

Advice on the annual Implementation Statement

Hogan Lovells UK Pension Scheme

20 February 2026

This note has been prepared for the Trustee of the Hogan Lovells UK Pension Scheme (the “Scheme”) in response to your request that we provide a draft Implementation Statement (“IS”) for the Scheme.

Background and introduction

There is a requirement for most trust-based defined benefit (“DB”) and defined contribution (“DC”) pension Schemes to produce an IS which covers the report and accounts year (which is the 12 months to 31 December 2025 for the Scheme).

The Department for Work and Pensions (“DWP”) issued [Statutory Guidance](#) in June 2022 which applies to any IS that trustees are required to prepare in respect of pension scheme year ends on or after 1 October 2022. The guidance gives an overview of the items which Trustees “must”, “should”, are “encouraged”, “could” or “may” include in their IS.

“Must” items are requirements imposed by legislation. “Should” items are expected to be followed, and if not followed, trustees should describe concisely the reasons for deviating from the guidance approach. For “Could”, “May” and “Encouraged” items, it is hoped that trustees will address them where possible but they are not expected to explain reasons if not followed. We have included all “must” and “should” items and some “could” items.

The guidance states that the Pensions Regulator is the primary audience for the IS, but it should be written in plain English as far as possible so that members could reasonably interpret and understand the disclosures. Trustees are encouraged to consider producing member-facing summary versions of the IS (with signposting to the full IS). Please let us know if you would like us to prepare a “member friendly” summary version of the IS.

The DWP has stated that it is important that trustees understand and consider financially material Environmental, Social and Governance (“ESG”) factors and stewardship approaches in their investment decisions.

For DB Schemes without a DC section (such as your Scheme), the IS should set out how, and the extent to which, the Trustee has followed the **voting and engagement policies** in the Statement of Investment Principles (“SIP”) during the Scheme Year. In addition, Trustees should seek to demonstrate they have had regard to the Statutory Guidance.

The IS is also required to include a description of the voting behaviour by, or on behalf of, Trustees (including the most significant votes cast by trustees or on their behalf) during the Scheme Year and state any use of the services of a proxy voter during that year.

The DWP’s guidance states: “*where Trustees use the voting policy of the asset manager, they should briefly summarise in the IS whether the asset manager’s voting behaviour was aligned with the Scheme’s stewardship priorities*”.

Key points

We have produced the draft IS in this note based on our understanding of the regulatory requirements and the DWP’s stewardship guidance. Ultimately it is the Trustee’s responsibility to produce a compliant IS and the Pensions Regulator can impose fines for non-compliance. Therefore, you may wish to obtain legal advice to ensure that all requirements have been met.

There is interest in the IS from the Pensions Regulator, policymakers, and the media; as such please ensure you are comfortable with the content being in the public domain.

In the section of the IS on voting behaviour, we have included data on the Scheme’s funds that hold equities as follows:

- L&G Low Carbon Transition Global Equity Index Fund;
- L&G Low Carbon Transition Global Equity Index Fund – GBP Hedged;
- L&G Diversified Fund; and
- L&G Infrastructure Equity MFG Fund – GBP Hedged

Implementation Statement, covering the Scheme Year from 1 January 2025 to 31 December 2025 (the “Scheme Year”)

The Trustee of the Hogan Lovells UK Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions \(“DWP’s guidance”\) in June 2022.](#)

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed the Scheme’s voting and engagement policies during the Scheme Year by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- Columbia Threadneedle Investments - [Responsible investment | Columbia Threadneedle Investments](#)
- L&G - [UK Corporate Governance and Responsible Investment Principles policy document](#)

However, the Trustee takes ownership of the Scheme’s stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

The Trustee considers how environmental, social, governance (“ESG”) and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice.

The Trustee has limited influence over managers’ investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments.

The Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and

equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations.

Following the introduction of DWP's guidance, in January 2023 the Trustee agreed to set stewardship priorities to focus engagement with its investment managers on specific ESG factors. The priorities agreed were:

- Carbon emissions and related climate issues;
- Corporate activity to the detriment of biodiversity;
- Labour standards and in particular Diversity, Equity and Inclusion (DEI) and modern slavery, which are considered a governance priority; and
- Suitable executive remuneration structures, aligning board interests with those of stakeholders.

