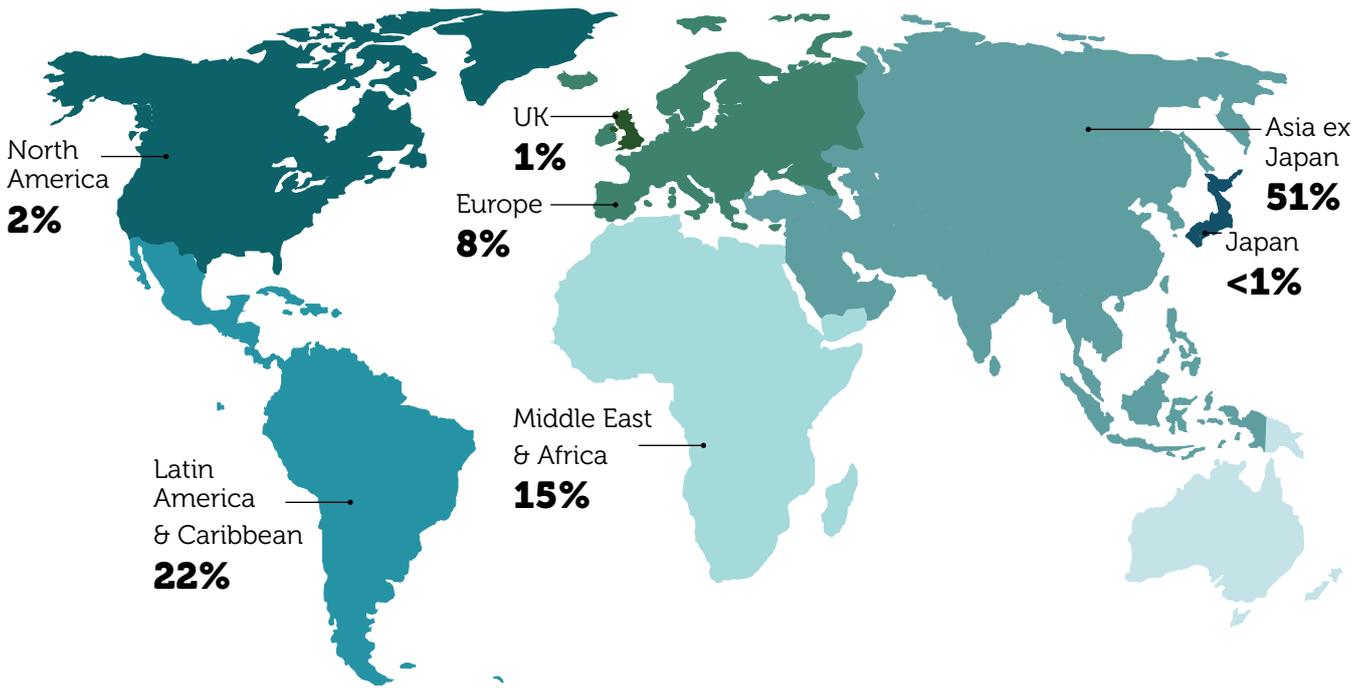
■ With management ■ Against management



■ Audit/Financials ■ Other
 ■ Board Related ■ SHP: Environment
 ■ Capital Management ■ SHP: Social
 ■ Changes to Company Statutes ■ SHP: Governance
 ■ Compensation ■ SHP: Compensation
 ■ Mergers & Acquisitions ■ SHP: Miscellaneous
 ■ Meeting Administration

Source: Robeco; note, totals may not sum due to rounding

EMERGING MARKETS

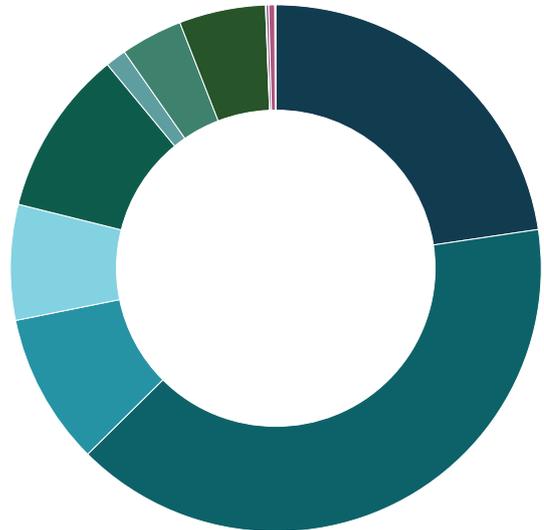


Meetings voted: 624

Agenda items voted: 5,661



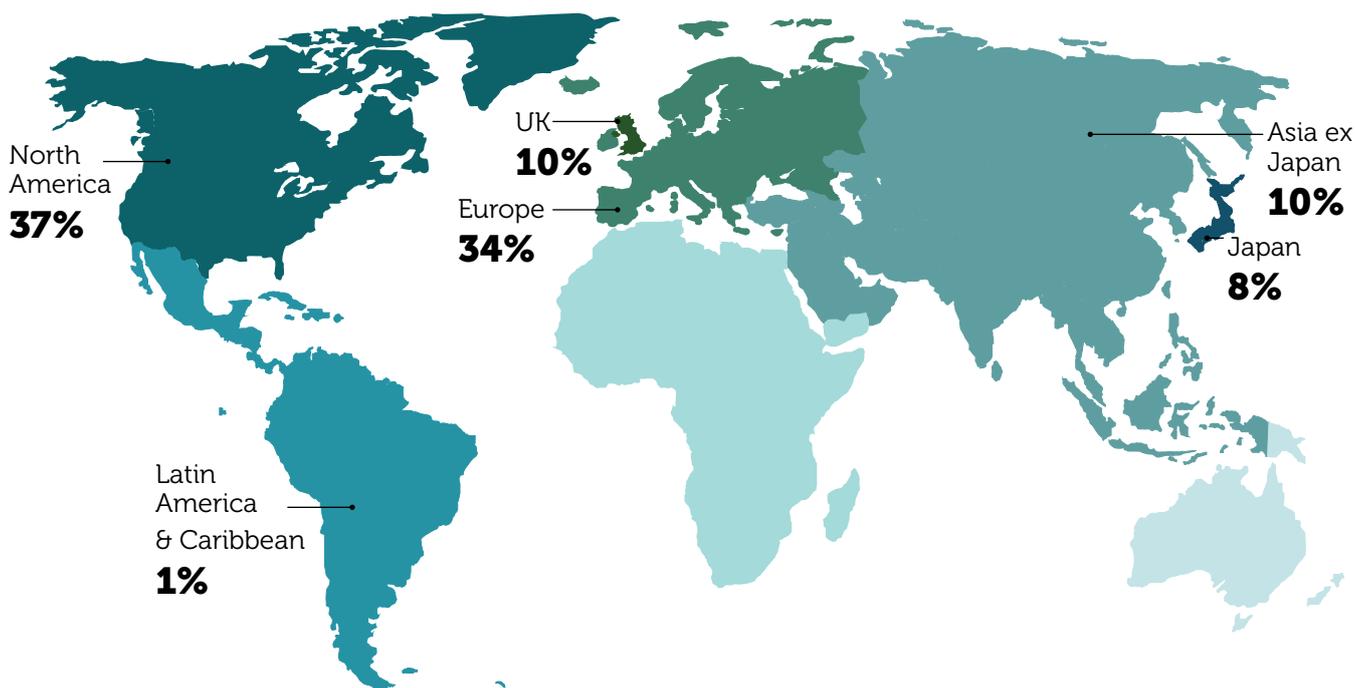
■ With management ■ Against management



■ Audit/Financials ■ Other
 ■ Board Related ■ SHP: Environment
 ■ Capital Management ■ SHP: Social
 ■ Changes to Company Statutes ■ SHP: Governance
 ■ Compensation ■ SHP: Compensation
 ■ Mergers & Acquisitions ■ SHP: Miscellaneous
 ■ Meeting Administration

