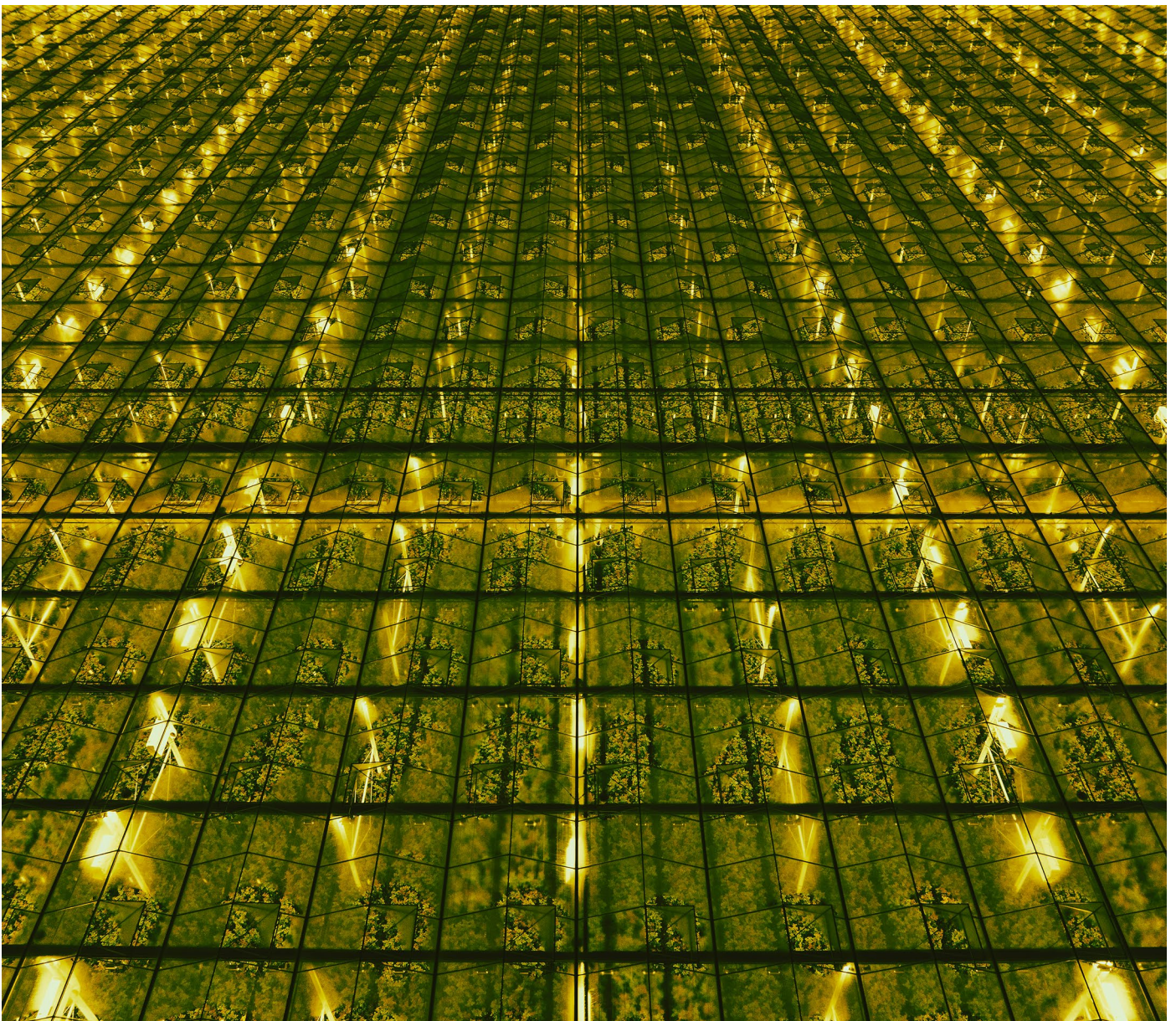


BAILLIE GIFFORD & CO

Lothian Pension Fund Global Alpha

Report for the quarter ended
30 June 2023



Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	64	Companies	20	Companies	7
Resolutions	856	Resolutions	52	Resolutions	17

Our 2023 ESG Principles and Guidelines are available on the website. The document sets out Baillie Gifford's Stewardship Principles and their integration into research, proxy voting, and ownership activities.