These priorities were selected because the Trustee recognises the importance of being a responsible owner of capital. It believes it is important that there is engagement on ESG matters with investments held on behalf of the Scheme. The Trustee believes that engagement should be prioritised where there is likely a material financial risk or opportunity. The SIP was updated in August 2023 to reflect the adoption of these stewardship priorities, and the Trustee communicated these priorities to its managers in August 2023. The Trustee's wider ESG beliefs were also communicated to the managers along with the stewardship priorities.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

In selecting investments, the Trustee believes that ESG matters can be financially material. In particular, the Trustee believes that:

- Given global commitments to transition to a low carbon economy, as well as the risks that actions taken to limit global warming are too little too late (and result in future temperatures increasing beyond 2 degrees above preindustrial levels), both transition and physical risks may have a detrimental impact on future returns and are risks that need to be managed;
- Environmental risks extend beyond carbon management and that companies having a negative impact in other areas (eg biodiversity loss, water pollution, etc) may also underperform as a result of reputational risk, consumer behaviour and government action;
- There is sufficient evidence of a link between strong governance practices and a company's ability to create sustainable value, that governance factors should be taken into consideration in investing and engagement activities; and
- The link between a company's behaviours in relation to social factors and its financial performance may be more difficult to evidence, but even so failures of social responsibilities can lead to financial detriment, eg through lower productivity of a dissatisfied workforce, labour strikes, reputational issues and penalties from negative impact on local communities or failings within the supply chain to meet standards on such matters as modern slavery.

As a consequence, the Scheme should invest in strategies where the Investment Manager takes such matters into consideration, either through their engagement strategy or, in the case of active fund management, additionally through their stock selection.

The Scheme's equity holdings are invested using a "climate-tilted" approach whereby the manager aims to reduce the carbon exposure of the market capitalisation index through a set of pre-defined rules. Additionally, the Scheme's short-dated credit holding implements Net Zero elements and is managed under a Net Zero framework, with CT aiming to meet the framework by adhering to the targets of Net Zero alignment, climate change stewardship and the reduction in greenhouse gas emissions aligned to a Net Zero pathway. This is in keeping with the Trustee's policy of considering environmental, social and governance ("ESG") factors and the risks and opportunities relating to climate change.

3. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are

exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on a regular basis (including as part of producing this implementation statement) and challenges managers where their activity has not been in line with the Trustee's expectations

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- L&G Low Carbon Transition Global Equity Index Fund;
- L&G Low Carbon Transition Global Equity Index Fund – GBP Hedged;
- L&G Diversified Fund; and
- L&G Infrastructure Equity MFG Fund – GBP Hedged

The Trustee fully redeemed the Scheme's holding in the L&G Infrastructure Equity MFG Fund – GBP Hedged on 30 September 2025. Therefore, we have shown voting data over the period 1 January 2025 to the date of redemption on 30 September 2025.

In addition to the above, the Trustee contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. L&G confirmed that, for these funds, it does not provide voting data, and we have therefore not included this. Columbia Threadneedle confirmed that none of their funds that the Scheme was invested in over the Scheme Year held any assets with voting opportunities.

We have also included engagement statistics and/or commentary for the Scheme's investment managers for several funds which did not hold listed equities during the Scheme Year.

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. Overall, the Trustee is comfortable that the investment managers' voting behaviour was aligned with the Scheme's policies during the Scheme Year.

L&G

L&G's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas with the aim of achieving the best outcome for its clients. L&G's voting policies are reviewed annually and take into account feedback from its clients. Every year, L&G holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as L&G continues to develop its voting and engagement policies and define strategic priorities in the years ahead. L&G also takes into account client feedback received at regular meetings and / or ad-hoc comments or enquiries. All decisions are made by L&G's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. L&G aims to ensure its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies. L&G's Investment Stewardship team uses Institutional Shareholder Services (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and it does not outsource any part of the strategic decisions. L&G uses ISS recommendations to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that L&G receives from ISS for UK companies when making specific voting decisions.