Source: Robeco; note, totals may not sum due to rounding

SUSTAINABLE ACTIVE EQUITY

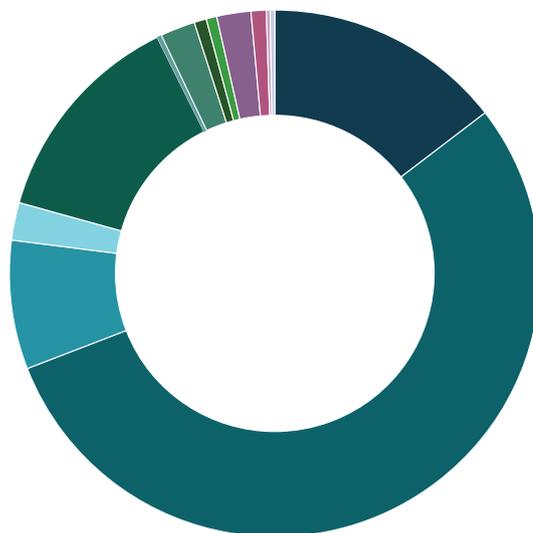


Meetings voted: 624

Agenda items voted: 5,661



■ With management ■ Against management



■ Audit/Financials ■ Other
 ■ Board Related ■ SHP: Environment
 ■ Capital Management ■ SHP: Social
 ■ Changes to Company Statutes ■ SHP: Governance
 ■ Compensation ■ SHP: Compensation
 ■ Mergers & Acquisitions ■ SHP: Miscellaneous
 ■ Meeting Administration

Source: Robeco; note, totals may not sum due to rounding

Ensuring that voting is in line with policy

WPP reviews the voting activity undertaken by Robeco on its behalf on a quarterly basis and notes that, across a range of resolutions, votes have been cast in line with WPP's intentions. Examples of this are given below.

Company: Shell

Multinational oil & gas issuer

Date: 21 May 2024

Vote (rationale and outcome)

Robeco was supportive of most of Shell's management resolutions, given generally well-viewed corporate governance practices. However, one management proposal asked shareholders to approve the company's climate progress report and the updated 2024 Transition Strategy. Robeco notes several changes in the latter, including the removal of Shell's 2035 target to cut Scope 1, 2 and 3 net carbon intensity by 45% and a weakening of the 2030 target. An SHP was filed asking for Shell to increase its effort and align its medium-term Scope 3 emissions-reduction targets with the Paris Agreement's goals.

Although Robeco acknowledges Shell's position as a relative leader in the sector, it is concerned over the lack of clear absolute-emissions reductions that Shell's targets will achieve. Robeco also highlighted the worry that removing the 2035 target will necessitate more drastic efforts in the medium-to-long term. Robeco therefore voted against the management 'Say on Climate' proposal and supported the climate SHP.

The management proposal passed with 78% support; the SHP did not pass, receiving 18.6% support.

LAPFF issued a voting alert setting out its position that Shell is not transitioning quickly enough. The alert asked for shareholders to vote against the re-election of a number of directors but to retain support for Sir Andrew Mackenzie, the (non-executive) chair of the board. LAPFF directed members not to support the 2024 Transition Strategy, with particular concerns highlighted around Shell's reliance on offsetting to address emissions. On the other hand, LAPFF recommended supporting the Follow This SHP on Paris alignment.

Robeco voted for all director elections, though voted in line with LAPFF on both the SHP (for) and management proposal (against) on climate.

Company: Amazon.com

US technology company

Date: 22 May 2024

Vote (rationale and outcome)

Robeco voted against the management Say on Pay proposal, given concerns around Amazon's executive-pay practices (awarding discretionary equity grants that are not based on performance requirements). Robeco also escalated such concerns by voting against the chair of the remuneration committee.

There were a number of environmental SHPs, including asking Amazon to set goals for plastic-packaging reduction, asking for disclosures around Scope 3 emissions and asking for a report on its transition strategy. Robeco supported all of these SHPs.

Moreover, Robeco supported two SHPs aimed at worker protections. The first requested that Amazon conduct an audit on the working conditions of warehouse workers; the second asked for an assessment of Amazon's adherence to its human rights principles, focusing on the right to collective bargaining.

Robeco further supported two SHPs related to the potential human rights impacts of its products. The first asked Amazon to assess the human rights risk of providing facial-recognition technology to governments. The second sought the establishment of a committee to assess human rights risks in Amazon's AI systems.

None of the SHPs received majority support.

Robeco generally voted in line with LAPFF recommendations; however, it did not support the SHP asking for the disclosure of director donations, nor the SHP regarding the formation of a public policy committee.

Company: Tesla

US automotive

Date: 13 June 2024

Vote (rationale and outcome)

This year's AGM was particularly significant for two management proposals that were put forward. The first concerned the ratification of the 2018 stock-performance award, which was voided in a Delaware court at the start of 2024, with the court concluding that the process of ratification by the Tesla board was 'deeply flawed'. Robeco chose not to support the proposal, feeling it did not meet Robeco's minimum criteria related to pay quantum, as well as raising governance concerns.

The proposal received 72% of the votes cast, excluding votes owned by Elon Musk and brother Kimbal.

The second proposal looked to reincorporate Tesla from Delaware to Texas. Robeco concluded that such a reincorporation posed a risk to the business, not least given that Texas business courts are relatively new, with less existing case law.

The proposal passed with 84% of the votes not owned by Elon and Kimbal.

Robeco voted in line with the LAPFF recommendations to oppose both of the above management proposals. Robeco also voted in line with LAPFF recommendations on the three SHPs addressed in the voting alert, on board declassification, reporting on anti-harassment and discrimination efforts, and on the adoption of a policy on the freedom of association and collective bargaining.

Company: Nestlé

Swiss food & drink conglomerate*

Date: 18 April 2024

Vote (rationale and outcome)

One SHP that gained significant attention at the AGM this year asked for Nestlé to add a timebound target in its articles of association to increase the proportion of sales derived from healthy products. Robeco voted for the SHP, in line with the LAPFF recommendation, feeling it contributed towards the UN SDGs and was also not overly prescriptive, thus leaving the target-setting up to the company itself.

The proposal failed, with 87% of votes against.

Robeco voted against the compensation report for more than three consecutive years, having not observed a clawback or other provision applied to executives' long-term incentives. To escalate concerns here, Robeco also voted against the election of the chair of the remuneration committee.

The proposal passed with over 83% support.

Company: Reliance Industries

Indian oil & gas*

Date: 29 August 2024

Vote (rationale and outcome)

Reliance Industries is the parent company of one of India's largest oil & gas exploration and production companies. The company is therefore under engagement through Robeco's Just Transition in Emerging Markets theme, which will run until September 2026. The theme focuses on the mining and energy sectors within emerging markets and looks to reshape corporate behaviour in transitioning away from a fossil-fuel-based system to incorporate more sustainable practices.

The AGM was an opportunity for Robeco to raise concerns regarding the company's impact on climate change. As one of India's largest oil & gas exploration and production companies sits within Reliance's portfolio of subsidiaries, Robeco believes the company should have the necessary strategies in place to address the risks its operations pose to climate change (and vice versa). Given Robeco has found key climate strategy components, such as Scope 3 emissions targets, to be lacking, it escalated concerns by voting against the chair of the sustainability committee.

The vote passed with the reelection of the Chair of the Sustainability Committee.

