

Trustee Report (continued)

Implementation Statement for the year ended 30 September 2023 (DB Section)

During the year ended 30 September 2023, the Scheme's investment policies were implemented in line with the principles set out in the Scheme's Statement of Investment Principles (SIP).

The Trustee policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager, Legal and General Investment management (LGIM) and to encourage the manager to exercise those rights in accordance with the Statement of Investment Principles. The Scheme invests through pooled fund arrangements and so acknowledges that the investment manager exercises those rights in accordance with their own corporate governance policies on behalf of all investors in its funds. In doing so LGIM takes account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustee has considered LGIM's stewardship activities in relation to the specific funds the Scheme holds having received specific training from LGIM on the topic. The Trustee reviewed LGIM's approach to stewardship and is comfortable with the activity taken on the Scheme's behalf.

The Trustee concludes that, based on these considerations, LGIM has followed the requirements of the SIP.

Voting behaviour

LGIM's voting decisions are made internally within LGIM's Corporate Governance team, and independently from the investment teams. They are primarily based on LGIM's global corporate governance and responsible investment principles, which set out their global approach to key governance issues. LGIM has supplementary regional policies which set out their approach to more specific regional or country issues taking into account specific market regulation or best practice. LGIM discloses monthly voting records on their website. The reports are published at the end of each month. Additionally, for votes that have received significant press attention, LGIM produces summaries of the firm's positions. The full voting record and LGIM's voting policies can be found on LGIM's website linked here:

<https://vds.issgovernance.com/vds/#/MjU2NQ==/>

LGIM does not outsource any part of its strategic voting decisions; however ISS (Institutional Shareholder Services) is used for the customisation of LGIM's voting policy, the execution and processing of the voting instruction. LGIM aims to minimise abstentions. Since 2011, it has not abstained in the UK. In other markets, LGIM seeks to minimise abstentions unless it is technically impossible to vote. LGIM regularly engages with the proxy execution agent ISS via direct meetings and through our participation in consultations on regional voting policies.

LGIM summarises its voting record across all markets each quarter. This information is available on request.

Examples of LGIM's engagement activities during the 12 months to 30 September 2023:

Active ownership, which is a broader topic than voting in isolation, forms a key part of how LGIM conducts responsible investing. This is reflected in the following activities that are conducted on behalf of the Scheme.

- Company engagement
- Using voting rights globally, with one voice across all active and index funds
- Addressing systemic risks and opportunities
- Seeking to influence regulators and policy makers
- Collaborating with other investors and stakeholders

The examples below demonstrate some of the specific initiatives undertaken by LGIM in this regard during the year.

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Decarbonising European Chemical Companies

As part of a collaboration of approximately 35 investors organised by Share Action, representing over US\$7 trillion, LGIM has been engaging with a number of leading global chemical companies to encourage them to implement credible decarbonisation strategies. The engagements have included 13 of the largest European chemical companies, including Koninklijke DSM, Air Liquide and BASF. The collaboration has requested that the companies formulate strategies to electrify chemical production processes, increase their use of renewable energy sources, phase in non-petrochemical feedstocks, and set Scope 3 targets aligned with a 1.5°C pathway. Progress has been made, with some companies confirming plans to reach net zero by 2050. Nevertheless, there is still much progress to be made, and the collaboration will continue this year focusing on clear plans to make the transition happen. Letters have been sent out to targeted companies and engagements started to take place at the end of the first quarter.

Policy dialogue

UK highlights: UK Sustainable Disclosure Requirements

LGIM responded to the FCA's consultation on the proposed Sustainable Disclosure Requirements (SDR) regulations regarding labelling, naming and marketing for the financial sector. LGIM has long been supporters of the FCA's goal of developing an ambitious, appropriate and robust regime, and believe that they must also use their voice as an asset manager to identify those areas of the proposals which they believe to be incompatible with how the sustainable investment market currently operates, and with their clients' objectives. They are particularly keen to promote international alignment of regulations. Through their continued collaboration with the Aldersgate Group, they also maintain their pressure on the UK government for the updated Green Finance Strategy to include mandatory climate transition plans for large UK companies.

