

McDonald's UK Retirement Benefits Scheme

Implementation Statement



cardano

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Introduction

This implementation statement (“Statement”) is produced alongside the Trustee Report and Accounts and is required by pensions regulations¹. Cardano has prepared the Statement on behalf of McDonald’s Restaurants Pensions Trustee Limited (the “Trustee”) and the Trustee has adopted this as its Implementation Statement, having reviewed the statement and confirmed the matters in the statement. This Statement provides stakeholders with a transparent and accurate review of how the Trustee has acted in line with the stewardship and engagement policies set out in the Statement of Investment Principles (the “SIP”) for the McDonald’s UK Retirement Benefits Scheme (the “Scheme”) during the accounting year.

The Scheme does not provide money purchase benefits and is not, therefore a “relevant scheme” for the purposes of pension regulations. As a result, this Statement includes details of:

- Compliance against the stewardship and voting policies;
- Any changes made to the stewardship and voting policies (“Stewardship Policy”) during the year; and
- Specifically, how the Scheme’s investment managers voted and engaged on our behalf.

This statement has been prepared by the Trustee to cover the period 31 December 2021 to 31 December 2022.

The Statement is publicly available at <https://epa.towerswatson.com/accounts/MCS/public/scheme-information/>

Executive summary

The day-to-day management of the Scheme’s assets is delegated to Cardano Risk Management Limited (the “Fiduciary Manager”). In advance of the appointment, the Trustee took steps to ensure that the management of the Scheme’s assets and the Fiduciary Manager’s policies were aligned with the Trustee’s own policies. The Trustee continues to monitor the Fiduciary Manager, as part of its regular interactions with them.

Cardano monitors the Scheme’s investment managers and challenges their decisions on behalf of the Trustee. Cardano discharges its obligations in accordance with the Trustee’s policies.

The Trustee expects the Fiduciary Manager to focus its efforts on those investment managers where voting and engagement is material. The policies of those investment managers are summarised in this Statement, along with examples of the type of activity which took place during the period covered by this Statement. Some of the investment managers use investment approaches where stewardship is less likely to be relevant or significant. The Trustee is comfortable that our Fiduciary Manager has an appropriate approach to assess the stewardship and voting policies for all investment managers, and we receive a summary of the Fiduciary Manager’s overall assessments once a quarter which we review in detail with the Fiduciary Manager at our Trustee meetings.

The Trustee is satisfied that, by using the Fiduciary Manager and the Trustee’s own governance arrangements over the Fiduciary Managers activities, the Trustee has complied fully with its Stewardship Policy during the year.

¹ The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended)

1. Our Stewardship Policy

1.1. What is Stewardship?

“Stewardship” is the responsible allocation, management and oversight of capital to create long-term value for members, which should also lead to sustainable benefits for the economy, the environment and society. In practice, stewardship is effected through exercising the right to vote on any shares which are owned by the Scheme and engaging with the management of any companies or properties where an investment has been made.

1.2. What is our Stewardship Policy?

The Stewardship Policy in force during the financial year was:

“Financially material considerations over the appropriate time horizon of the investments

The Trustee has a long-term time horizon for its portfolio, and, as such, recognise that being a responsible investor should improve financial outcomes. The Trustee recognises that over the long term “financially material considerations” include environmental, social and governance considerations (including the potential impact of climate change) (‘ESG factors’) will have an impact on financial outcomes.

The Trustee delegates responsibility to take account of ESG factors in investment decision-making to Cardano. This includes investments made directly by Cardano as well as those in pooled funds managed by third parties. In the latter case, Cardano is responsible for ensuring that the external investment managers appropriately incorporate ESG factors within their investment process. The Trustee monitors how the Cardano incorporates ESG factors on a regular basis.

The extent to which non-financial matters are taken into account in the selection, retention and realisation of investments

The Trustee believes that by being a responsible investor, it is managing investment risk with the aim of enhancing long-term portfolio returns, which is in the best interests of the members and beneficiaries of the Scheme. Beyond these requirements of responsible investing, the Trustee does not explicitly target any nonfinancial matters in the selection, retention and realisation of investments.