Company: Aluminum Corp. of China (Chalco)

Chinese aluminium company*

Date: 26 February 2025

Vote (rationale and outcome)

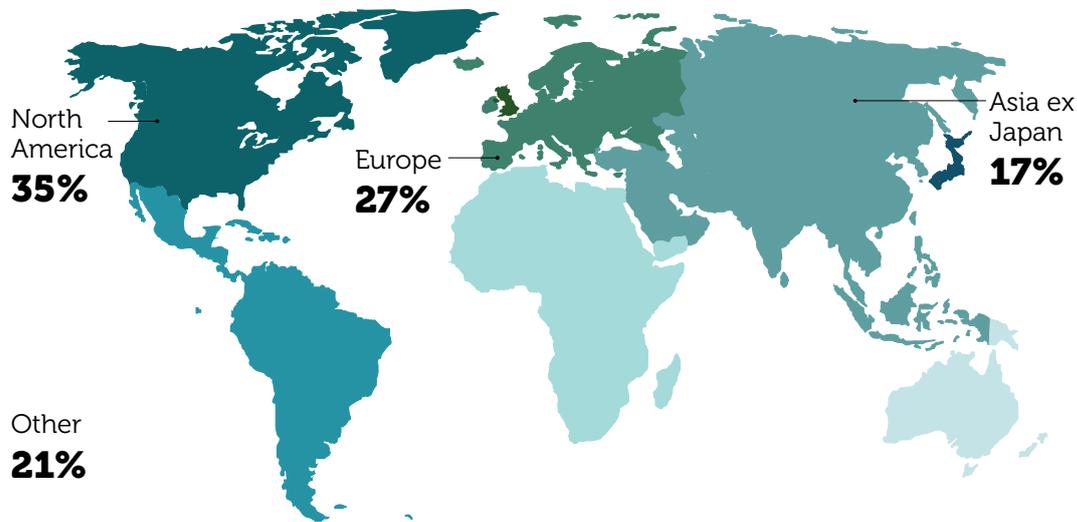
One of the issuers on WPP's climate-focus list, Chalco, is a state-owned multinational corporation that is currently under engagement via Robeco's Acceleration to Paris theme, which will run until 2027. The theme focuses on companies at greatest risk from the energy transition, helping those that they feel are lagging to put in place robust transition plans. At a special meeting of Chalco, Robeco voted against a director election, to escalate concerns that the company does not sufficiently address the impact of climate change on the business. While noting flat progress on their engagements on the topic at the start of the year, following year-end, Robeco reported positive progress in GHG emissions-reduction targets and in the phasing out of coal power. We will continue to monitor progress here as part of our climate-focus scrutiny.

*Issuers on the climate-focus list.



HOW WE ENGAGED

Engagement during 2024/25



Robeco undertakes three types of engagement on behalf of WPP:

- ◆ **Value:** proactive approach, focusing on long-term issues that may be financially material and/or have a sustainability impact. The primary objective is to create value for investors by improving conduct and governance.
- ◆ **Enhanced:** focused on companies that severely and structurally breach minimum behavioural norms in areas such as human rights, labour, environment, biodiversity and business ethics. The primary objective is to address the shortfall and bring them in line with internationally accepted codes of conduct.
- ◆ **SDG:** drive a clear and measurable improvement in a company's SDG contribution.

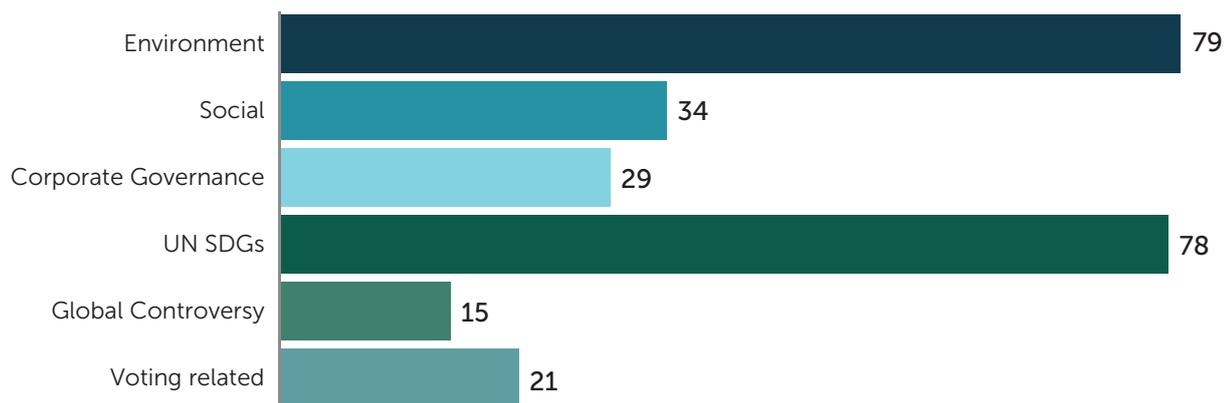
Generally, engagements are conducted over a period of three years (especially for developed-market value engagements); emerging-market issuers are generally given longer (four years), while enhanced engagements are given a maximum of three years.

The engagement activity below is reported for the year to end-March 2025. We note that Robeco does not differentiate between the nature of holdings in its engagement activity. Given Robeco represents multiple clients, issuers are chosen based on theme, so will cover both fixed-income and equity holdings (across both the actively managed Sub-Funds, as well as the passive investments through BlackRock).

Given the global nature of WPP's investments, engagement activity took place across multiple regions, with the split of activity illustrated above.

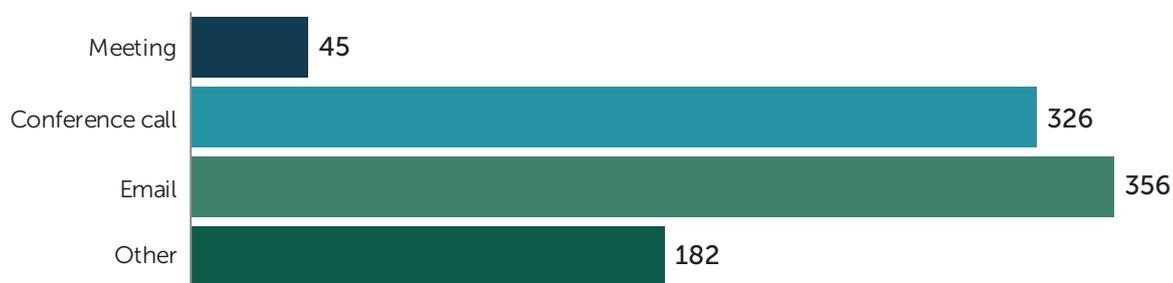
On behalf of WPP, Robeco employed various routes for engagement, including conference calls, letter writing, emails and active voting. In 2024/25, there were over 900 total engagement activities across 237 companies, covering a range of themes.