3.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	L&G	L&G	L&G	L&G

Fund name	Infrastructure Equity MFG Fund – GBP Currency Hedged*	Low Carbon Transition Global Equity Index Fund – GBP hedged**	Low Carbon Transition Global Equity Index Fund**	Diversified Fund
Total size of fund at end of the Scheme Year	£1,885m	£1,405m	£7,532m	£11,238m
Value of Scheme assets at end of the Scheme Year (£ / % of total assets)	£0.0m / 0.0%	£2.8m / 3.0%	£2.8m / 3.0%	£2.8m / 3.0%
Number of equity holdings at end of the Scheme Year	87	2,772		6,166
Number of meetings eligible to vote	88	4,827		9,539
Number of resolutions eligible to vote	1,162	49,232		100,740
% of resolutions voted	100.0%	99.9%		99.9%
Of the resolutions on which voted, % voted with management	76.2%	78.0%		75.8%
Of the resolutions on which voted, % voted against management	23.5%	21.0%		23.0%
Of the resolutions on which voted, % abstained from voting	0.3%	1.1%		1.2%
Of the meetings in which the manager voted, % with at least one vote against management	83.0%	62.7%		70.2%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	21.9%	10.5%		14.7%

Totals may not sum due to rounding

**L&G Infrastructure Equity MFG Fund – GBP Currency Hedged holding was fully sold on 30 September 2025. Therefore, data shown for the Fund is for period 1 January 2025 to 30 September 2025.*

***The L&G Low Carbon Transition Global Equity Index Fund, and L&G Low Carbon Transition Global Equity Index Fund – GBP Hedged are the same pooled fund. The Scheme invests in both the GBP Hedged and GBP Unhedged shareclasses of the pooled fund.*

3.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme’s asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes comprising a minimum of ten most significant votes, and suggested the managers could use the PLSA’s criteria¹ for creating this shortlist, as well as requesting that the managers provide examples of significant votes which relate to the Trustee’s stewardship priorities. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

¹ [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://www.plsa.co.uk). Trustees are expected to select “most significant votes” from the long-list of significant votes provided by their investment managers.

The Trustee has interpreted “significant votes” to incorporate:

- Votes that align with the Trustee’s stewardship priorities;
- Potential material impact on future company performance;
- Potential impact on stewardship outcomes;
- Any matter where they relate to one of the Scheme’s 10 largest holdings;
- Shareholder resolutions on climate related policies and activities that would result in biodiversity loss; and
- Company proposals that would be at odds with the expectations of the UK Corporate Governance code (to the extent that compliance would be reasonable in the market in question). This would include, but is not limited to, matters of excessive or inappropriate executive remuneration; issues relating to board make up (including DEI, lack of term limits and lack of chair independence) and ineffective audits.

The Trustee has reported on two of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

L&G

L&G indicated that next steps in all cases are to continue to engage with its investee companies, publicly advocate its position on the issue and monitor company and market-level progress. L&G did not confirm whether it’s vote intention was communicated ahead of the relevant vote on a case by case basis. L&G informed us that its approach is to publicly communicate its vote instructions on its website with the rationale for all votes against management. It is L&G’s policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

L&G – Infrastructure Equity MFG Fund – GBP Currency Hedged

- **Ferrovial SE, April 2025**
- **Summary of resolution:** Resolution to approve Climate Strategy Report.
- **Relevant stewardship priority:** Carbon emissions and related climate issues.
- **Approx size of the holding at the date of the vote:** 2.97%
- **Why this vote is considered to be most significant:** Potential impact on stewardship outcomes. L&G’s decision on how to vote and its rationale has implications for carbon emissions and related climate issues, a stewardship priority set by the Trustee.
- **Company management recommendation:** For
- **Fund manager vote:** For
- **Rationale:** L&G voted in favour of the resolution as it noted the progress the company had made on its Climate Strategy over the prior year, in particular gaining SBTi approval for 2030 and 2050 1.5°C aligned net zero targets.
- **Outcome of the vote and next steps:** For. The Trustee does not intend to escalate this with the manager and the Scheme no longer invests in this Fund.
- **Flughafen Zuerich AG, April 2025**
- **Summary of resolution:** Resolution to reappoint Claudia Pletscher as Member of the Nomination and Compensation Committee.
- **Relevant stewardship priority:** Suitable executive remuneration structures, aligning board interests with those of stakeholders.
- **Approx size of the holding at the date of the vote:** 0.93%