In particular, the Trustee does not seek out or obtain the views of the members and beneficiaries, including their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the scheme for the purposes of taking those views into account in its investment decision making. However, the Trustee and Cardano work closely to ensure that evolving issues which affect the value of the Scheme’s assets are taking into account.

The exercise of rights (including voting rights) attaching to the investments

Responsibility for the exercising of rights (including voting rights) attaching to investments is delegated to the investment managers. The Trustee’s policy (which Cardano give effect to) is that the Scheme’s investment managers should be encouraged to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council.

Undertaking engagement activities in respect of the investments

The Trustee believes that effective engagement can add value to Scheme investments. Where relevant, the Trustee prefers its investment managers to have an explicit strategy (taking into account the Trustee's ESG policies), outlining the circumstances in which they will engage with a company (or other relevant persons including an issuer of debt or stakeholder) on relevant matters (including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance matters) and how they will measure the effectiveness of this strategy.

Cardano is responsible for engaging with investment managers regarding those investment managers' voting records and level of engagement with the underlying investments, where this is expected to have meaningful impact (and the Trustee monitors Cardano's activity in this regard)."

Engagement

The Fiduciary Manager is responsible on an ongoing basis for engaging with our investment managers. For managers where it is expected to have a meaningful impact, the Fiduciary Manager monitors voting records and the level of engagement with underlying investments.

The Trustee has recently selected three stewardship priorities for manager engagement in order to improve alignment against our policies and beliefs as well as enhance disclosure. These priorities are linked to the UN Sustainable Development Goals with an international endeavour in mind, and aim to improve sustainability within the portfolio and have a direct real world impact to our members' current and future landscape. The Trustee's three stewardship priorities are:

- **Climate Crisis** (with a focus on climate change and net zero greenhouse gas emissions)
- **Environmental Impact** (with a focus on biodiversity, deforestation and water)
- **Human Rights** (with a focus on living wages gender equality and health & nutrition)

On behalf of the Trustee, the Fiduciary Manager has written to the Scheme's investment managers reaffirming and expanding on the Trustee's policy and expectations which align with our stewardship priorities. The Trustee expects the investment managers to incorporate these themes into their future voting practices and the Fiduciary Manager will monitor future manager disclosures to ensure alignment against our priorities.

1.3. How have we implemented our Stewardship Policy?

Fund structuring

The Trustee held investments primarily on an indirect basis through pooled funds over the year, but also held some assets such as Government Bonds directly. The reason for this approach is that:

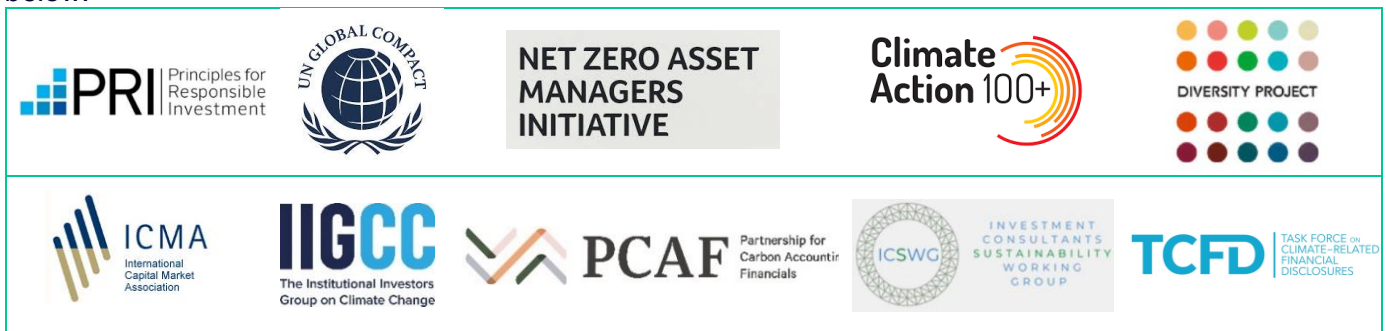
- It provides a broader range of investment opportunities, which helps to improve the diversification of investments, which in turn helps to manage risk;
- Fixed costs are shared amongst other investors, thereby reducing our overall costs; and
- It simplifies the implementation process as existing funds can be used with standard terms and agreements, reducing the overall governance burden both on the Trustee and McDonald's Restaurants UK Limited, the sponsor of the Scheme.