Engagement theme



Source: Robeco

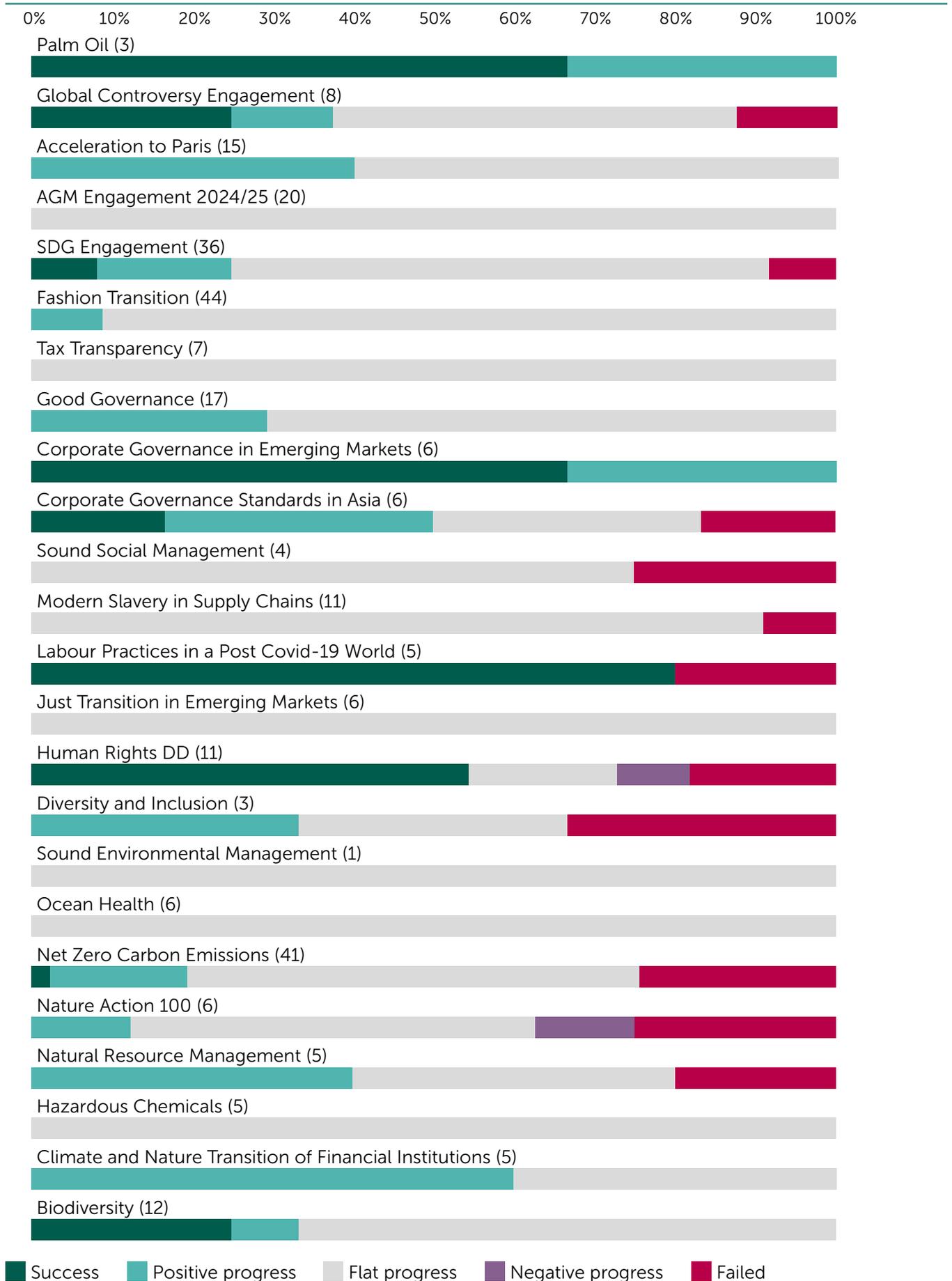
Engagement route



Source: Robeco

As noted above, these broad thematic areas comprise a range of additional sub-themes, against which various progress has been made. In the table below, we detail each theme, the number of companies within WPP's portfolios that have been actively engaged and provide some indication of progress against each theme (as at end-March 2025). The chart also indicates the number of companies engaged under each theme (figure shown in brackets), noting that some companies are being engaged on multiple themes.

Progress on engagement by theme



Source: Robeco

We receive significant information related to engagement activities, both on each theme and the detail of the activity being undertaken each year. We summarise several areas below that are of particular interest to WPP, given our Stewardship Themes and other discussions over the year, and how Robeco (and other service providers) is supporting WPP's stewardship activity.

Human rights

The recent increase in geopolitical tensions (such as the conflicts in Russia-Ukraine and Israel-Gaza) pose serious legal, financial and reputational risks for companies. Due to the geographical spread of CAHRAs, the risks stem not only from the direct footprints of company operations, but also from within supply chains. Furthermore, the exposure investors face will be shaped by the ways in which companies mitigate and manage CAHRA-related risks. WPP has therefore been actively engaging and monitoring the activity of its service providers in this area.

CASE STUDY:

Human Rights Due Diligence for CAHRAs

This engagement programme targeted companies operating in or linked to CAHRAs, focusing on the management and protection of human rights within such complex, conflict-sensitive environments. The theme encourages enhanced human-rights due-diligence practices for those companies under engagement, including specific objectives around policy commitments, remediation and reporting. Over the three years of engagement, Robeco has found variances in company improvement, with some developing robust processes with built-in risk rankings, while others lag. Robeco is working on a new screening methodology to continue identifying and evaluating companies involved in CAHRAs and their associated human-rights impacts, which may result in an expansion of the theme. WPP will continue its dialogue with Robeco to better understand the findings of these engagements and the further necessary action.

Heidelberg Materials

Robeco engaged with Heidelberg Materials, a German building-materials company, given operations linked to disputed areas, including the OPT. Overall, Robeco notes positive progress, with Heidelberg strengthening its human-rights systems, including disclosures on the activity and outcomes of the company's grievance hotline and the monitoring of CAHRA-specific risk indicators. While there are aspects of the enhanced due-diligence process that Heidelberg is still trying to scale, Robeco has a positive view on efforts to date.

Volkswagen (VW)

Robeco closed its engagement with VW under the Human Rights Due Diligence in CAHRAs theme. Robeco had been engaging with the company since Q3 2023, given operations in Xinjiang and allegations of human-rights abuse against the Uyghur minority group within the region. The focus of the engagement was on VW's human-rights due diligence. Robeco was satisfied with the company's development of these pillars, particularly with VW's development of enhanced human rights due-diligence processes, remediation and reporting.

LAPFF has undertaken a considerable amount of work engaging with companies that have ties to CAHRAs. During its initial engagements in December 2024, to better understand company exposure and practices towards such risks, LAPFF wrote to all FTSE 100 companies (excluding investment trusts) requesting they provide the Forum with details about their approach to operating in, or having operations or funds linked to, CAHRAs. LAPFF noted all of the human-rights risks and potential negative impacts on financial performance and requested that companies provide information on their approach to risk mitigation in relation to CAHRAs. LAPFF is continuing to monitor the responses to this letter, which it will use to inform future engagements. In addition, it will follow up with companies, continue to monitor ongoing global conflicts and engage with companies more broadly operating in conflict-affected and high-risk areas to assess their implementation of

heightened human-rights due diligence. At LAPFF's annual meeting, WPP voted to expand this work, recognising it as an ongoing area of risk and concern for stakeholders. Part of the expansion focuses on engaging financial institutions, where lending and investment may be connected to human-rights abuses or conflict financing. We will report further on this in our next submission.

Engagement area: LAPFF: UNOHCHR list of enterprises in relation to OPT

LAPFF has engaged with companies operating in conflict zones to ensure they undertake robust heightened Human Rights Due Diligence (hHRDD), particularly those on the UN Office of the High Commissioner for Human Rights in relation to OPT. LAPFF wants to ensure companies follow the UN's Guiding Principles on Business and Human Rights, which outline corporate responsibility to respect human rights.

CASE STUDY:

UNOHCHR list of enterprises in relation to OPT

Booking Holdings

LAPFF engaged with Booking Holdings to discuss its approach to hHRDD in CAHRAs, including Israel and Palestine. The discussion also covered its processes for exiting, entering or remaining in high-risk areas. LAPFF requested the company update its human-rights statement.

Robeco separately engaged with Booking Holdings on this subject (regarding their policy commitments, enhanced due diligence, remediation and reporting pillars) and has closed this engagement as successful. Robeco was satisfied with the company's development of these pillars, particularly with the development of a scalable risk-ranking model to assess properties in conflict-affected areas, as well as its well-structured grievance mechanism with clear escalation steps.