International highlights: UN Water Conference

In February, in an initiative co-ordinated by the Carbon Disclosure Project ('CDP'), LGIM co-signed an open letter to governments on the water crisis, ahead of the UN 2023 Water Conference. This letter, signed by investors with over US\$3 trillion in assets under management, highlights the severity of the global water crisis, the hurdles presented by a lack of global commitments, investment and standardised disclosures, and set out recommendations for action, including implementation of domestic policies to incentivise investment in water solutions, and alignment with target 15 of the new Global Biodiversity Framework. The UN Water Conference at the end of March was the first such conference since 1977 and an opportunity for much-needed international action and coordination on these vital issues, and for making progress towards the goal of living in harmony with nature by 2050. By increasing public pressure on governments strategically and in collaboration with their peers, LGIM aims to drive the development of a regulatory backdrop which enables and encourages water security around the world.

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Climate impact pledge 2022

At LGIM, climate change and supporting a drive to net zero remain a priority. As such, LGIM has further expanded their dedicated climate engagement programme, the Climate Impact Pledge, by strengthening their climate expectations and red lines for investee companies, with the goal of accelerating progress towards net zero greenhouse gas (GHG) emissions globally. LGIM has expanded the scope of their climate engagement programme in three main ways:

1. **Increased the number of sectors:** In 2016, LGIM's first iteration of the Climate Impact Pledge covered 6 sectors. In 2020 this increased to 15 and LGIM has now expanded coverage to 20 sectors. These companies are responsible for the majority of global carbon emissions from listed companies and also have been identified as the most carbon-intensive sectors within our portfolio.
2. **Increased the number of companies covered by data driven assessment:** By publishing their climate ratings on their dedicated website, LGIM enables companies to verify their progress and identify areas in their climate disclosures and strategies which need improvement. There may be voting implications for those companies not meeting LGIM's minimum standards.
3. **Increased the number of companies subject to direct engagement from 60 to over 100 companies:** In October 2022, LGIM began their next cycle of direct climate engagement with selected companies. These companies are influential in their sectors, but not yet leaders on climate change and sustainability; LGIM believes they can and should embrace the transition to net zero carbon emissions in the next few years. Complementing their data-driven approach, this qualitative approach enables LGIM's stewardship team sector experts to conduct an in-depth assessment of each company, based on the framework set out in the net zero sector guidelines published on their website – the sector and net zero guides have also been updated further details are available on the website or on request. This engagement aims to help companies remove roadblocks and encourage progress. LGIM expects these in-depth engagement companies to meet their published sector-specific red lines. There are potential voting and divestment implications for companies not meeting these after a certain period of engagement.

COP27 Event

International leadership and collaboration are key to delivering a decarbonised future. In November 2022, Egypt played host to world leaders, heads of state, industry chiefs and civil society organisations at the UN global climate summit, COP27. Michael Marks, Head of Investment Stewardship and Responsible Investment Integration, Kurt Morriesen, Head of ESG Advisory, and Fahad Ali, Director, CEO Office, attended COP27 and represented LGIM.

LGIM hosted two events:

- 'Trillions to the transition. Unlocking the framework: How to harness the potential of SDG-aligned investments in emerging markets.'
- A panel discussion on the 'Impact investing and its role in achieving SDGs with special focus on SDG13.'

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Significant votes for the Scheme during the year

In determining significant votes, LGIM takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) and the Scheme's Statement of Investment Principles. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny.
- Significant client interest for a vote
- Sanction vote as a result of a direct or collaborative engagement
- Vote linked to an LGIM engagement campaign.

At the year end, the Scheme had invested c. 40.3% in growth assets utilising a range of underlying LGIM funds. We have used LGIMs Dynamic Diversified Fund as a proxy for these investments. The most significant votes in relation to this Fund are summarised in the table below.

The Trustee deems this voting behaviour to be in line with the Scheme's stewardship priorities, which include but are not limited to climate change, biodiversity, diversity and ethnicity, remuneration and governance.

The most significant votes for the Scheme during the year to **30 September 2023** have been summarised in the table below.