Where investments are made in pooled funds the Trustee is subject to the voting and engagement policies of the investment managers of the pooled funds. However, the Trustee remains responsible for ensuring that the investment managers our Fiduciary Manager appoints have voting and engagement policies which are consistent with the Scheme's Stewardship Policy and that the Fiduciary Manager is reporting to the Trustee on the investment manager's compliance with their policies.

External engagements

The Trustee has assessed that the Fiduciary Manager has been aligned with our Stewardship Policy throughout the year. The Fiduciary Manager has been a signatory to the UN Principles for Responsible Investment since 2011 and they are a signatory to the UK Stewardship Code 2020.

In addition, the Fiduciary Manager is a member of a range of sustainable investment organisations noted below.



Engagement beliefs

The development of engagement beliefs is an important Trustee responsibility. We have delegated the day-to-day implementation of our beliefs to the Fiduciary Manager, having concluded that the Fiduciary Manager's core beliefs are consistent with our own. The beliefs driving the Fiduciary Manager's approach to engagement are as follows.

Quality over quantity

- The Fiduciary Manager is interested in a few meaningful quality engagements, with strong reporting (rather than, being interested in the quantity of votes). They want managers to prioritise the highest sustainability impacts in their portfolios

Long-term

- The Fiduciary Manager encourages underlying managers to form long-term relationships with companies. Successful stewardship can take many months, maybe even years

Real world impact

- The Fiduciary Manager is interested in engagement on topics that contribute to positive real-world sustainability impact (such as, reduction in absolute carbon emissions)

Transparency

- Some engagement, perhaps even most engagement, will be unsuccessful. The Fiduciary Manager is realistic, and they prefer transparency from managers

Collaboration

- Engagement is more efficient when managers collaborate – not just for the managers, but for the companies too (who will field fewer, but higher conviction, engagements from their investors). The Fiduciary Manager encourages underlying managers to participate in collaborative initiatives, such as Climate Action 100+

Innovation

- The Fiduciary Manager welcomes innovation, for example, third-party tools to assess a company's conviction on sustainability topics

Integrated

- The Fiduciary Manager is interested in how (if at all) stewardship contributes to the investment thesis and whether managers link their stewardship to other engagement activity (for example, policy engagement)

Manager selection and monitoring

When selecting investment managers, the Fiduciary Manager scrutinises the stewardship, voting and engagement policies. Activities of investment managers are assessed before the initial investment to ensure they align with our Stewardship Policy. The Fiduciary Manager monitors our investment managers on an ongoing basis; ensuring their activities align with our Stewardship Policy and engaging with our investment managers to help them improve their stewardship approach. The Fiduciary Manager closely monitors investment managers who do not meet our stewardship standards and actively works with them to improve their policies, processes and reporting.

The Trustee monitors voting and engagement activity of our investment managers and challenges their activity through the Fiduciary Manager. We categorise our managers according to how material voting and engagement is in their mandate. The Trustee focuses its efforts on any managers where voting and engagement is material. This means focusing efforts on managers with strategies that provide funding to companies in primary or secondary markets, typically investing in physical equities, credit, or loans. Equity managers, for example, are typically able to exercise voting rights and as such can directly influence the behaviours of invest companies, therefore voting and engagement is considered material.

The Fund invests in a series of Private Market investments. Most of these strategies own controlling stakes in the underlying businesses, meaning that stewardship and engagement is evidenced in a much broader way than, for example, investing in company shares that are listed on a stock market (i.e. public market investments).

One important way for a Private Markets investment manager to add value is to ensure that each business has the best corporate governance possible – dictating and controlling the policies and make up of senior leadership (versus voting at shareholder meetings). Engagement is, therefore, highly relevant in some cases and we include some examples in the relevant section of this report.