The second quarter of the year saw our Statement of Climate-related Intent and Ambition and TCFD-aligned Climate Report published. These are also available on the website.

Global Alpha continues to look for new opportunities underpinned by structural ESG-themes such as the transition to a greener economy or the much needed upgrade to global infrastructure.

Company Engagement

Engagement Type	Company
Environmental	Advanced Drainage Systems, Inc., Albemarle Corporation, BHP Group Limited, CRH plc, CoStar Group, Inc., NVIDIA Corporation, Reliance Industries Limited, Rio Tinto Group, Samsung Electronics Co., Ltd., Woodside Energy Group Ltd
Social	Albemarle Corporation, Moderna, Inc., Samsung Electronics Co., Ltd., Tesla, Inc.
Governance	Adevinta ASA, CRH plc, Cloudflare, Inc., Farfetch Limited, HDFC Bank Limited, Illumina, Inc., Moderna, Inc., Prudential plc, Samsung Electronics Co., Ltd., Schibsted ASA, Tesla, Inc.

An engagement may cover more than one topic. Notes on a selection of engagements can be found in this report. This is not exhaustive and further details of company engagements are available on request.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Amazon.com	Annual 24/05/23	10	We supported a shareholder resolution requesting a report on how the company's climate strategy is consistent with a 'just' transition. Amazon's pledge to reach net zero by 2040 suggests dramatic transformations are imminent. We believe they should carefully consider the impacts their climate strategy will have on stakeholders and any barriers to implementation.
Amazon.com	Annual 24/05/23	12	We supported a shareholder resolution requesting a report on how its lobbying is consistent with its climate commitments. We would like to see the company expand on their current reporting, specifically regarding risk assessment and procedures. We believe ensuring congruence between their stated commitments and their actions will support them in achieving sustainable long term growth.
Amazon.com	Annual 24/05/23	13	We supported a shareholder resolution on gender/racial pay gap reporting. We have supported this resolution at Amazon for the last three years. We believe that women and minorities are underrepresented in leadership positions compared with the broader workforce, and reporting the unadjusted median gap would help to assess structural bias regarding job opportunity and pay. We believe a diverse workforce supports future business growth.
Amazon.com	Annual 24/05/23	16	We supported a shareholder resolution on freedom of association. In light of several recent high profile controversies, we believe that shareholders would benefit from a more thorough examination of the compliance of the company's policies and practices with international fundamental rights.
Amazon.com	Annual 24/05/23	22	We supported a shareholder resolution requesting a report on plastic use. Plastic pollution poses financial, operational and reputational risks to the company. While we continue to believe that Amazon are making progress, we think more could be done particularly with regards to how they influence their manufacturers in reducing their usage. We also believe the company lags peers who disclose total plastic use and reduction targets. Better addressing this issue will help position the company for long term future growth.
Amazon.com	Annual 24/05/23	8	We supported a shareholder resolution requesting the company disclose details of takedown requests. Given the potential reputational and legal risks we think the additional disclosure would allow shareholders to ensure the company is being thoughtful in their approach and considering the wider implications of their decisions.
Charles Schwab	Annual 18/05/23	5	We supported a shareholder resolution requesting the company report on median pay gaps across race and gender. We believe the additional disclosure would allow shareholders to better assess the internal equity of pay and would also allow comparability over time and across organisations.

