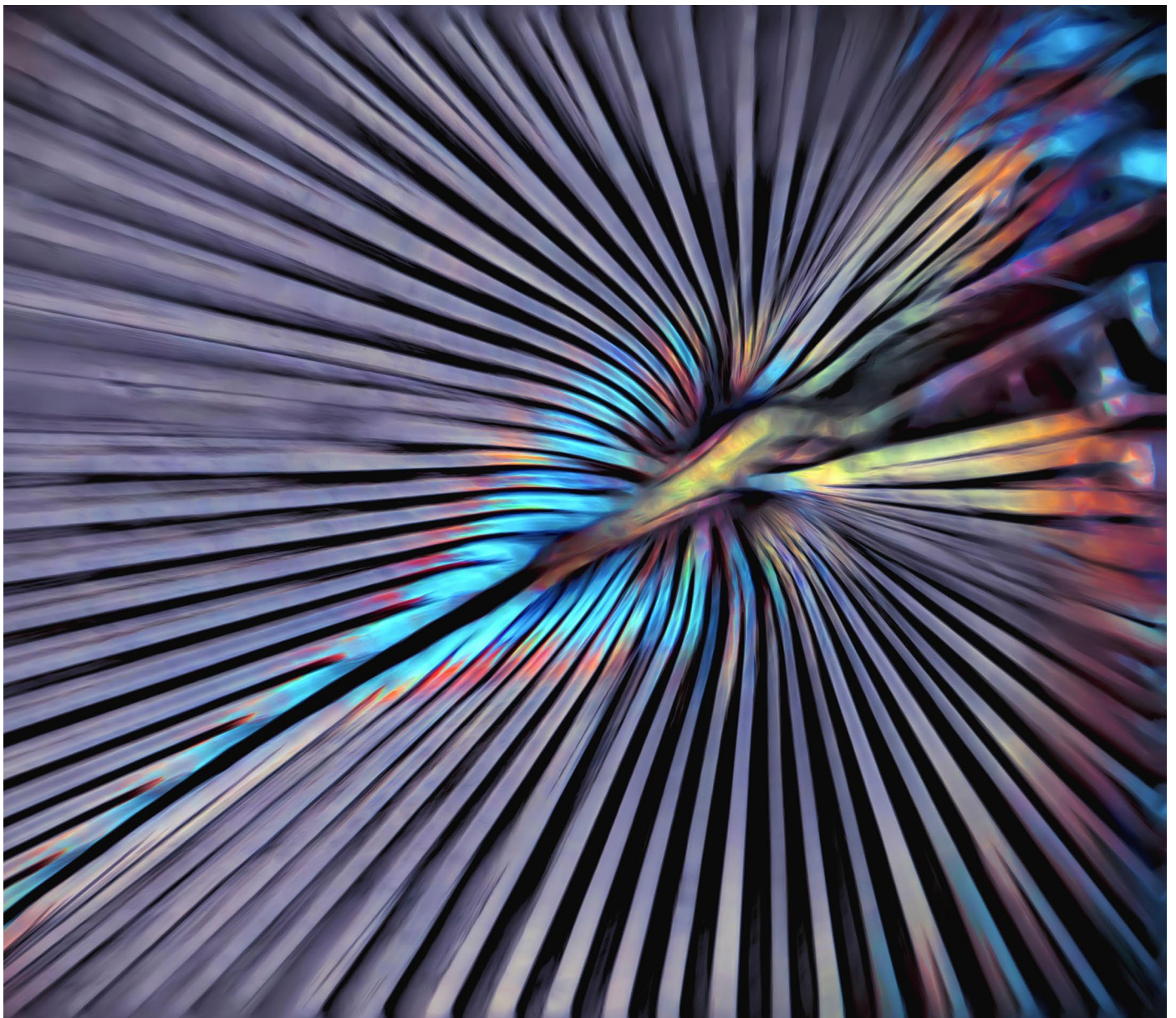


# Lothian Pension Fund Long Term Global Growth

---

Report for the quarter ended  
31 December 2024



Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	10	Companies	2	Companies	None
Resolutions	84	Resolutions	9	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Amazon.com, Inc., Enphase Energy, Inc., Moderna, Inc., PDD Holdings Inc., Sea Limited, Shopify Inc., Tencent Holdings Limited, Tesla, Inc., The Trade Desk, Inc.
Social	Advanced Micro Devices, Inc., Amazon.com, Inc., Cloudflare, Inc., PDD Holdings Inc., Rivian Automotive, Inc., Sea Limited, Tencent Holdings Limited, The Trade Desk, Inc.
Governance	ASML Holding N.V., Amazon.com, Inc., AppLovin Corporation, Enphase Energy, Inc., Horizon Robotics, Kweichow Moutai Co., Ltd., Moderna, Inc., Moncler S.p.A., Rivian Automotive, Inc., Shopify Inc., Symbotic Inc., Tesla, Inc.
Strategy	AppLovin Corporation, Cloudflare, Inc., Horizon Robotics, Joby Aviation, Inc., Moderna, Inc., Moncler S.p.A., Rivian Automotive, Inc., Roblox Corporation, Sea Limited, Symbotic Inc., Tencent Holdings Limited, The Trade Desk, 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