2. Voting Activity

The Shareholder Rights Directive (SRD II) and the UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest. They stress the importance of exercising shareholder voting rights effectively. Voting only applies to equities held by the Scheme and given the use of pooled funds, there is limited scope for the Trustee to directly influence voting. Voting is carried out by the investment managers on behalf of all investors in the fund, including the Trustee.

2.1. How did our managers vote?

The tables below provide a summary of the voting activity undertaken by our managers during the year.

Note: the managers included denote those where voting and engagement are seen as material aspects of their investment process, rather than necessarily those investments we have the largest exposure to. In addition, not all managers in this category will always have voting opportunities in any given year. Although all investment managers that the Scheme invests with, directly or indirectly, are subject to the Scheme's engagement policy and monitored accordingly, some managers are not subject to engagement / stewardship disclosure obligations.

AKO Capital

	Manager response
Number of meetings the manager was eligible to vote at over the year	37
Number of resolutions the manager was eligible to vote on over the year	620
% of eligible resolutions the manager voted on	100%
% of votes with management	93%
% of votes against management	5%
% of resolutions the manager abstained from	2%

Amia

	Manager response
Number of meetings the manager was eligible to vote at over the year	3
Number of resolutions the manager was eligible to vote on over the year	40
% of eligible resolutions the manager voted on	100%
% of votes with management	100%
% of votes against management	0%
% of resolutions the manager abstained from	0%

Note: Voting data shown for full period to 31 December 2022, including cases when the investment manager was not part of the portfolio for the whole calendar year.

BlueDrive

	Manager response
Number of meetings the manager was eligible to vote at over the year	10
Number of resolutions the manager was eligible to vote on over the year	124
% of eligible resolutions the manager voted on	100%
% of votes with management	77%
% of votes against management	23%
% of resolutions the manager abstained from	0%

CC Japan

	Manager response
Number of meetings the manager was eligible to vote at over the year	91
Number of resolutions the manager was eligible to vote on over the year	273
% of eligible resolutions the manager voted on	100%
% of votes with management	95%
% of votes against management	0%
% of resolutions the manager abstained from	5%

Dorsal

	Manager response
Number of meetings the manager was eligible to vote at over the year	23
Number of resolutions the manager was eligible to vote on over the year	274
% of eligible resolutions the manager voted on	100%
% of votes with management	89%
% of votes against management	5%
% of resolutions the manager abstained from	6%

Note: Voting data shown for full period to 31 December 2022, including cases when the investment manager was not part of the portfolio for the whole calendar year.

Egerton

	Manager response
Number of meetings the manager was eligible to vote at over the year	32
Number of resolutions the manager was eligible to vote on over the year	374
% of eligible resolutions the manager voted on	84%
% of votes with management	92%
% of votes against management	6%
% of resolutions the manager abstained from	2%

Farallon

	Manager response
Number of meetings the manager was eligible to vote at over the year	193
Number of resolutions the manager was eligible to vote on over the year	1,724
% of eligible resolutions the manager voted on	100%
% of votes with management	90%
% of votes against management	9%
% of resolutions the manager abstained from	1%

MI Metropolis

	Manager response
Number of meetings the manager was eligible to vote at over the year	25
Number of resolutions the manager was eligible to vote on over the year	407
% of eligible resolutions the manager voted on	100%
% of votes with management	94%
% of votes against management	6%
% of resolutions the manager abstained from	0%

Note: Voting data shown for full period to 31 December 2022, including cases when the investment manager was not part of the portfolio for the whole calendar year.

Polar

	Manager response
Number of meetings the manager was eligible to vote at over the year	54
Number of resolutions the manager was eligible to vote on over the year	544
% of eligible resolutions the manager voted on	100%
% of votes with management	85%
% of votes against management	15%
% of resolutions the manager abstained from	0%

Sands

	Manager response
Number of meetings the manager was eligible to vote at over the year	64
Number of resolutions the manager was eligible to vote on over the year	436
% of eligible resolutions the manager voted on	100%
% of votes with management	93%
% of votes against management	5%
% of resolutions the manager abstained from	2%

Sunriver

	Manager response
Number of meetings the manager was eligible to vote at over the year	22
Number of resolutions the manager was eligible to vote on over the year	231
% of eligible resolutions the manager voted on	100%
% of votes with management	95%
% of votes against management	3%
% of resolutions the manager abstained from	2%

Note: Voting data shown for full period to 31 December 2022, including cases when the investment manager was not part of the portfolio for the whole calendar year.