Company	Meeting Details	Resolution(s)	Voting Rationale
Elevance Health Inc	Annual 10/05/23	5	We supported a shareholder resolution to lower the threshold to call special meetings, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.
Meta Platforms Inc	Annual 31/05/23	10	We supported a shareholder resolution requesting a report covering failures of community standards enforcement, as we believe that the resolution concerns a material topic for the company and such a report will help identify potential gaps in their control procedures.
Meta Platforms Inc	Annual 31/05/23	11	We supported a shareholder resolution calling for a report on effectiveness of efforts on harm reduction to children. We can see that the company is progressing on the issue, but we feel there is scope for improvement on stakeholder KPI reporting.
Meta Platforms Inc	Annual 31/05/23	4	We supported a shareholder resolution on equal voting rights as we believe this is in the best interests of long-term shareholders.
Meta Platforms Inc	Annual 31/05/23	6	We supported a shareholder resolution regarding lobbying as we believe that shareholders will benefit from more transparency around this topic.
Meta Platforms Inc	Annual 31/05/23	8	We supported a shareholder resolution regarding lobbying alignment with the company's climate goals as we believe that shareholders will benefit from more transparency around this topic.
Netflix Inc	Annual 01/06/23	8	We supported a shareholder resolution requesting that the company adopt and disclose a freedom of association and collective bargaining policy. Labour issues are identified as a material risk in the company's financial statements and we believe that shareholders would benefit from a greater understanding of Netflix's policy and approach to this matter. Its lack of policy lags other large technology companies and may open it up to increased reputational risk, particularly in light of past and ongoing controversies.
Companies	Voting Rationale		
AIA Group, AJ Gallagher & Co, ASM International NV, Adevinta, Adobe Systems, Adyen NV, Albemarle, Alnylam Pharmaceuticals, Amazon.com, Atlas Copco B, B3 S.A., CRH, Cbre Group Inc, Certara, Charles Schwab, Cloudflare Inc, CoStar Group, Coupang, Datadog, Denso, Deutsche Boerse, Doordash Inc, Eaton, Elevance Health Inc, Entegris Inc, Epiroc B, Exact Sciences, Floor & Decor Holdings, Howard Hughes, Illumina, Li Auto 'H', Markel, Martin Marietta Materials, Mastercard, MercadoLibre, Meta Platforms Inc, Moderna Inc, Moody's, Netflix Inc, Novocure Ltd, Olympus, Ping An Insurance, Prudential, Rio Tinto, Royalty Pharma, S&P Global Inc, SCP Pool Corporation, SMC, Sands China, Schibsted, Schibsted B, Service Corp.Intl., Shopify 'A', SiteOne Landscape Supply, Staar Surgical, Sysmex Corp, TSMC ADR, Teradyne, Tesla Inc, The Trade Desk, Thermo Fisher Scientific, Wayfair Inc, Woodside Energy Group Ltd, adidas		We voted in favour of routine proposals at the aforementioned meeting(s).	

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Adevinta	AGM 29/06/23	7	We opposed the remuneration report due to concerns with the use of discretion to allow long term awards to vest when the performance condition was not met.
Adobe Systems	Annual 20/04/23	4	We opposed executive compensation due to concerns with weak performance targets and vesting conditions, and poor disclosure for annual bonus performance targets.
Adobe Systems	Annual 20/04/23	6	We opposed the shareholder resolution requesting a report on the hiring of persons with arrest or incarceration records. We agree that hiring practices relating to people with a criminal background is an important issue. However, Adobe does not automatically exclude candidates with a criminal background and has a number of initiatives aimed at increasing representation within its workforce of underrepresented groups. We do not believe that that the report requested would be additive to the information already available and therefore do not believe that it would be a good use of company time and resources.
Amazon.com	Annual 24/05/23	11	We opposed a shareholder resolution on alternative tax reporting. The company currently reports tax as it is required to and will be required to report more extensively under incoming EU regulations. We do not consider this resolution to be necessary at this time.
Amazon.com	Annual 24/05/23	14	We opposed a shareholder resolution requesting a cost/benefit analysis of the company's diversity and inclusion strategy. We are comfortable with the company's efforts in this area and do not think this additional analysis would be worthwhile.
Amazon.com	Annual 24/05/23	15	We opposed a shareholder resolution requesting certain bylaw amendments require shareholder approval. Amazon's current requirements do not appear overly restrictive or out of line with peers.
Amazon.com	Annual 24/05/23	17	We opposed a shareholder resolution requesting a new policy regarding executive compensation. We do not believe this is necessary and continue to be supportive of executive compensation. Further, we believe there are already appropriate mechanisms in place for shareholders to express any pay-related concerns.
Amazon.com	Annual 24/05/23	18	We opposed a shareholder resolution requesting a report on animal welfare standards. We believe Whole Foods has an appropriate third-party auditing process to ensure animal welfare standards in its supply chain. We have no reason to suspect that the company's current handling presents an imminent risk to shareholder value.
Amazon.com	Annual 24/05/23	19	We opposed a shareholder resolution requesting the board establish a public policy committee. We believe the company's current oversight of public policy issues is satisfactory. Further we do not think it is appropriate for shareholders to dictate to the board how to structure its oversight.