- **Why this vote is considered to be most significant:** Potential impact on stewardship outcomes. L&G's decision on how to vote and its rationale has implications for executive remuneration structures, a stewardship priority set by the Trustee.
- **Company management recommendation:** For
- **Fund manager vote:** Against
- **Rationale:** L&G voted against the resolution as part of its escalation strategy as it has had concerns with the company's remuneration practices for consecutive years.

Outcome of the vote and next steps: For. The Trustee does not intend to escalate this with the manager and the Scheme no longer invests in this Fund.

Diversified Fund

- **National Australia Bank Limited, December 2025**
 - **Summary of resolution:** Resolution to approve strategy to eliminate financed deforestation
 - **Relevant stewardship priority:** Corporate activity to the detriment of biodiversity.
 - **Approx size of the holding at the date of the vote:** 0.21%
 - **Why this vote is considered to be most significant:** Potential impact on stewardship outcomes. L&G's decision on how to vote and its rationale has implications for corporate activity to the detriment of biodiversity, a stewardship priority set by the Trustee. Further, L&G considers this vote to be significant as it is applied under L&G's engagement program on deforestation, targeting companies in high-risk sectors.
 - **Company management recommendation:** Against
 - **Fund manager vote:** For
 - **Rationale:** L&G voted in favour of the resolution as it expects companies to be taking sufficient action on the key issue of climate and nature. L&G believes disclosure of a strategy to eliminate financed deforestation in line with credible frameworks such as the Accountability Framework Initiative would provide shareholders with visibility on governance, targets, client expectations, controls, and escalation pathways for this financially material risk. L&G acknowledges that none of the big four Australian banks have yet set a formal no-deforestation commitment, and the National Australia Bank has enhanced elements of its risk process. However, L&G believes a clear, board-overseen strategy and disclosure would be beneficial for shareholders.
 - **Outcome of the vote and next steps:** Against. The Trustee does not intend to escalate this with the manager and views L&G's vote as non-conflicting with the Trustee's stewardship priorities.
- **PDD Holdings Inc., December 2025**
 - **Summary of resolution:** Elect George Yong-Boon Yeo as Director.
 - **Relevant stewardship priority:** Labour standards and in particular Diversity, Equity and Inclusion (DEI) and modern slavery, which are considered a governance priority, and suitable executive remuneration structures, aligning board interests with those of stakeholders.
 - **Approx size of the holding at the date of the vote:** 0.10%
 - **Why this vote is considered to be most significant:** Potential impact on stewardship outcomes. L&G's decision on how to vote and its rationale has implications for diversity and inclusion and suitable executive remuneration structures, a stewardship priority set by the Trustee. Further, L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
 - **Company management recommendation:** For
 - **Fund manager vote:** Against
 - **Rationale:** L&G voted against the resolution as it expects a company to have at least one-third women on the board. Additionally, L&G expects companies to obtain annual shareholder approval of executive directors pay and non-executive directors fees.
 - **Outcome of the vote and next steps:** For. The Trustee does not intend to escalate this with the manager and views L&G's vote as non-conflicting with the Trustee's stewardship priorities.

Low Carbon Transition Global Equity Index Fund and Low Carbon Transition Global Equity Index Fund – GBP Hedged

