Ninety One

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Investing for a world of change

Coal Staff Superannuation Scheme

Engagement & Voting Report for the quarter ended Q3 2025

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Introduction

Ninety One focus on delivering sustainability with substance. This means sustainability initiatives and actions are evidence based and aim to produce real-world change or impact.

Ninety One are committed to net zero by 2050 or sooner and are signatories to the Net Zero Asset Managers initiative. They have set interim targets for 2030 committing to 50% of their financed emissions coming from companies or investments that have science-based pathways by 2030.

The Global Environment strategy engage with all portfolio companies several times a year, and they outline specific engagement goals for each company in their Annual Impact Report. The Impact Report also details progress on engagements from the prior year.

Many of the engagement topics are long-term in nature and thus there will be a repetition of topics discussed over subsequent quarters. There will also be quarters where there hasn't been a significant update from the previous quarter.

Significant engagement activity

Canadian Pacific Kansas City

Purpose

We engaged with Canadian Pacific Kansas City (CPKC) on its hydrogen locomotive programme which is key to decarbonising their operations. Our discussion sought to understand how learnings from phase one of the hydrogen initiative from October 2020 are shaping the company's evolving goals and investments, the expected direction of phase two, alternative decarbonisation pathways should hydrogen adoption stall, and how accountability for progress is reflected in governance and management incentives.

Activity

CPKC outlined the results of phase one of its hydrogen locomotive programme. The COO communicated a commitment to investment behind alternative propulsion technologies and the hydrogen locomotive programme, which CPKC expect to quickly scale out in certain parts of the network, once reliability testing is complete. We had a follow up discussion with the lead of the hydrogen locomotive programme, who provided us with more granular disclosure of the company's short- and medium-term plans for expanding the scope of the programme.

Since launching the hydrogen locomotive programme in 2020, CPKC has established itself as an industry leader and domain expert in zero-emission rail propulsion. The initiative began as an in-house pilot and has since evolved through a strategic partnership with CSX, enabling the company to pair its engineering expertise with CSX's rebuild capacity. CPKC has designed and built modular conversion kits replacing diesel engines with hydrogen fuel cells and batteries. All system integration, software, and maintenance protocols have been developed internally, giving CPKC complete ownership of the intellectual property and know-how to decarbonise its fleet independent of traditional manufacturers.

Phase one testing has demonstrated that hybrid hydrogen low-horsepower locomotives can deliver equivalent performance and range to existing diesel models while achieving a 10% reduction in absolute emissions once scaled out across the fleet from 2027/28 onwards and operating costs up to 80% lower with the correct infrastructure in place, due to fewer moving parts and reduced maintenance. CPKC has constructed refuelling infrastructure at four major western Canadian terminals and procured pre-commercial tender cars to achieve diesel-equivalent range for high-horsepower locomotives, establishing a platform no other Class I railway currently possesses. By the end of 2025, six locomotives will be in service, with a further four due in 2026. The company expects to generate sufficient reliability data required for industry acceptance within 5 years, paving the way for scaling up conversions across its network.

Outcome

While high-horsepower units remain more expensive due to immature supply chains, the programme already delivers tangible economic and environmental benefits. CPKC's work has created valuable intellectual property and practical expertise that could be spun out, licensed, or commercialised in future, advancing decarbonisation not just within its own fleet but potentially across the industry. We are encouraged by the company's sustained innovation and leadership in developing a credible pathway toward low-carbon rail operations, and we look forward to continued engagement as it enters the next phase of deployment.

Taiwan Semiconductor Manufacturing Company

Purpose

We engaged with Taiwan Semiconductor Manufacturing Company (TSMC) as part of our collaborative engagement on climate change which we are co-leading under the IIGCC's Net Zero Engagement Initiative. The purpose was to assess the company's progress toward setting credible, science-based decarbonisation targets and to discuss its approach to renewable energy sourcing and supply chain emissions management.

Activity

In April 2025, TSMC published a net-zero roadmap aligned with the SBTi Corporate Net-Zero Standard, including a commitment to setting SBTi-verified absolute Scope 1–3 reduction targets, achieving 60% renewable energy by 2030, 100% by 2040, and net zero by 2050 - thereby demonstrating clear progress towards one of our key engagement objectives.