Company	Meeting Details	Resolution(s)	Voting Rationale
Amazon.com	Annual 24/05/23	20	We opposed a shareholder resolution requesting the board adopt a policy to include non-management employees as prospective director candidates. We opposed this resolution last year and we continue to believe that there are sufficient mechanisms in place for employees to be heard.
Amazon.com	Annual 24/05/23	21	We opposed a shareholder resolution requesting a third-party audit on warehouse working conditions. We opposed this resolution last year and believe the company have continued to improve and enhance their disclosures, for example now disclosing injury rates. We believe the enhanced disclosure will allow us to monitor progress on this issue and don't think additional disclosure is necessary at this time.
Amazon.com	Annual 24/05/23	23	We opposed a shareholder resolution on customer use of certain technologies. We think the company has demonstrated adequate responsiveness to the concerns and requests outlined by the proponent.
Amazon.com	Annual 24/05/23	6	We opposed a shareholder resolution requesting a report on retirement plan options. We are satisfied with the choices given to employees and do not believe their current default option poses a material risk to the business.
Amazon.com	Annual 24/05/23	7	We opposed a shareholder resolution requesting a report on customer due diligence. The company continues to demonstrate they are being proactive and we do not share the proponent's concerns.
Amazon.com	Annual 24/05/23	9	We opposed a shareholder resolution requesting reporting on takedown requests by the government of the United States. Instead we supported a shareholder resolution requesting disclosure of takedown requests more generally.
B3 S.A.	AGM 27/04/23	11	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
B3 S.A.	AGM 27/04/23	5	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
B3 S.A.	EGM 01/06/23	1	We opposed the request to adopt cumulative voting as we are comfortable with the slate of directors presented.
B3 S.A.	EGM 01/06/23	3	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
Cbre Group Inc	Annual 17/05/23	5	We opposed a shareholder resolution calling for increased stock ownership retention for senior executives, as the company already has minimum stock ownership guidelines in place.
Charles Schwab	Annual 18/05/23	6	We opposed a shareholder resolution requesting the company report on discrimination risk oversight and impact. We are comfortable with the company's current policies in place and do not think that a report is necessary at this time.

Company	Meeting Details	Resolution(s)	Voting Rationale
Cloudflare Inc	Annual 01/06/23	3	We opposed the executive compensation as we do not find that option repricing and lowering of targets undertaken this year is aligned with the long-term interests of shareholders.
CoStar Group	Annual 08/06/23	5	We opposed the shareholder resolution requesting the company set GHG emission reduction targets because the company has broadly fulfilled the request of the proponent by signing an SBTi commitment letter.
Elevance Health Inc	Annual 10/05/23	6	We opposed a shareholder resolution requesting a policy and report on political donations as we are satisfied with the current level of disclosure provided by the company.
Illumina	AGM 25/05/23	1J-1L	We opposed the election of three dissident nominees to the board as we do not believe they present a compelling alternative to the board's candidates.
Illumina	AGM 25/05/23	3	We opposed executive compensation as we did not agree with the decision to make one-off retention grants to named executive officers, in addition to annual variable incentive grants, given recent company performance.
Martin Marietta Materials	Annual 11/05/23	5	We opposed a shareholder resolution on carbon reduction targets. While we are supportive of the proposal in principle, we engaged with the board and received a clear commitment to make the climate efforts requested, albeit on a longer timescale.
Mastercard	Annual 27/06/23	10	We opposed a shareholder resolution requesting a report on the cost benefit analysis of diversity and inclusion efforts. We do not believe that the company is undertaking inordinate or irrelevant diversity and inclusion activities that warrant scrutiny in addition to its existing disclosures.
Mastercard	Annual 27/06/23	6	We opposed a shareholder resolution requesting a report on board oversight of discrimination. We are satisfied with the company's efforts and disclosures on diversity and inclusion. We do not believe that any cause for concern that its practices are discriminatory.
Mastercard	Annual 27/06/23	7	We opposed a shareholder resolution requesting a report on oversight of decision-making in relation to merchant category codes for gun and ammunition stores. We believe that the company has been transparent about its decision making on this topic, including pausing the implementation of these codes in response to the developing legal landscape. We do not believe that the report requested would be additive to existing disclosures.
Mastercard	Annual 27/06/23	8	We opposed a shareholder resolution requesting a report on lobbying payments and policy. We believe that the company's existing disclosures on this topic are sufficient. We also note that the company is regarded as a leader in political disclosure and accountability in the CPA Zicklin Index, issued by an independent not-for-profit organisation.