2.2 Use of proxy voting services

Proxy voting services are specialist firms that provide an outsourced voting service. Some investment managers choose to use these services (rather than vote themselves). The reasons for using proxy voting services could include:

- The investment manager lacks the resource to research each vote and submit votes
- The investment manager wants to follow a recognised code of practice and the proxy voting service is an easy way to implement this

Using a proxy voting service does not necessarily mean that voting is done poorly. In fact, many professional proxy voting services are able to devote significant resource to researching AGM motions and are able to follow best practice guides like the Financial Reporting Council's (FRC) Stewardship Code.

We recognise that by having a suitable Stewardship Policy in place and using our Fiduciary Manager to monitor voting activity, investment managers can create more engagement over time; particularly smaller, more boutique managers with less in-house expertise and resource.

The table below outlines the use of proxy voting services by the Scheme's investment managers where voting is deemed to be of material importance.

Manager	Use of proxy voting service
AKO Capital	Utilise Institutional Shareholder Services (ISS) to cast votes
Amia	Broadridge ProxyEdge
BlueDrive	ISS
CC Japan	n/a
Dorsal	n/a
Egerton	Utilise Broadridge ProxyEdge to cast votes
Farallon	Utilise Glass Lewis research
MI Metropolis	ISS
Polar	ISS
Sands	ISS, Glass Lewis and SES (for India holdings)
Sunriver	ISS



2.3 Examples of significant votes

When collating voting statistics for our managers, we also asked our managers to provide examples of significant votes cast. The tables below outline a sample of responses received.

Amia

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Ukraine (Sovereign)	10/08/2022	In July 2022, Amia voted for the proposed changes to the terms of certain Ukrainian Sovereign bonds in issue. The changes, amongst others, were to defer the dates on which certain payments of interest and/or principal were due, and on which the bonds were to mature.	In favour	Strong support for Ukraine's liability management program

BlueDrive

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Amazon.com, Inc	25/05/2022	Commission a Third Party Audit on Working Conditions	In favour	A vote for this proposal was warranted. Shareholders would benefit from increased disclosure through third-party auditing on warehouse working conditions. Ultimately, the resolution did not pass

CC Japan

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Monotaro Co Ltd.	29/03/2022	Appoint a Director	In favour	A strong board is essential for good governance

Egerton

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Microsoft	Not provided	Voted with a shareholder proposal (and against management recommendation) for cost-benefit analysis of diversity and inclusion	In favour	To promote a diverse and inclusive workforce

MI Metropolis

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Alphabet	01/06/2022	Report on Metrics and Efforts to Reduce Water Related Risk	In favour	The proposed report would increase transparency into Alphabet's exposure to climate-related water risks, which we understand is of particular relevance to Google, given its intense use of water in data centre cooling. We therefore believe this report would be in the interest of shareholders.

Polar

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
Celldex	16/06/2022	Elect director Herbert J. Conrad	In favour	The company interacted with the fund manager prior to vote and assured the fund manager that steps had been taken to improve diversity. Various other DE&I initiatives are also under development for pipeline, training and engagement, and the Nominating & Corporate Governance Committee have committed to focusing on consideration of ethnic diversity for future Board elections.

Sands

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
CP All Public Company Limited	22/04/2022	Elect Phatcharavat Wongsuwan, Padoong Techasarintr ,and Pridi Boonyoung as Directors	Against	Concerns about a non-independent Board

Sunriver

Company Name	Date of Vote	Summary of the resolution	How the manager voted	Rationale / Outcome
US Food Holdings Corp.	13/05/2022	Shareholders request that US Foods adopt short, medium, and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net-zero emissions by 2050 or sooner and to effectuate appropriate emissions reductions prior to 2030.	In favour	Sunriver agreed that additional information on the company's GHG emissions reduction efforts would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.