Company Name	Details of Vote
Progolis Inc	<p>Date of vote: 04/05/2023</p> <p>Approximate size of Fund's holding: 0.34%</p> <p>Summary of the resolution: Resolution 1j - To elect Director Jeffrey L. Skelton</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision: Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.</p> <p>Why was the vote significant? LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf</p>

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Royal Dutch Shell Plc	<p>Date of vote: 23/05/2023</p> <p>Approximate size of Fund's holding: 0.28%</p> <p>Summary of the resolution: Resolution 25 - Approve the Shell Energy Transition Progress Update</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision: Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5°C trajectory.</p> <p>Why was the vote significant? LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p>Outcome of the vote: 80% of shareholders supported the resolution.</p>
American Water Works Company, Inc	<p>Date of vote: 10/05/2023</p> <p>Approximate size of Fund's holding: 0.18%</p> <p>Summary of the resolution: Resolution 5 – Oversee and Report a Racial Equity Audit</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.</p> <p>Why was the vote significant? LGIM considers this shareholder proposal significant as we view racial and gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p>

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SSE Plc	<p>Date of vote: 20/07/2023</p> <p>Approximate size of Fund's holding: 0.17%</p> <p>Summary of the resolution: Resolution 17: Approve Net Zero Transition Report</p> <p>How LGIM voted: For</p> <p>Rationale for voting decision: Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p> <p>Why was the vote significant? LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>
Public Storage	<p>Date of vote: 02/05/2023</p> <p>Approximate size of Fund's holding: 0.17%</p> <p>Summary of the resolution: Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Climate change: A vote for is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p> <p>Why was the vote significant? This shareholder resolution is considered significant due to the relatively high level of support received.</p> <p>Outcome of the vote: 35% of shareholders supported the resolution.</p>

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Toyota Motor Corp	<p>Date of vote: 14/06/2023</p> <p>Approximate size of Fund's holding: 0.16%</p> <p>Summary of the resolution: Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Climate Change: LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified.</p> <p>Why was the vote significant? LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.</p> <p>Outcome of the vote: 15% of shareholders supported the resolution.</p>
Eversource Energy	<p>Date of vote: 03/05/2023</p> <p>Approximate size of Fund's holding: 0.15%</p> <p>Summary of the resolution: Resolution 1.8 - Elect Director Joseph R. Nolan, Jr.</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision: Governance: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p> <p>Why was the vote significant? LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p> <p>Outcome of the vote: 71% of shareholders supported the resolution.</p>

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<p>Amazon.com, Inc</p>	<p>Date of vote: 24/05/2023</p> <p>Approximate size of Fund's holding: 0.12%</p> <p>Summary of the resolution: Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Diversity: A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p> <p>Why was the vote significant? LGIM views racial and gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.</p> <p>Outcome of the vote: 29% of shareholders supported the resolution.</p>
<p>Ferrovial SA</p>	<p>Date of vote: 12/04/2023</p> <p>Approximate size of Fund's holding: 0.11%</p> <p>Summary of the resolution: Resolution 12 – Reporting on Climate Transition Plan</p> <p>How LGIM voted: Against</p> <p>Rationale for voting decision: Climate Change: While the company's efforts are to be commended, a vote against is applied as LGIM expects net zero commitments, rather than carbon neutrality commitments.</p> <p>Why was the vote significant? LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>

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Implementation Statement for the year ended 30 September 2023 (DB Section) (continued)

Alphabet, Inc	<p>Date of vote: 02/06/2023</p> <p>Approximate size of Fund's holding: 0.10%</p> <p>Summary of the resolution: Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share</p> <p>How LGIM voted: For (against management)</p> <p>Rationale for voting decision: Governance: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.</p> <p>Why was the vote significant? This shareholder resolution is considered significant due to the relatively high level of support received.</p> <p>Outcome of the vote: 31% of shareholders supported the resolution.</p>
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How many meetings were you eligible to vote at over the year	9,540
How many resolutions were you eligible to vote on over the year	99,839
What % of resolutions LGIM voted on where eligible	99.78%
Of the resolutions on which LGIM voted, the % voted with management was	76.89%
Of the resolutions on which LGIM voted, the % voted against management was	22.76%
Of the resolutions on which LGIM voted, the % abstained was	0.35%