Motorola Solutions

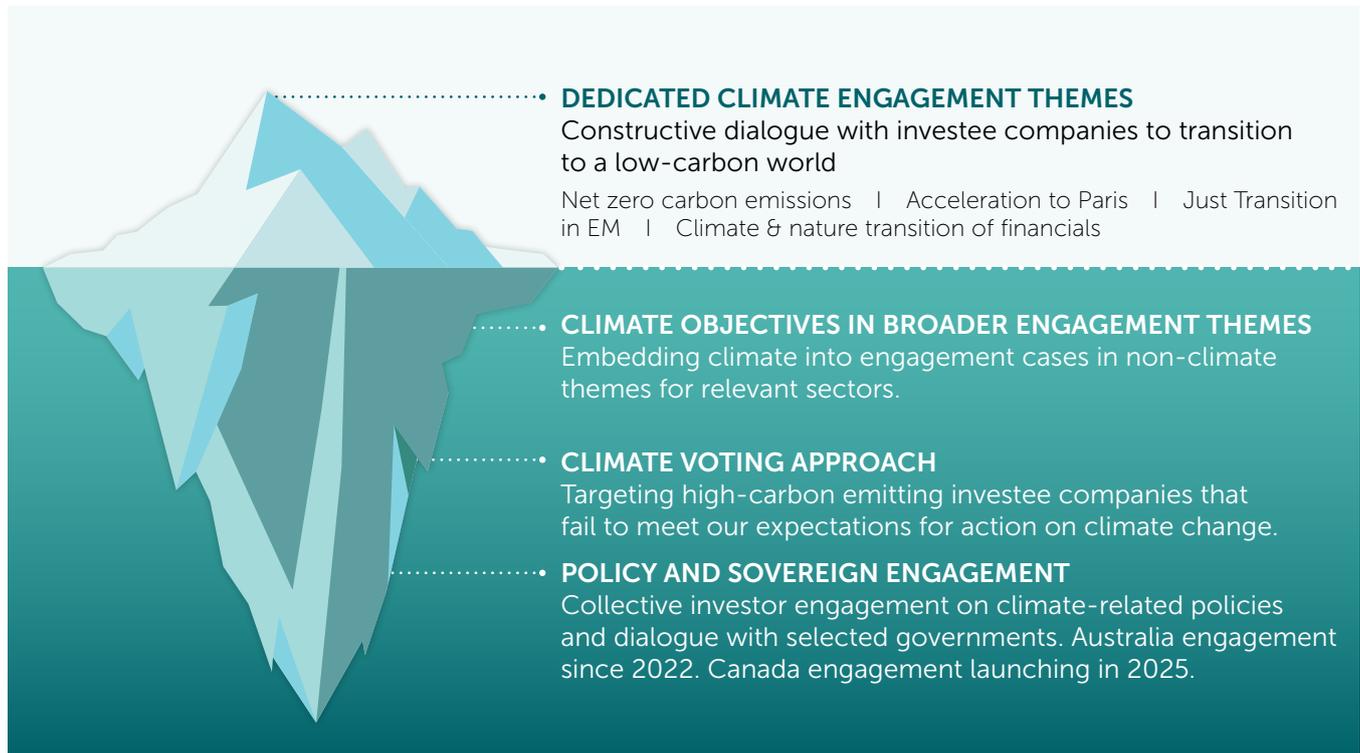
In a meeting with Motorola Solutions, LAPFF queried the company's approach to hHRDD in conflict zones, including Israel and Palestine, its processes for assessing risks associated with customers and products, and the company's inclusion on the UNOHCHR database. LAPFF has not yet published the results of this engagement.

Human-capital management

Robeco has now shifted the Diversity and Inclusion engagement programme to a broader Human Capital Management theme, recognising the need to address a wider range of workforce-related issues. This theme has therefore expanded from looking solely at diversity practices and disclosures, gender pay gaps and board representation to include job satisfaction, compensation, internal hiring, employee training and turnover. Sound human-capital management can increase shareholder value, which is linked to better productivity, stock-price outperformance and company valuation.

Climate

Climate remains a stewardship focus area for WPP and its stakeholders. We are pleased that Robeco continues to reflect WPP's objectives in a range of climate-related engagement themes, while also incorporating climate objectives into other engagement areas that do not have a climate focus (such as SDG engagements around AI and human rights). Robeco is also engaging on climate and nature together – recognising their interconnectedness. Robeco is progressing its approach to engagement in this area; for example, it is targeting green capex and developing a sector-specific 'Say on Climate' framework, as well as working to measure the real-world impact of its engagements.



Source: Robeco, for illustrative purposes only. Statistics subject to change. NDC: Nationally Determined Contributions; commitments that countries make to reduce their greenhouse gas emissions as part of climate change mitigation. Robeco Active Ownership. LGPS Active Ownership Client Panel 2024

Robeco: net-zero emissions

For three years, Robeco has been engaging with Anglo American under the Net Zero Carbon Emissions theme, which was undertaken as part of collaborative efforts with CA100+. Robeco is positive on plans for a corporate restructuring, which began last year and will support the company's aims in transition management, investing in 'future-enabling materials' (low-carbon fertiliser, iron ore and copper) and disposing of all the company's metallurgical coal mines. Positively, Anglo American's emissions profile is decreasing, and the company has plans to set new emissions-reduction targets once the restructuring is finalised. Robeco feels that Anglo American is ahead of peers in terms of Scope 3 disclosures (it is one of the few miners to do this). Robeco is therefore satisfied with progress on this theme and has closed the engagement as successful, with four of nine objectives successfully closed and three showing positive progress. Only the objectives around the 'just transition' and climate accounting showed flat progress.

Robeco: 'just transition' in emerging markets

Robeco is now in its second year of engagements on the Just Transition in Emerging Markets theme. The theme focuses on supporting workforces, communities and supply chains as we shift away from fossil-fuel-based and resource-depleting economies towards sustainable production. It deals with themes such as combating climate change and protecting biodiversity. The 'just transition' is critical in addressing the social, economic and equality challenges arising from the shift to a sustainable, low-carbon economy. Without it, climate action could exacerbate inequalities and disproportionately affect groups such as workers in carbon-intensive industries and indigenous populations. For this theme, Robeco focuses on companies in emerging markets due to their reliance on high-emission industries and the potential for economic transformation through sustainable practices. Robeco is engaging with these companies on a number of objectives: getting companies to commit to a 'just transition' and embed it into their governance structures; increasing dialogue between stakeholders and companies on this subject; publishing a 'just transition' plan; managing associated risks; and increasing transparency and disclosures in line with global frameworks, such as the TCFD.

CASE STUDY:

Ecosystem engagement: beyond corporate engagement

Ecosystem engagement refers to actively involving all stakeholders (such as governments, businesses, workers, communities, financial institutions and civil society) in designing and implementing equitable solutions for the shift to a low-carbon economy. It is key to achieving a successful and fair transition.

Robeco extended its efforts beyond corporate engagement to also include:

- Public-policy engagement: Robeco engages with policymakers to support the development of socially conscious transition policies.
- Industry engagement: Robeco actively participated in industry initiatives, joining workstreams that focus on developing guidance for financial institutions in the Asia-Pacific region and continuously seeking opportunities to engage with other investors.
- Civil-society dialogue: via international organisations such as the UN Development Programme, Robeco engages with NGOs, trade unions and affected stakeholders at the UN Responsible Business and Human Rights Forum.
- Engagement with subject-matter experts: Robeco has ongoing dialogue with subject-matter experts on the 'just transition' from the London School of Economics and the National University of Singapore
- Capacity building: Robeco organises roundtables for financial institutions on the 'just transition'.