Company	Meeting Details	Resolution(s)	Voting Rationale
Mastercard	Annual 27/06/23	9	We opposed a shareholder resolution requesting shareholder approval of certain amendments to company bylaws relating to the nomination of directors by shareholders. We believe that the company's current bylaws on this topic are reasonable and the requested amendments could be overly cumbersome.
Meta Platforms Inc	Annual 31/05/23	12	We opposed a shareholder resolution calling for a report on pay calibration to externalised costs as we do not think this request feasible.
Meta Platforms Inc	Annual 31/05/23	13	We opposed a shareholder resolution calling for an independent assessment of the Audit and Risk Oversight Committee, as we are comfortable with the work and remit of the above committee.
Meta Platforms Inc	Annual 31/05/23	3	We opposed a shareholder resolution on government censorship as we are satisfied with the current reporting of the company.
Meta Platforms Inc	Annual 31/05/23	7	We opposed a shareholder resolution on content management in India as we are comfortable with the actions taken by the company to resolve the issue.
Meta Platforms Inc	Annual 31/05/23	9	We opposed a shareholder resolution regarding data privacy and reproductive rights as we are comfortable with the privacy controls at the company at the moment.
Moderna Inc	Annual 03/05/23	4	We opposed the proposal to commission a third party report into the feasibility of transferring the IP of Moderna's Covid-19 vaccine to companies in low- and middle-income countries. This is a re-file of the same proposal which was on the agenda last year and which we opposed. Little has changed to warrant us changing our view on this. There is little to suggest that there is a supply issue in low- and middle-income countries. Should Moderna license more of its IP, we are confident it would have limited effect on addressing today's Covid vaccine inequalities and it also comes with substantial risks which, we believe, the company has considered appropriately.
Netflix Inc	Annual 01/06/23	5	We opposed a shareholder resolution to amend the requirements for shareholders to call a special meeting. We do not agree that removing the requirement to have held stock for at least a year is in the interests of long term shareholders.
Netflix Inc	Annual 01/06/23	6	We opposed a shareholder resolution requesting a policy prohibiting directors from sitting on the board of any other company. We believe that the experience that directors have from sitting on the boards of other companies is beneficial to the long term growth of the company.
Netflix Inc	Annual 01/06/23	7	We opposed a shareholder resolution requesting a report on how the company is protecting retirement plan beneficiaries from climate risk in the company's default retirement options. We believe that retirement plan beneficiaries already have sufficient choice of investment and the resolution is unnecessary.

Company	Meeting Details	Resolution(s)	Voting Rationale
Tesla Inc	Annual 16/05/23	5	We opposed the shareholder resolution requesting report on Tesla's key-person risk, including identification of key persons and actions to ameliorate the impacts of their potential loss. While Tesla discloses that the company is dependent on CEO, Elon Musk, a report identifying key persons could put them at a severe competitive disadvantage. Further, this level of disclosure is not common practice for other US companies.
Thermo Fisher Scientific	Annual 24/05/23	2	We opposed executive compensation due to ongoing concerns with the structure of the long-term incentive plan. Performance is measured over one year which we do not believe is appropriate. Further, the annual bonus plan is based on performance over the same time horizon and same metric which will lead to executives being rewarded or penalised twice for the same performance.
Woodside Energy Group Ltd	AGM 28/04/23	2A-2C	We opposed the election of three directors as the company lags behind our expectations regarding setting emissions reductions targets and has insufficient climate-related financial disclosure, and these three directors sit on the sustainability committee. We believe that climate risk poses a material financial risk for the long-term business development of the company and long term shareholder value creation. Improved disclosure and stronger reduction targets are in the best long term interest of our clients.
Woodside Energy Group Ltd	AGM 28/04/23	6A	We opposed a shareholder resolution to amend the company's constitution to allow shareholders to submit non-binding proposals at future meetings. We believe changes to the shareholder resolution process should be facilitated through regulatory change.
Woodside Energy Group Ltd	AGM 28/04/23	6B	We opposed a shareholder resolution on proactive climate policy advocacy as we believe that the board should focus on its own policy advocacy priorities rather than engage on all potential climate-related regulations that may come in.
Companies		Voting Rationale	
AJ Gallagher & Co, Teradyne		We opposed the executive compensation policy as we do not believe the performance conditions are sufficiently stretching.	