3. Engagement Activity

Engagement is considered to be purposeful dialogue with a specific and targeted objective to achieve positive change in the interests of beneficiaries, thereby a key action required for delivering good stewardship. The Fiduciary Manager is passionate about active engagement, as opposed to disinvestment or exclusions practices, in order create positive real-world change. Through engagement, asset managers can build relationships with the companies in which they invest, helping to steward companies on a range of topics, including sustainability.

The tables below provide examples of engagement activity of the Scheme's investment managers where engagement should be a material activity in the management of the assets.

Egerton Capital

Key points	Engagement activity
<p>Engagement Theme: Governance</p> <p>Industry: Car manufacturing</p> <p>Outcome:</p> <ul style="list-style-type: none"> Improved treatment for a variety of stakeholders, particularly minority shareholders Greater stakeholder representation with improved voting rights 	<p>Egerton believes its engagement with the Company on governance issues has the ability to improve shareholder returns, as well as treatment of a variety of stakeholders, particularly minority shareholders, which in turn will bring about greater stakeholder representation and enable further positive change going forward.</p> <p>Egerton has frequent one-on-one discussions with the Chairman about governance where they convey a strong preference that minority shareholders should be better represented and receive a vote. Egerton recently proposed that the Company equalise or harmonise its dual share class structure of non-voting preference shares and voting ordinary shares into one share class of voting shares to afford shareholders such as Egerton better representation.</p> <p>In addition to harmonising the share class structure, Egerton has also proposed improving the supervisory board by including more independent directors.</p>

Polar Capital

Key points	Engagement activity
<p>Engagement Theme: Human Capital Development, ESG Reporting and Disclosure</p> <p>Industry: Biotechnology</p> <p>Outcome:</p> <ul style="list-style-type: none"> Improved alignment between practice and reporting 	<p>While the Company scores well overall on MSCI ESG ratings, particularly on governance and certain social issues (it is notably exemplary in product quality and safety), the Company lacks evidence of policies around human capital development and has experienced challenges on hiring and incentives. The Company is headquartered in Europe but has significant operations in the US where remuneration standards can be quite different.</p> <p>As a significant shareholder, Polar Capital has provided advice on the company plans but also highlighted the importance of disclosures on ESG to the investor relations team. Polar Capital is assured that the important aspects of social development are already deeply ingrained in the company culture and expects to see further progress in documentation and filings soon.</p> <p>In addition, the Polar's investment team conduct ongoing ESG due diligence on the investment thesis of the Company, which includes contacting the company directly to understand their commitment to ESG issues. This has led to improved policies and disclosures</p>

Private Market Engagement Activity

CI Capital

Key points	Engagement activity
<p>Engagement Theme: Social and Governance</p> <p>Industry: Residential Services</p> <p>Outcome:</p> <ul style="list-style-type: none"> Improved health and safety standards Improved immigration policy standards Formalised ethics and compliance policies for charitable contributions Vehicle electrification, reducing carbon footprint and improving environmental factors 	<p>In conducting ESG due diligence on an investee company, a residential services provider, the Firm identified a number of areas for improvement relating to ESG, which have been included in the Company's value creation plan, including:</p> <ul style="list-style-type: none"> Worker Health and Safety: Bolstering the Company's safety audit program with annual programmatic audits and requesting subcontractor incident rates prior to engagement to better assess safety performance Social and Labour Conditions: Revising the Company's engagement survey process to improve response rates for in-the-field crew workers and better documenting the Company's internal immigration compliance program Ethics and Compliance: Formalising the Company's ethics and compliance policies and reviewing recipients of corporate charitable contributions for ethical/reputational concerns <p>In addition, CI Capital has begun to consider the viability of electrifying the vehicle fleets of its portfolio companies and is using the Company's fleet as a test case to analyse this issue.</p>