Robeco: acceleration to Paris

The Acceleration to Paris engagement theme is an enhanced engagement focusing on high emitters that have weak management of GHG emissions. In 2024, Robeco concluded most active engagements under this theme and has selected new issuers to engage while developing a strategy for the second phase of engagement. Robeco places an emphasis on coal phase-out, as per the COP26 Glasgow Climate Pact, where countries committed to accelerate the phasedown of unabated coal power. The engagements therefore focus on companies' climate-transition plans, which Robeco encourages to include a commitment to 'no new coal' power developments, defining a phase-out year and adopting emissions-reduction targets with credible milestones. There were 23 companies under engagement for this theme in Q4 2024. Robeco has chosen and initiated engagement with a fresh set of companies for the second phase of this theme, with reporting available for this following year-end.

CASE STUDY:

Sumitomo

Robeco showcased Sumitomo Corporation as an example of how companies can reduce their coal-power generation. It engaged with the company between 2021–24 as part of the Acceleration to Paris enhanced engagement, requesting the company to adopt a coal phase-out plan. The firm has since committed to not investing in any more thermal-coal projects and has withdrawn from several coal-fired power-station projects. The company also has a plan for phasing out its thermal-coal assets by the late 2040s, with intermediate targets. Sumitomo has reached an agreement with Indonesia's state-owned power company to accelerate renewable deployment and the early retirement of coal.

LAPFF: climate

While Robeco undertakes the majority of WPP's stewardship work, we equally recognise the value added by our investment managers' engagements and LAPFF's work.

LAPFF has continued its climate engagements across a number of sectors. This includes UK homebuilders, where engagements have centred on climate-transition strategies; energy suppliers, focusing on transitioning away from fossil-fuel investment and increasing investment in clean-energy infrastructure, including energy storage and grid modernisation; oil & gas names, where we have seen a weakening of climate commitments; and with banks on energy-transition financing.

CASE STUDY:

LAPFF: fossil-fuel financing

A focus area for LAPFF is the significant role of banks in the energy transition, both in continuing to support fossil-fuel energy and in financing low-carbon alternatives. As part of LAPFF's involvement with Asia Research and Engagement investor group, the forum seeks to engage with major financial institutions in Asia to improve their alignment with a 1.5°C pathway. This seeks enhanced disclosure, strengthened transition-finance frameworks and the adoption of clearer policies relating to the financing of more emissions-intensive energy sources such as coal and oil sands.

LAPFF engaged with Sumitomo Mitsui Banking Corporation (SMBC), which has now developed a Transition Finance Playbook relative to its transition-financing strategy. This playbook not only provides guidelines for transactions but also incorporates annual client-progress assessments to ensure alignment with its sustainability goals. Using this, SMBC is taking steps to align its financing activities with climate-transition requirements while managing its own financed emissions.

Russell Investments: climate transition

Working collaboratively with its engagement partner Sustainalytics, Russell engaged with one of the issuers on WPP's climate-focus list under the Net Zero Transition engagement programme. Engagement centred around climate targets, capex on decarbonisation and alignment with science-based targets (including Scope 3). Russell notes progress, with the company setting ambitious climate goals for 2030, underpinned by increased capex towards decarbonisation, including through green hydrogen and the use of carbon-removal technologies. Russell will continue monitoring the company's progress, especially around Scope 3 emissions targets, and advocating for increased policy support (eg the carbon border-adjustment mechanism).

Russell also engaged with its Sub-Advisor on the holding due to its low ESG and carbon scores, and health and safety concerns, which were flagged within ongoing monitoring. On ESG and carbon scoring, Russell believed these scores were low due to the company's business model and unclear position for decarbonising its operations. Russell finds that the company has committed to decarbonisation, with major green steel projects underway in Europe. Russell also advises the company is considering integrating the Science Based Targets

initiative's global steel pathway into its operations. The health and safety concerns were due to a recent coal-mine issue in a particular region; Russell notes the company has since divested from its assets in this region, compensating victims and commissioning a third-party safety audit.

Russell Investments: decarbonisation

Russell engaged with one of the emerging-market oil & gas giants, to understand its decarbonisation strategy and long-term climate-transition plan. While acknowledging the company's ambition to be carbon neutral by 2050, Russell highlights the lack of interim targets (beyond 2030) and notes a need for greater transformational change. Russell felt that the issuer lacked a clear net-zero plan, citing a deficiency of interim targets or clear milestones beyond 2030. While there has been capital allocation towards lower-carbon technologies – for example, investments in solar, wind and biofuels – these have been as minority stakes in third-party ventures. Russell will continue to engage and monitor efforts, particularly around interim targets, capex for large-scale carbon solutions (including carbon capture) and advocating for policy support from government.

Ocean Health

Robeco announced the launch of the new Ocean Health engagement theme, a theme WPP advocated for in late 2023. The theme focuses on addressing marine biodiversity loss through engagement with companies at the core of this topic, including fisheries, shipping, cruises and deep-sea mining. The aim is to shape a resilient and nature-positive 'blue economy'. Engagements will focus on companies' management of their impacts and dependencies on marine health and will explore opportunities to transition towards nature-neutral and restorative value-creation models. The objective of this is to help companies form a better understanding of their nature and biodiversity impacts – and prioritise and build resilience to these. There will be a push for the companies under engagement to embed marine health into their governance and strategy processes. Commencing in Q1 2025, this engagement theme will run for three years and will engage with a select group of companies across the globe, from smallholder fisheries in Asia to cruise ships in the Bahamas.

Policy engagement

At the client panels, we were keen to get greater transparency on the policy engagements that Robeco undertakes with states and regulatory bodies. Robeco outlined its continued dialogue with the governments of Brazil and Indonesia, as part of its engagements around deforestation and biodiversity loss, linking this with their commitments under their NDCs ('nationally determined contribution': the emissions reduction targets established under the Paris Agreement).

In addition to this work, Robeco has also been engaging with Australia – one of the world's largest coal exporters – on climate. With Australia's second NDC due for publication in 2025, Robeco met with ministers and climate-policy advisors to discuss the NDC target-setting process. Robeco outlined why an ambitious NDC target in 2025 will be an important step not only in preventing transition and physical risk to the economy, but also in showcasing to European investors the green credentials of Australian federal and state debt. As part of the dialogue generally, which has included discussions on Australia's Green Bond Framework, the Australian Office of Financial Management issued its inaugural green bond in June 2024, enabling investors to back public projects that help drive Australia's transition to net zero by 2050.

HOW WE ESCALATE ISSUES

WPP can escalate issues directly with Service Providers but also relies on them to escalate issues when progress stalls during the engagement process. The RISG offers a forum for discussion and escalation, although escalation may similarly arise because of discussion in other fora.

We recognise that the process of stewardship should not be without consequence, particularly where engagement is deemed 'unsuccessful'. Such engagements may include a lack of responsiveness from the issuer; a failure to acknowledge the concerns raised within the engagement; or a refusal to adequately address the concerns that have been raised. We understand that there are several tools at our disposal as active owners to effectively escalate concerns. These may include:

- ◆ Participating in collective engagement with other likeminded investors to address concerns
- ◆ Expressly voicing concerns in written correspondence with the board
- ◆ Using proxy voting as a tool on related proposals or as they relate to relevant board nominations
- ◆ Filing shareholder resolutions that directly address concerns

We have already mentioned some of these throughout this report, particularly in relation to the use of proxy voting, and will highlight several additional case studies below.

Escalation by Robeco

WPP notes that there were several examples of Robeco's escalation in its stewardship activity over the reporting period, which we highlight in our case studies, both above and below.

CASE STUDY:

Escalating concerns on supply-chain risk

Robeco wrote to the chairwoman of one of the companies engaged under the Fashion Transition theme, requesting a conference call and update after multiple unsuccessful attempts to schedule a meeting. Robeco wanted to discuss how the company perceives risks and opportunities relating to its approach towards responsible labour practices and supplier engagement, as well as its decarbonisation approach. Robeco received a prompt response to the escalation letter and has since had a conference call with the company's Vice Presidents for Global Sustainability and Investor Relations. The dialogues have been noted as positive; however, they have flagged that greater transparency in reporting will be necessary to ensure accountability and avoid of greenwashing.