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Albemarle	Annual 02/05/23	2	We abstained on executive remuneration as we do not find the long-term performance targets sufficiently challenging. We decided to abstain rather than oppose to recognise some strengthening of performance targets this year.
Denso	AGM 20/06/23	1.1	We abstained on the chair of the board because we believe that the company's climate targets are not ambitious enough. Demonstrating a high level of ambition on climate is linked to the investment case for this company. We have engaged to encourage improvements to the climate targets over the last two years but have not seen progress.

Company	Meeting Details	Resolution(s)	Voting Rationale
Eaton	Annual 26/04/23	3	We abstained on the advisory vote on compensation due to unchallenging performance targets, and plan to engage on this topic with the company.
Entegris Inc	Annual 26/04/23	2	We abstained on a resolution to approve executive remuneration as the incentive plan allows for payouts under the relative TSR below median, which we do not find sufficiently stretching. We did not oppose due to first time voting.
Meta Platforms Inc	Annual 31/05/23	5	We abstained on a shareholder resolution calling for a human rights impact assessment of targeted advertising. While we believe that this will add value to all stakeholders, we recognise the company's progress on this issue. On balance, we decided to abstain until we see the published results of the salient risk assessment.
Staar Surgical	Annual 15/06/23	3	We abstained on the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

Votes Withheld

Companies	Voting Rationale
Booking Holdings Inc	We did not vote due to selling out of the stock.

Votes Not Cast

Companies	Voting Rationale
Axon Enterprise Inc, Booking Holdings Inc	We did not vote due to selling out of the stock.

Company	Engagement Report
Cloudflare, Inc.	<p>Objective: To communicate our concerns regarding the compensation committee's decision to reprice options and amend performance targets for outstanding awards, and to explain our decision to oppose the executive pay resolution.</p> <p>Discussion: During the year, the compensation committee repriced stock options and amended corresponding performance targets attached to equity awards granted to management. The performance options were granted in February 2022 with a 10-year term. However, in April 2023 the board and committee made significant changes to the exercise price and vesting criteria in response to market conditions which meant the awards were out-of-the-money. We had a call with compensation committee member Carl Ledbetter to explain our concerns. Specifically, that this decision does not align with our clients' experience as long-term shareholders and that it is inconsistent with the virtues Cloudflare espouses for incentive compensation in its proxy statement. We outlined our belief that making changes 1 year into a 10-year plan when short-term conditions had affected the options' value is premature and indicates a lack of resolve by the board. Whilst we are not indifferent to the retention concerns put forward by the board, we explained that changing vesting conditions for outstanding awards and without shareholder approval is contrary to the principles of pay for performance. Furthermore, it is doubly disappointing given our lengthy conversations last year in relation to executive remuneration when we outlined our expectations.</p> <p>Outcome: We opposed the executive compensation resolution, which received a 26% oppose vote at the AGM. We followed up with a letter to the board reiterating our expectations for executive remuneration and our commitment to be constructive shareholders. We remain enthusiastic about the prospects for Cloudflare and look forward to future opportunities to engage.</p>
CoStar Group, Inc.	<p>Objective: A shareholder resolution was proposed that CoStar should report its greenhouse gas (GHG) emissions. CoStar's management wanted to discuss this with us (and other long-term shareholders). Management disagreed with this resolution and wanted to explain their reasoning, as well as discuss their current approach to handling GHG emissions.</p> <p>Discussion: During our meeting, CoStar revealed that the company was already monitoring its GHG emissions by the time the resolution was submitted. They wanted us to oppose the resolution as they preferred to continue working on their emissions and reporting at their own pace. CoStar also mentioned that it had talked with other shareholders, and this prompted the company to commit publicly to reducing GHG emissions sooner. As a result, the company partnered with the Science Based Targets initiative, an organisation that focuses on emissions disclosures. We agreed that it is important for CoStar to approach its GHG emissions reporting thoughtfully. This is in line with our approach to sustainability.</p> <p>Outcome: We voted against the resolution. This situation demonstrates the importance of engaging in meaningful discussions around sustainability issues instead of simply checking boxes. We support CoStar's progress in reporting GHG emissions and plan to follow up with the company to discuss its progress and the specific steps it is taking. We will also explore how its approach aligns with its long-term business goals.</p>