Exponent

Key points	Engagement activity
<p>Engagement Theme:</p> <p>Governance</p> <p>Industry:</p> <p>Food and drink</p> <p>Outcome:</p> <ul style="list-style-type: none"> By implementing the recognised B Corporation Framework across the investee company, Exponent is able to improve a wide variety of credentials This includes Governance, Workers, Environment, Communities and Customers As a high profile case study, a number of other portfolio companies have been engaged in a similar way and also stand to benefit in the long run 	<p>Over the last twelve months, Exponent has had 5 ESG meetings with the Company, looking at core E, S and G policies they would like them to have in place to develop their ESG Action Plan.</p> <p>Exponent has funded external expertise to help the Company implement the B Corporation Framework. They appointed a team to provide a B Impact Assessment (BIA) Baseline and Improvement Plan. The BIA is a complex tool which measures impact across a whole business, measured in 5 key areas: Governance, Workers, Environment, Communities and Customers. The support the Company will receive allows Exponent to measure their business impact through the BIA and gives them an accurate baseline score on the BIA.</p> <p>The team will support the Company to create an impact improvement plan. This plan will outline clear steps that the Company can take to leave a more positive footprint across the whole business and ultimately increase the BIA score.</p>

Kitty Hawk

Key points	Engagement activity
<p>Engagement Theme:</p> <p>Environmental and social – sustainable development</p> <p>Industry:</p> <p>Residential Mixed Use</p> <p>Outcome:</p> <ul style="list-style-type: none"> The manager is leading on a county council project to restore a vacant listed building site They ensured all stakeholders were in alignment and providing best-in-class ESG credentials By bringing a Grade II listed building back into use, the project will bring both environmental and social value to the community This includes affordable housing, employment opportunities and skills, greater access to green spaces and enhanced biodiversity. 	<p>One of Kitty Hawk's engagements is with a British county council around planning applications (including affordable housing, biodiversity, energy efficiency, green travel)</p> <p>Initial engagement on a recent project began pre-acquisition, when writing a business plan and obtaining approval for the asset. ESG and landscaping considerations are discussed at all monthly board meetings and fortnightly project advisory meetings. Kitty Hawk led the engagement to ensure they were in alignment on providing best-in-class ESG credentials, prior to acquisition.</p> <p>As the project continues, they are ensuring ESG credentials remain at the top of the agenda along with the preservation of a listed building. Following planning, should the Manager decide to build out the scheme, they will ensure all contractors have to report their ESG credentials and goals for the project as part of the tender process in order to increase supply chain sustainability and resilience.</p> <p>By bringing a Grade II listed building back into use, the project will bring both environmental and social value to the community including affordable housing, employment opportunities and skills, energy-efficient homes, sustainable refurbishment, greater access to green spaces and enhance biodiversity.</p>

Oaktree

Key points	Engagement activity
<p>Engagement Theme: Social – Health & safety</p> <p>Industry: Manufacturing</p> <p>Outcome:</p> <ul style="list-style-type: none"> • Following a detailed review of health and safety standards across the business, the Manager was able to establish a number of initiatives to improve the safety of workers • This included better analysis of recurring incidents, improved personal protection equipment and more frequent safety meetings • The Manager also facilitated introductions to and shared best practices from other portfolio company executives • Since the company’s renewed focus on safety, they have seen incident rate decrease 	<p>Oaktree is particularly focussed on safety as one of the cornerstones of their ESG efforts across the portfolio. As part of this theme, they engaged with an investee company working within the manufacturing sector. During their investment due diligence, they identified some key strengths such as good lighting and security, accessible pathways, general safety awareness, and safe forklift operations.</p> <p>Other areas were identified for improvement, including controls for handling of chemicals, organization of parts and tools, more emergence drills to improve emergency response, and the formation of a safety committee to identify and eliminate hazards, promote safety and engage employees.</p> <p>In addition, they reviewed the company’s safety metrics and observed that there is need for improvement. They shared this information with the company’s senior management team and the CEO took ownership of priority and immediate actions including (a) root cause analysis of recurring incidents, (b) improvement measures (e.g., new gloves for splicers and training programs for lifting heavy equipment), and (c) increasing frequency of safety meetings.</p> <p>Since the company’s renewed focus on safety, they have seen incident rate decrease, however, there is still room for improvement. The company also implemented a new safety meeting program, with 34 meetings held in the first three months of launching.</p>

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