Companies	Voting Rationale
Adyen NV, AutoZone, BHP Group Ltd - DI, CATL 'A', CyberAgent Inc, Kweichow Moutai 'A', Microsoft, Neogen Corp, PDD Holdings Inc, The Trade Desk	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
AutoZone	Annual 18/12/24	2	We opposed 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.
AutoZone	Annual 18/12/24	5	We opposed the shareholder resolution to reduce the ownership threshold to call a special meeting of shareholders to 10 per cent. We note that management has proposed reducing the current threshold to 25 per cent and believe in the context of this particular company this strikes a balance between enhancing shareholder rights and the protection of long-term shareholder interests.
Microsoft	Annual 10/12/24	3	We opposed 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.
Microsoft	Annual 10/12/24	4	We opposed a shareholder resolution requesting a report on the risks to the company of its perceived involvement in the development of weapons for the military. We continue to believe this is currently not a material risk for the business.
Microsoft	Annual 10/12/24	5	We opposed a shareholder resolution requesting an assessment to determine if diversifying the company's balance sheet by including Bitcoin is in the best long-term interests of shareholders. Microsoft's management of its balance sheet is not a concern and we think the company already performs this assessment.
Microsoft	Annual 10/12/24	6	We opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns. We believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights.
Microsoft	Annual 10/12/24	7	We opposed a shareholder resolution requesting a report on the risks of providing advanced technology, including artificial intelligence and machine learning tools, to facilitate new oil and gas development and production. We do not believe this issue is financially material for Microsoft with less than one per cent of the company's revenues being derived from selling products and services to the oil and gas industry.

Company	Meeting Details	Resolution(s)	Voting Rationale
Microsoft	Annual 10/12/24	8	We opposed a shareholder resolution requesting a report on risks relating to the spread of misinformation and disinformation due to the company's artificial intelligence. We continue to believe the company's disclosures are already extremely robust on this topic, and it is unclear how this additional report would be additive.
Microsoft	Annual 10/12/24	9	We opposed a shareholder resolution requesting a report on risks presented by the unethical or improper usage of external data in the development and training of its artificial intelligence offerings. Considering the company's current, and planned, disclosures and practices and looking at these relative to their peers, we don't have concerns with the company's approach and do not believe at this time additional disclosure is warranted.

**Votes Abstained**

We did not abstain on any resolutions during the period.

**Votes Withheld**

We did not withhold on any resolutions during the period.

Company	Engagement Report
<p>Amazon.com, Inc.</p>	<p><b>Objective:</b> Continuing our long-term engagement with the company, we met with Amazon’s experienced environmental, social and governance (ESG) team to discuss several ongoing sustainability concerns. The areas of discussion this time included employee engagement, supply chain transparency, human rights implications with cloud-hosting, AI governance and commitment to decarbonisation.</p> <p><b>Discussion:</b> The open and frank discussion enabled us to understand the company’s position on a variety of subjects. For each concern raised, we were provided with numerically supported evidence to robustly defend the company’s position and counter suggestions of unsustainable practices. We heard about various company-wide initiatives to support employee engagement, including the company’s 'Dragonfly' software tool that records employee safety-related feedback to turn into measurable action - over 200,000 observations were actioned in 2023. The company’s efforts to meaningfully improve working conditions have reduced recorded injury rates to substantially below the industry average. We also learned about efforts to engage and monitor the company’s vast supply chain to reduce the risk of human rights abuses. We were informed about the company’s continued, substantial decarbonisation ambitions, including contracting 28GW of renewable power in 2023, equivalent to more than 50 per cent of the installed capacity in the whole of the UK. Finally, the company highlighted the recent board appointment of Stanford University adjunct professor Dr. Andrew Ng. He was previously the head of Google Brain, Baidu’s chief scientist and is currently the managing partner of an AI venture fund. His appointment will help to inform the board’s perspective on the opportunities and challenges that AI presents from both a social and commercial perspective.</p> <p><b>Outcome:</b> Given the scale and complexity of the company’s operations, we expect to continue regularly engaging with the company on a number of sustainability challenges. Unlike some of Amazon’s technology peers, the company continues to listen and engage with long-term investors on challenging topics. We were able to hear the company’s thoughts on different subjects that have regularly appeared on shareholder proposals and we will continue to constructively engage and thoughtfully vote on each proposal.</p>
<p>AppLovin Corporation</p>	<p><b>Objective:</b> The purpose of the meeting with chief executive officer (CEO) Adam Foroughi was to further understand the growth opportunity, competitive landscape, and company culture.</p> <p><b>Discussion:</b> It became apparent during this meeting that the market does not fully comprehend the earnings growth potential from incremental improvements in Applovin’s technology. Instead, it anchors off the growth of the gaming market. Foroughi outlined Applovin’s early efforts in extending its technological expertise beyond gaming into e-commerce, with initial pilots proving as performant as Meta’s advertising engine. Success here could provide true outlier returns.</p> <p>Foroughi’s leadership style reflects an intense focus on operational excellence and technological innovation. He maintains a lean organization of 400 core advertising technology professionals, who are compensated competitively. The company culture emphasises meritocracy and performance, with almost zero churn and a focus on in-person collaboration among research teams based in Silicon Valley, Beijing, and Dubai.</p> <p><b>Outcome:</b> This was a valuable fact-finding meeting and also provided valuable milestones for us to consider when assessing the company’s future success.</p>