Company	Engagement Report
Illumina, Inc.	<p>Objective: We held a number of meetings with Illumina's board and management in the lead-up to Illumina's annual general meeting. The purpose of these meetings was to discuss the impact of activist Carl Icahn's campaign and to get a sense of the board and management's long-term strategy for Grail and the core business.</p> <p>Discussion: The meetings covered different ground depending on the participants, but broadly recurring topics were Grail, Mr Icahn's campaign, and remuneration.</p> <p>On Grail, the focus was their thinking on the value of Grail and the rationale for the decision to proceed with the Grail acquisition despite evident regulatory concerns. While the board and management were willing to admit that, with the benefit of hindsight, there were things they could have done differently, there remained a general feeling that they made the best decision with the information available to them.</p> <p>On Mr Icahn's campaign, we discussed how the board was responding to the criticisms and ensuring management was held accountable for its decisions. We discussed the impact of Mr Icahn's campaign on Illumina's culture and employee morale and whether the core business would be negatively impacted by the distractions of both Grail's regulatory status and Mr Icahn.</p> <p>On remuneration, we discussed our two primary concerns: i) the inclusion of a relative TSR metric that begins vesting below the median, which we believe risks rewarding underperformance, and ii) the grant of one-off awards during the year under review, which we believe is inappropriate given the wider context and management's performance. The discussion was productive, and the board acknowledged our concerns.</p> <p>Outcome: Having discussed our perspective with the company, we decided to vote in favour of management's nominees and against Mr Icahn's nominees. However, we voted against the remuneration resolution. At Illumina's AGM, chair Thompson failed to achieve sufficient support to remain on the board, and one of Mr Icahn's three nominees, Andrew Teno, was elected to the board. The remuneration resolution also failed. Subsequent to the AGM, the company announced that CEO de Souza would step down but remain in an advisory capacity until a successor was found.</p> <p>We remain of the view that one of the most material detractors to Illumina's success in the short to medium term is the uncertainty around the Grail transaction. That uncertainty will reduce as the various regulatory actions reach their conclusions, and the board should remain focused on having a management team in place that will deliver value for shareholders.</p>
Reliance Industries Limited	<p>Objective: To hear from the company about their approach to methane, wider emissions reporting and carbon pricing.</p> <p>Discussion: Reliance has the ambition to be the provider of 'the world's most affordable green energy within this decade...'. This includes 20GW of solar generation capacity by 2025 and producing green hydrogen for \$1 a kilogram, within a decade. The company has set a carbon net zero target and we had previously asked for more granularity in relation to specific business units. They have emphasized emissions reduction strategies through: energy efficiency; energy transition; repurposing petcoke gasification to use syngas for producing chemicals and hydrogen; investing in carbon capture and storage; offsets for hard-to-abate emissions. This meeting provided an opportunity to hear about the plans for carbon reporting under India's new disclosure requirements and expectations for future carbon pricing. We spoke at some length about methane, where the company believes it has minimal leakage. We also shared perspectives on Scope 3 reporting, noting the potential for material mis-estimation by third parties where companies do not report.</p> <p>Outcome: We anticipate that future reporting will include methane as a separate data point. It was helpful to hear the company's perspectives on frameworks such as CDP and the associated complexities for conglomerate businesses. Reliance is reviewing Scope 3 reporting and considering further disclosures.</p>