CASE STUDY:

Nature

Robeco sent an escalation letter to the board of directors of a food issuer engaged under the Nature Action theme, in conjunction with other investors involved in NA100, urging the company to establish a dialogue with its shareholders on nature-related topics. The company scored relatively poorly in its first NA100 assessment; while it has water-consumption reduction targets in place, there is no information on its efforts related to decreasing other drivers of biodiversity loss. We will continue to monitor the progress on this engagement as part of our climate-focus scrutiny.

WPP's escalation principles

This was the first year that WPP's escalation principles, outlined below, were embedded into the Stewardship Policy:

- ◆ There should be clear and regular communication of the engagement target and objectives between parties.
- ◆ The goals of the engagement should be set against the ongoing investment case for the holding.
- ◆ Progress should be reported to CAs.
- ◆ Escalation actions taken by the WPP's delegates during the engagement should be clearly identified.
- ◆ An (enhanced) engagement that is reported as having failed by WPP's V&E Provider should trigger greater ongoing reporting by WPP's Investment Managers.
- ◆ WPP's V&E Provider should continue to make voting recommendations on stocks that are retained after a failed engagement.
- ◆ Divestment will be considered if escalation fails.

Engaging stakeholders

As noted in our last report, we organised a workshop with the JGC, in conjunction with Russell, to outline how these principles would be enacted in practice. We highlighted that, for those enhanced engagements that had failed (and were now included on Robeco's exclusions list), the vast majority were held within the index-tracking passive funds. The one issuer WPP was exposed to within the active Sub-Funds was Korea Electric Power Company (KEPCO), which Robeco had added to its exclusions list in 2021. From 2015, KEPCO and its operating subsidiaries had faced several allegations of corruption involving employees and management. In October 2018, Robeco began an enhanced engagement with KEPCO, which was closed as ineffective in 2021, with the company then added to Robeco's exclusion list.

In discussions with Russell, we wanted to understand the underlying investment rationale for holding the issuer and if there had been any updates on remedying the breach, given prior engagements. The fund manager first invested in the stock in March 2024, with the investment outlook seen as positive. The manager also advised that KEPCO had been transparent and receptive during ESG engagements, addressing concerns about their carbon-emissions roadmap and operational issues. They were also enhancing communication with US investors through a dedicated investor-relations person and an investor day in New York.

As part of WPP's escalation policy, particularly the conveyance of information between our service providers, we shared this information with Robeco in mid-2024. We were pleased to see that after year-end, Robeco removed KEPCO from its controversial behaviour exclusions list, with the following rationale:

On Sustainalytics, KEPCO has now been rated for two consecutive years as Compliant for Principle 10 'Businesses should work against corruption in all its forms, including extortion and bribery'. As part of the annual review of exclusion companies due to controversial behaviour, Robeco emailed KEPCO's investor relations to confirm if KEPCO's subsidiaries are still not obliged to report misconducts or corruption cases of their employees to its Ethics and Compliance Committee. KEPCO replied to our email that it does not receive reports on misconduct of subsidiaries' employee from subsidiaries, but that disclosure is through Korea's public institution management information disclosure system. Additionally, KEPCO publishes Sustainability Report annually, including misconduct by its subsidiaries. Robeco views that the disclosure through the public information disclosure system and through the Sustainability Report is sufficient enough for the company to keep own and subsidiaries' potential corrupt practices in check. Robeco also reviewed online news on KEPCO since the 2024 review date and found no material news of breaches. The company is now disclosing misconduct by subsidiaries and, in light of no new material breaches upon the review, Robeco removed the company from the controversial-behaviour exclusion list.

Initial work on exclusions framework

While WPP has established the investment framework within which investments are made, the strategies themselves are managed on behalf of WPP by third parties who, in turn, may delegate responsibility for the selection of individual assets to other asset managers. WPP has not, to date, imposed any explicit exclusions within its investment framework, other than within the Sustainable Active Equity Sub-Fund (and, soon to be launched, the bespoke passive ESG fund). However, in relation to the escalation principles developed last year and following stakeholder discussions, we are keen to review our current framework and approach to setting minimum standards. Although work commenced with stakeholders and service providers prior to year-end, we expect it to progress over 2025/26.



WHAT NEXT?

We recognise that one of WPP's unique strengths is the level of collaboration that exists between all of the Pool's underlying LGPS funds. We would like to thank each of the CAs for their continued contribution and support in progressing our work on RI and stewardship, and in steering discussions through the RISG. We believe we can continue to build on what is a solid foundation on:

- ◆ Pooling ('Fit for the Future')
- ◆ Climate stewardship: framework and focus list
- ◆ Climate goal and transition planning (including scenario analysis)
- ◆ Manager monitoring framework
- ◆ Collaborative engagements with other stakeholders
- ◆ Evolution of our reporting
- ◆ Further work on our divestment framework and consideration for implementing Pool-wide exclusions
- ◆ Real estate launch
- ◆ Work on impact and levelling up, including our first all-Wales impact report

While the intentions outlined above have all been progressed in some way following year-end, we hope we can continue to progress not only in these areas, but in all the work we do as a Pool. We look forward to further collaboration over the next 12 months!



APPENDIX 1: PRINCIPLES

Principle	Page references
1: Purpose, strategy and culture	3; 13; 28
2: Governance, resources and incentives	3; 7–8; 10
3: Conflicts of interest	4–5
4: Promoting well-functioning markets	6–7; 14–16; 18–26
5: Review and assurance	6–8; 13–19; 28–34; 45–53
6: Client and beneficiary needs	3; 9–11; 14–16; 28–34
7: Stewardship, investment and ESG integration	9–19
8: Monitoring managers and service providers	6–8; 14–19; 28–29; 33–34; 25–56
9: Engagement	18; 20–27; 45–56
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Following updated guidance from the FRC, we have only reported against these Principles where there have been material changes or where relevant in the context of our reporting.

APPENDIX 2: POLICY REVIEW SUMMARY

Full review can be found on our website: [link](#)

In the tables below: ● indicates that policy expectations were met; ● indicates some progress, with policy expectations partially met and 'steps to green' outlined; ● indicates that policy expectations were not met, with 'steps to green' outlined.

Responsible Investment Policy

Status	Ref	Commitment/ Policy Statement
●	3.3	WPP will consult with CAs on at least an annual basis to determine their individual investment requirements and longer-term aspirations.
●	3.4	The WPP will consider opportunities arising from a greater understanding of ESG factors.
●	4.3	WPP will engage with its service providers to ensure that a common mechanism for monitoring climate-related risks can be developed in respect of all WPP assets.
●	4.4	WPP will encourage, through its delegates, all investee companies to disclose in line with the requirements of the TCFD.
●	5.2	WPP will endeavour to monitor and report on nature risk, as far as it is able, and will work with its service providers and delegates to ensure adequate stewardship on this issue.
●	6.3	WPP will endeavour to identify and engage organisations on human rights issues both through WPP's membership of LAPFF and via the engagement activity undertaken by WPP's V&E Provider.
●	6.4	WPP will report on how engagement activity undertaken by its delegates has addressed human rights issues on an annual basis.
●	8.1, 8.3	WPP expects that all the investment managers employed within WPP will take account of ESG risks in decision-making within their respective portfolios. WPP expects its managers to demonstrate and evidence high standards with regards to their integration of RI considerations. Where necessary, WPP or its service providers will engage with investment managers who fail to meet WPP's expectations to agree a plan to address any shortcomings. WPP will engage with its investment managers on an ongoing basis to ensure that ESG factors are transparently reflected in decision-making processes and that the approach taken to the management of ESG factors can be properly evidenced.
●	8.2	WPP expects that, in all relevant circumstances, its investment managers will be signatories to the Principles for Responsible Investment and the FRC UK Stewardship Code.
●	9.3	WPP will review the voting policy in conjunction with its V&E Provider, advisers and investment managers on an annual basis.
●	9.4	WPP will engage with its passive-investment manager to consider how WPP's voting principles can be extended to assets managed by its passive investment manager.
●	9.5	WPP will receive reporting on all voting activity, including details of any votes that have not been cast and explanations where votes have not been cast, in accordance with the agreed principles on a quarterly basis. WPP will discuss any issues of concern with its V&E Provider, investment managers or other delegates as necessary.
●	9.6	WPP has instructed its V&E Provider to consider the substance of LAPFF voting alerts before casting votes on behalf of WPP. Where a vote cast is out of line with the LAPFF voting alert, WPP requires its V&E Provider to provide an explanation of the difference.
●	9.7, 9.8	WPP will receive a report on all engagement activity undertaken by the V&E Provider on a quarterly basis. WPP will discuss any issues of concern with the V&E Provider. WPP will receive reporting on any engagement undertaken by its investment managers on an annual basis, including within the private-markets investment programmes.