- **Tesla Inc., November 2025.**
- **Summary of resolution:** Elect Ira Ehrenpreis as Director.
- **Relevant stewardship priority:** Labour standards and in particular Diversity, Equity and Inclusion (DEI) and modern slavery, which are considered a governance priority.
- **Approx size of the holding at the date of the vote:** 2.10%
- **Why this vote is considered to be most significant:** Potential impact on stewardship outcomes. L&G's decision on how to vote and its rationale has implications for diversity and inclusion, a stewardship priority set by the Trustee. Further, L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
- **Company management recommendation:** For
- **Fund manager vote:** Against
- **Rationale:** L&G voted against the resolution due to several reasons, including the lack of meaningful diversity on the board and the lack of gender diversity within the senior leadership team.
- **Outcome of the vote and next steps:** For. The Trustee does not intend to escalate this with the manager and views L&G's vote as non-conflicting with the Trustee's stewardship priorities.
- **Palo Alto Networks, Inc., December 2025.**
- **Summary of resolution:** Resolution to elect John M. Donovan as Director.
- **Relevant stewardship priority:** Suitable executive remuneration structures, aligning board interests with those of stakeholders.
- **Approx size of the holding at the date of the vote:** 0.29%
- **Why this vote is considered to be most significant:** Potential impact on stewardship outcomes. L&G's decision on how to vote and its rationale has implications for executive remuneration structures, a stewardship priority set by the Trustee. Further, L&G considered this resolution significant as it pertains to one of its key stewardship 'sub-themes', namely board leadership, and the vote is also an application of an escalation policy of L&G's vote on the topic of combination of the board chair and CEO.
- **Company management recommendation:** For
- **Fund manager vote:** Against
- **Rationale:** L&G voted against the resolution as part of its escalation strategy as it has had concerns with the remuneration practices of the company for the past year. L&G also voted against the resolution due to worries around the combined roles of Chair and CEO and consequent risk management and oversight concerns.
- **Outcome of the vote and next steps:** For. The Trustee does not intend to escalate this with the manager and views L&G's vote as non-conflicting with the Trustee's stewardship priorities.

3.4 Votes in relation to assets other than listed equity

The Trustee is not aware of any voting opportunities available to the Scheme's asset managers who do not hold listed equities.

3.5 Manager engagement examples

For the Scheme's investment managers with funds which did not hold listed equities during the Scheme Year (excluding liquidity and government bond funds), we have included engagement examples and/or data below.

Columbia Threadneedle

Columbia Threadneedle identifies specific objectives for its engagement with investee companies, and records specific outcomes as 'milestones' which it reports to clients. Each milestone is rated on a three-star scale to the extent to which Columbia Threadneedle assesses it to protect and enhance investor value. The three-star scale is as follows:

Three-star rating: Highest potential impact on investor value

Two-star rating: Medium potential impact

One-star rating: Lower potential impact, that nevertheless will contribute to investor value

LDI Counterparty engagement

Columbia Threadneedle provided the following commentary upon request for engagement examples relating to the LDI funds in which the Scheme was invested over the Scheme Year ending 31 December 2025:

'We do not hold any assets with voting rights in these funds, however, we see responsible investing and broader investment stewardship as part of our duty as an investor acting in the best interests of our clients and key to managing risk and supporting long term returns. Consequently, we engage where we can with investee companies and financial counterparties, and this includes LDI counterparties.'

Columbia Threadneedle informed us that they had carried out 15 total engagements with LDI counterparties over the year ending 31 December 2025.

Over the year to 31 December 2024, Columbia Threadneedle stated it had achieved no milestones with LDI counterparties, and therefore there are no examples to provide.

Net Zero Transition Low Duration Credit Fund

Columbia Threadneedle informed us that they had carried out 152 total engagements related to the fund over 2025.

Columbia Threadneedle recorded 25 milestones with issuers in the Fund. We have selected two milestones for inclusion that relate to the Trustee's stewardship priorities.

1. Bayerische Motoren Werke AG – H1 2025 – three-star rating

Columbia Threadneedle reported that BMW has released its first anti-deforestation policy, which it states is one of the most advanced policies it has seen in the automotive sector. The policy includes explicit targets for traceability on deforestation risk leather and outlines an advanced due diligence approach. Columbia Threadneedle stated that this is a topic it has consistently engaged with BMW on over the past 2 years, and are encouraged by this step forward.

2. Volkswagen AG – H2 2025 – three-star rating

CTI reported that Volkswagen announced several updates at the Shanghai Auto Show in May, including multiple new EV models, positive updates on its new EV architecture and Advanced Driver Assistance Systems system, and that its new EV models due for mass production in 2026 will see a 50% cost reduction. CTI has been engaging with VW on its EV strategy for a number of years, including advocating for specific cost improvement actions like pivoting to lithium iron phosphate batteries, which the company is now enacting.