Company	Engagement Report
Rivian Automotive, Inc.	<p><b>Objective:</b> We had a discussion with Rivian's head of labour and employee relations to better understand the nature of recent incident reporting, the company's views on potential unionisation, and implications for corporate culture.</p> <p><b>Discussion:</b> Rivian is at an important inflection point in scaling production of its expanding line-up of vehicles. We are cognisant of the inherent challenges in scaling vehicle production, having been longstanding shareholders in Tesla. For Rivian, it has arguably been even more complicated, as they ramped production during a global pandemic and amid global supply chain disruption. Nevertheless, Rivian recognises that safety must be a top priority. Our discussion provided a deeper understanding of the practical implementation of employee health and safety measures, as well as processes around reporting. There were only two Occupational Health and Safety Administration (OSHA) final citations in 2023, and none so far this year - evidence of improvement. The company's employee survey is also trending positively in terms of feedback on the issue. On unionisation, we were reassured by the high degree of employee alignment with the financial success of the business and that the company maintains a strong direct relationship with its workers.</p> <p><b>Outcome:</b> The engagement left us confident that Rivian takes employee safety seriously and has been making progress on this front. This is evidenced by the decline in final (OSHA) citations and the improvement in employee survey results.</p>
Rivian Automotive, Inc.	<p><b>Objective:</b> To further our understanding of Rivian's partnership with Volkswagen.</p> <p><b>Discussion:</b> We had a catch-up post-earnings with Rivian's CEO. We discussed the partnership between Rivian and VW. From VW's perspective, the partnership is important as it has burned lots of money and failed to develop its own software system. Partnering with Rivian is a much more cost-effective option. We also discussed the short-term macroeconomic challenges impacting EV demand, especially with Trump potentially incentivising hybrid and internal combustion engine vehicles. However, management is absolutely confident that electrification is an inevitable long-term trend, and they will manage the business for that future.</p> <p><b>Outcome:</b> Ongoing, Rivian is continuing to develop and the partnership with VW will be helpful for Rivian as it scales.</p>
Symbotic Inc.	<p><b>Objective:</b> We met with Carol Hibbard (chief financial officer (CFO)) to discuss Symbotic's material weaknesses in its financial reporting.</p> <p><b>Discussion:</b> There were two material weaknesses in Symbotic's financial controls: (i) timing of expense recognition, which management discovered themselves ahead of their year-end audit; and (ii) an issue relating to cost recognition across different contract types, discovered by Symbotic's auditor. While actions are being taken to address these issues, Hibbard shared our view that the company's revenue and cost recognition is very complicated. Within a particular project, both cost recognition and revenue recognition will differ across different elements of the deployment, and between different projects. We made the point that Symbotic listed in 2022 via a SPAC (special purpose acquisition vehicle), meaning it was not subjected to the same extent of financial controls that the traditional IPO process entails. The appointment of Hibbard to Symbotic last year brought valuable public company CFO experience and she has since worked to bring in similar additional resource, but acknowledged that more needs to be done in terms of finance team buildout and talent upgrading.</p> <p><b>Outcome:</b> Based on our research and engagement, the balance of evidence suggests these material weaknesses result from incompetency, not dishonesty. Nor do they relate to customer pushback on whether contractual milestones have been hit. But the combination of complexity and immaturity of the business means that execution risks around Symbotic's financial controls have not yet receded. More experience and scale should help on this front. Cost projections are likely to improve for each new contract as the company gains more knowledge from prior deployments (currently 44), while growth also enables more negotiation power with suppliers and customers that should be conducive to greater standardisation.</p>