Responsible Investment Policy

Status	Ref	Commitment/ Policy Statement
●	10.1, 10.4	In conjunction with its V&E Provider, WPP will continually assess potential collaboration opportunities, and will inform and seek input from the CAs on any such opportunity that it deems to be relevant. WPP will encourage underlying investment managers to participate in or support collaborative engagements where it is deemed to be in the best overall financial interests of CAs.
●	11.2	To ensure the full application of its voting rights, as far as is practicable, WPP will recall all stocks on loan prior to any meeting at which voting rights may be exercised across the active equity Sub-Funds in scope.
●	12.1	In consultation with CAs, advisors and investment managers, WPP has developed appropriate monitoring metrics for existing portfolios and will continue to agree appropriate metrics in respect of all new investments. WPP will require investment managers to include such metrics in their quarterly reporting to CAs.
●	12.3	WPP requires that the RI credentials of all appointed investment managers are subject to annual review. In conjunction with the relevant parties, WPP will develop an appropriate reporting framework for its investment managers.
●	12.4	On an annual basis, WPP will prepare and publish a report detailing the actions undertaken in fulfilment of this policy and the results achieved, following the principles of the 2020 FRC UK Stewardship Code.
●	13.1	WPP will ensure there is at least one formal training session directly focused on RI.
●	13.3	WPP will review the adherence of all parties to this policy on an annual basis. WPP will publish the results of their assessment in a public report.

Climate (Risk) Policy

Status	Ref	Commitment/ Policy Statement
●	7	This policy will be reviewed by WPP on an annual basis and, if necessary, changes to the policy will be proposed and agreed by the JGC and OWG. As part of the annual review process, WPP will take account of the evolving risk to and requirements of the CAs.
●	13	WPP's role is to consult with each CA in relation to their climate objectives, on at least an annual basis, and to fully understand what implementation solutions they require to meet their objectives and commitments.
●	14, 15	Following consultation with each CA, WPP will endeavour to develop and facilitate investment solutions that enable every CA to achieve their climate objectives and commitments. Where possible, WPP and its CAs will seek to collaborate to develop investment solutions that meet the climate objectives and commitments of all the CAs.
●	16	If unified and collaborative investment solutions that simultaneously meet the objectives and requirement of all CAs cannot be developed, WPP will work with any CA to develop tailored investment solutions that will enable them to achieve their own local objectives and requirements.
●	18, 19	On an annual basis, WPP will assess whether its consultation exercise with CAs has identified a common climate-related objective that all CAs are willing to support. WPP's Climate Goal will be regularly reviewed, following consultation with the CAs, and will always be driven by the collective requirements and objectives of the CAs. If WPP's consultation exercise with the CAs fails to identify a common climate-related objective that all CAs are willing to unanimously support, then no WPP Climate Goal will be formulated until there is unanimous support for a given Climate Goal.
●	20	To facilitate future discussion and consensus-building on climate generally, including on a common Climate Goal, WPP will develop a Climate Framework. The Climate Framework will include a common taxonomy and basis for setting climate targets. This will support future product development, policy evolution and reporting to be addressed in a consistent manner. This will also allow WPP to assess its existing funds (active and passive, listed and private) against the Climate Framework to facilitate evolution where appropriate.
●	22	Recognising its current investment arrangements and offerings, WPP's immediate focus will be on climate-related-risk exposure within its equity and fixed-income holdings. WPP will consider climate-related risks in other asset classes when circumstances allow or require them to do so. WPP will endeavour to provide climate solutions across investment products, including private-markets assets and passive mandates.
●	23	WPP recognises the importance of monitoring exposure to climate-related risks in different ways. Understanding exposure to climate solutions is also beneficial in understanding investment needs to meet climate goals. One way WPP facilitates this is by monitoring exposure to a number of climate-related attributes for each Sub-Fund to ensure that the CAs have all available information at their disposal.
●	24	WPP will endeavour to facilitate climate-scenario analysis across assets held within WPP to ensure that the CAs are aware of the potential climate exposures within WPP's investments.
●	25	WPP has committed to hosting at least one annual climate-related training session for its stakeholders. WPP carries out an annual training-needs identification exercise, in conjunction with the CAs; this is the mechanism by which WPP gauges the climate-related-training requirements of its stakeholders.
●	27	WPP expects its Investment Managers to ensure that all underlying active managers integrate the consideration of climate-related risks into their investment process and to regularly challenge underlying managers to evidence their approach.
●	28	WPP will work with its Investment Managers to ensure that they account for and integrate climate-related risks into their investment processes.

Climate (Risk) Policy

Status	Ref	Commitment/ Policy Statement
●	29	WPP's stewardship strategy is set out in its RI and Stewardship Policies. WPP will emphasise the importance of engagement on climate-related risks and opportunities primarily through its V&E Provider. In particular, WPP will encourage its V&E Provider to engage with investee companies in listed markets on climate-related issues, including disclosures on climate-related risks by companies to investors, and on the formulation and implementation of transition plans aligned with the goals of the Paris Agreement.
●	31	WPP monitors exposure to climate-related risks and opportunities within its Sub-Funds on a quarterly basis. The metrics monitored include, but are not limited to, holdings with exposure to fossil-fuel reserves, carbon emissions carbon intensity, and exposure to climate solutions. WPP will monitor changes in market practice to ensure that WPP is fully aware of changing best practice. WPP will develop further monitoring of asset transition alignment.
●	32	In addition to its own reporting, WPP will require its investment managers to provide monitoring on climate-related exposures in their quarterly reports to WPP and the CAs. As noted above, WPP expects its equity and fixed-income investment managers to provide this monitoring on a regular basis. WPP expects reporting on climate on at least an annual basis from its private-markets managers; however, it recognises the data constraints that exist beyond listed markets. The expectation is that WPP's non-equity investment managers will provide any relevant information as soon as data/market developments allow.
●	34	WPP will assess and report progress on climate for all WPP-held assets on an annual basis, with a wider 'all-of-Wales' report to be conducted on a triennial basis. As far as is practicable, and as part of any regulatory obligations, such reporting should be in line with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). WPP will support the CAs in their own TCFD reporting.
●	35	To facilitate stewardship around climate specifically, WPP will maintain a list of 'climate-focus' companies (across active and passive equity holdings) where stewardship activity will be explicitly scrutinised. Such a list will be comprised of stocks within those materially impacted sectors (or those financing such) where there is the greatest climate risk or potential for change. This will help WPP support oversight of voting practices on those issuers; further scrutinise engagement activity undertaken with those issuers; and assess (on an ongoing basis) the outcomes achieved.

Contacting us:

If you require further information about anything in this report, please contact the Wales Pension Partnership:

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