Company	Engagement Report
Rio Tinto Group	<p>Objective: Following a call with the chair, we spoke with Nigel Steward, who was an internal appointment to the new role of Chief Scientist in 2021. The objective was to explore the detail behind Rio Tinto's decarbonisation strategy, focusing on its aluminium and iron ore operations, as these account for the vast majority of the company's carbon footprint.</p> <p>Discussion: We discussed several critical aspects of Rio's carbon reduction programme, which is now supported by an R&D team of more than 500 people. To put the challenge in context, Rio's direct operations generate c. 30 million tonnes of CO2 emissions every year. The company's entire supply chain produces c. 600 million tonnes of CO2 each year: more than the entirety of the UK.</p> <p>We covered the need to develop grid-scale energy storage to support the switching of Rio's aluminium smelter plants from coal-fired power to intermittent renewable power. We also discussed how Rio could support the nascent renewable diesel industry as a low-carbon transition fuel, while the company pursues the development of large-scale batteries for haulage trucks.</p> <p>Reducing carbon emissions from processing iron ore into steel is a key challenge. We learned about specific problems that require breakthrough innovation and subsequently scaling laboratory success to commercial validation. Finally, we discussed the range of partnerships developed across academia, industry and the venture-capital community to address specific technology roadblocks.</p> <p>Outcome: Rio Tinto faces potentially material financial consequences from rising carbon prices if unable to significantly decarbonise. Our engagement provided insight into the complexity of the challenge and reassurance that Rio will continue to commit material resources to exploring potential solutions as it pursues carbon reduction targets. However, the pathway to materially lower emissions will require several technological breakthroughs that remain unproven at commercial scale today.</p>
Tesla, Inc.	<p>Objective: To discuss changes to the board and assess its ability to oversee management.</p> <p>Discussion: Ahead of the AGM, we had two separate calls with chairwoman Robyn Denholm and non-executive directors James Murdoch and Kathleen Wilson-Thompson. We discussed Hiro Mizuno's decision to step down from the board, which reduced the number of independent directors, and the appointment of JB Straubel and Joe Gebbia. The new directors add entrepreneurial, executive and design expertise, with Straubel providing deep technical knowledge given his previous role as a senior executive. We heard a cogent defence of the board's new composition. Murdoch described it as the most active and robust board he has ever been on, whilst Denholm was confident that the board has a healthy level of independence and retains the ability to have frank discussions and challenge management, when required. In terms of potential future additions, Denholm would like to add a director with strong financial expertise and experience of dealing with global regulations.</p> <p>Outcome: Our discussions provided assurance that the Tesla board retains the requisite skills and experience to support management's delivery of the long-term strategy. We will continue to monitor the board's composition and will support future appointments which enhance its ability to provide effective stewardship of the business.</p>

Company	Engagement Report
Woodside Energy Group Ltd	<p>Objective: We met with the CFO of Woodside to discuss plans for capital allocation and to reflect on our AGM voting action in favour of more ambitious emissions targets and climate integration.</p> <p>Discussion: The company is very focused on near-term project delivery. With the recent final approval of the Trion oil development, Woodside is now operating some \$20bn of capital under construction. This, plus the continuing post-merger integration of BHP/Woodside, US/Australia management teams, dominates executive time. That said, the company is aware that longer-term capital allocation presents a wider range of opportunities, including diversification into renewables. While there is increasing customer interest in new energies, corporate enthusiasm is tempered both by a lack of clear government support and perceptions of shareholder reticence. While progress here may remain incremental, we reiterated that ambitious targets for direct emissions reduction and strong transparency on the consideration of climate and energy transition matters by the Audit Committee were basic expectations for companies operating in this sector. Such factors underpin the broad licence to operate while management considers its strategic options.</p> <p>Outcome: We continue our frank discussions with Woodside and hope that our comments regarding climate-related matters are considered in strategic governance and incorporated into the Climate Plan, due for presentation to shareholders in 2024.</p>

Head Office
Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +044 (0)131 275 2000

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