Company	Engagement Report
Tencent Holdings Limited	<p><b>Objective:</b> To better understand Tencent's updated data management practices and suggest actions to align with the international best practices; to learn the company's signature value-added social projects.</p> <p><b>Discussion:</b> We continue our dialogue on data management with Tencent as supportive shareholders who are challenged by their non-compliant list status at a third-party environmental, social and governance (ESG) rating agency. We discussed the international norms of data protection and the regulatory landscape of data in the People's Republic of China (PRC). Tencent has made significant progress in making the content policy transparent to its users and disclosing external requests for data for public scrutiny. The company reiterated that as a United Nations Global Compact (UNGC) signatory, it firmly upholds the commitments to data and privacy protection. The next steps will focus on further strengthening the technology power to prevent cybersecurity attacks, especially in gaming and its fintech services. We also discussed the signature projects conducted by Tencent's sustainable social value team. One example highlighted by the company is the cornerstone project with RMB 10 billion funding in to support Chinese young scientists in their fundamental research. Other topics we discussed during the meeting include Tencent's decarbonisation pathway and internal control of the anti-corruption campaign.</p> <p><b>Outcome:</b> The meeting reassured us about the concrete practices on data protection. We believe the company respect and have sought a good balance between local laws and international norms. They will continue to improve data management as new challenges occur in the cyber world. We appreciate the company's mindset to carry on bigger social responsibility whenever they see a gap and their initiative to solve problems with stakeholders like the government and academia.</p>
Tesla, Inc.	<p><b>Objective:</b> We have engaged with Tesla's chair on various governance topics. Following the 2024 annual general meeting (AGM), which saw shareholders approve the reincorporation of the company in Texas, and the US election campaign, in which Tesla's chief executive officer (CEO) featured prominently, we wanted to understand how the board is reacting to these developments. We also wanted to take the opportunity to advocate for the enhancement of governance structures and processes.</p> <p><b>Discussion:</b> We had a call with Tesla's chair in which she informed us that the move to Texas has gone well, and that the board is pleased with the commercial courts being established there. She noted the results of the AGM and the extensive shareholder support for governance changes, which the board is still considering. The board is actively looking for new directors to enhance its independence, which we were encouraged by, and heard about the positive impact that its more recent appointees are having by mentoring Tesla's senior management, which sits below the CEO. We spent much of the meeting discussing recent promotions among the strong cohort of Tesla's leadership. The chair plays a very active role in managing and supporting this group, and long-term succession planning appears top of her mind.</p> <p>This prompted a discussion on whether the CEO can hold a political advisory position and meaningfully contribute to the company. While the chair was surprised at the extent of the CEO's involvement in the Trump campaign, she was unwavering in her conviction that the CEO remains committed to Tesla and in his ability to successfully juggle different roles. She has seen no change in the CEO's involvement to date, which is mainly in the deployment of new technologies and with the engineering teams involved. It is among these engineers that he adds significant value.</p> <p><b>Outcome:</b> We will continue to emphasise our support for independence on the board and improving governance practices at Tesla, while monitoring developments among its leadership closely.</p>

Company	Engagement Report
<p>The Trade Desk, Inc.</p>	<p><b>Objective:</b> We met with chief executive (CEO), Jeff Green, to discuss the company's strategic positioning in the rapidly evolving advertising industry. We also met with investor relations, Chris Toth, to discuss environmental, social and governance (ESG) reporting progress.</p> <p><b>Discussion:</b> The Trade Desk processes \$13bn in a trillion-dollar market, with growth potential from existing clients and small and medium sized businesses (SMBs). The company is looking to address the fragmented market via partnerships with companies such as Shopify and strengthening ties with publishers like Disney and Spotify.</p> <p>On the ESG front, we have been supporting Chris Toth in his efforts to bring together disclosure and the company's view on its "purpose" for shareholders. On a climate basis, The Trade Desk has completed scope 1 and 2 emissions calculations, currently under auditor review, and is progressing with scope 3 data collection. While the company plans to discuss emissions reduction efforts, it has chosen not to set specific targets. Notably, it is exploring an innovative project to demonstrate the carbon efficiency benefits of streamlining the digital advertising supply chain by reducing intermediary platforms.</p> <p><b>Outcome:</b> The meeting with Green highlighted to us that the company is gaining in relevance and influence. Green has been assembling the strategic pieces together for years to put The Trade Desk at the centre of a more transparent and effective open advertising ecosystem. Our meeting with Toth provided valuable insights into The Trade Desk's approach to ESG reporting and environmental initiatives. The company's practical approach to emissions reporting, combined with its strategic focus on supply chain efficiency, demonstrates a thoughtful balance between environmental consciousness and business objectives.</p>



**Head Office**  
**Calton Square, 1 Greenside Row, Edinburgh EH1 3AN**  
**Telephone +44 (0)131 275 2000**

Copyright © Baillie Gifford & Co 2025. All rights reserved.