In September, we held an in-person meeting with management in Taipei to better understand renewable energy sourcing in overseas sites where they face fewer structural challenges than in Taiwan. TSMC confirmed that whilst its overseas fabs operate on 100% renewable energy, most of it is predominantly procured via unbundled Renewable Energy Certificates (RECs). Direct sourcing from solar and hydropower remains limited, with PPAs currently considered inefficient at the smaller operational scale, though management signalled they could be adopted in future as operations expand. We encouraged TSMC to increase transparency on its use of unbundled RECs and to prioritise higher-quality procurement routes such as direct PPAs and onsite generation.

Outcome

Following this, we convened with the NZEI group to align objectives for the coming year. Priorities agreed included monitoring that TSMC secures SBTi certification in 2026 as planned, pressing for greater clarity on how they will meet their renewables targets by 2030 and 2040, particularly in Taiwan, and encouraging more disclosure on renewable sourcing quality, including the split between unbundled RECs, direct PPAs and onsite generation. We also agreed to raise water-related disclosure, including PFAS pollution risks, in future direct engagements given the relevance of both topics to TSMC.

We will continue to press for more detailed disclosure and credible renewable sourcing pathways. Our next step is to submit the agreed NZEI engagement plan to the IIGCC and reconvene within six months to assess progress. While further clarity is required, we are encouraged by TSMC's direction of travel and see its commitments as laying the groundwork for meaningful decarbonisation.

Summary engagement activity for the portfolio

The below provides a summary of the companies and topic area the investment team have engaged on during the quarter:

Company	Topics
AECOM	Carbon avoided
Canadian Pacific Kansas City	Climate change
Croda	Remuneration
NextEra Energy	Climate change, corporate culture
Schneider	Climate change, remuneration
Taiwan Semiconductor Manufacturing Company	Carbon avoided, climate change
Waste Management	Carbon avoided

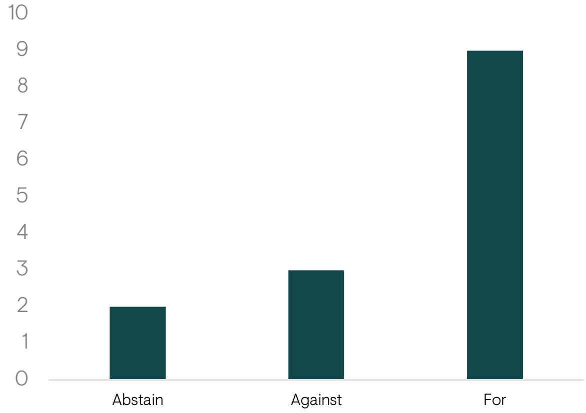
Proxy voting activity for the portfolio

Ninety One votes at shareholder meetings throughout the world as a matter of principle. We believe that once we become investors, that is to say part-owners of a company, we assume a duty of stewardship and therefore take responsibility to support or sanction as required.

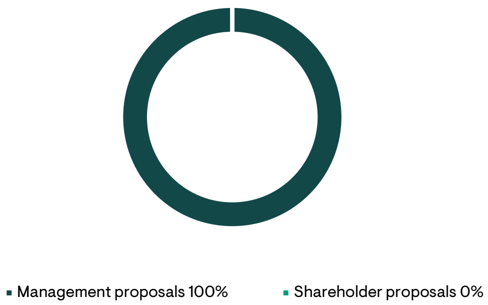
Below are the highlights of our voting activity.

Votes Cast (%) meetings

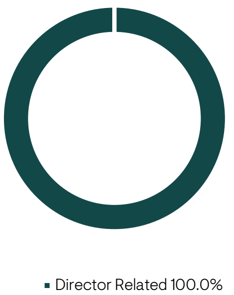
Number of Votes Cast



Votes resolutions by type (%)



Vote categories – against, abstain and withhold votes (%)



Source: Ninety One, ISS ProxyExchange, data covering reporting period.

Note: the above charts do not include 'Do not vote' instructions. The 'Other' category is a grouping of the following sub-categories in no particular order; Antitakeover Related, Preferred/Bondholder, Non-Salary Compensation, Reorganization and Mergers, Company Articles, Strategic Transactions, Miscellaneous and ESG.