SERVIER LABORATORIES LIMITED PENSION FUND

Implementation Statement ('IS')

Servier Laboratories Limited Pension Fund

Fund Year End – 31 March 2023

The Fund's latest Implementation Statement can be found here:
https://www.servier.co.uk/wp-content/uploads/sites/21/2023/10/Implementation-Statement-2023.pdf

The purpose of the Implementation Statement is for us, the Trustees of the Servier Laboratories Limited Pension Fund ('the Trustees'), to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles ('SIP'). It includes:

1. A summary of the changes made to the SIP over the year to 31 March 2023;
2. Evidence of how we have fulfilled the objectives and policies included in the SIP over the year to 31 March 2023. This section has been split into:
    - objectives and policies that apply to the Define Contribution ('DC') assets only;
    - objectives and policies that apply to the Defined Benefit ('DB') assets only; and
    - objectives and policies that apply jointly to the DC and DB assets.
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year; we believe that the policies set out in the SIP have been implemented effectively.

<u>Stewardship policy: DB Section</u>

In our view, the Fund's material investment managers were able to disclose good evidence of voting and engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe our voting policy has been implemented effectively on our behalf.

Whist BlackRock did not provide all the engagement information requested, the information which was provided was high-quality and sufficient for us to believe that our voting policy has been implemented effectively on our behalf.

<u>Stewardship policy: DC Section</u>

We delegate the management of the Fund's DC assets to our fiduciary manager, Aon Investments Limited ('AIL'). Based on the information we have been provided with, we are comfortable with the management and the monitoring of Environmental, Social and Governance ('ESG') integration and stewardship of the underlying managers that has been carried out on our behalf, and that this aligns with our policies and expectations. We also believe that the material underlying investment managers appointed by AIL were able to disclose good evidence of voting and engagement activity.

We conclude that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

Implementation Statement ('IS') (continued)

Changes to the SIP over the year to 31 March 2023

The SIP was reviewed and updated in March 2023. Changes made included:

- Summary of changes to the organisational structure at Aon Investments Limited (AIL);
- Changes to the DB investment strategy; and
- Changes to the DC investment strategy.

We consulted with the sponsor when making these changes and obtained written advice from our investment adviser.

The SIP in place over the majority of the Fund year can be found in the Trustee Report and Account to 31 March 2022.

The Fund's latest SIP (effective 31 March 2023) can be found here:
https://www.servier.co.uk/wp-content/uploads/sites/21/2023/07/Servier-SIP-March-2023.pdf

For this statement, we have reviewed against the policies in the former SIP, given this was in place for most of the Fund year. Additionally, the newly invested assets in the DB investment strategy, which were invested in over March 2023, have not been covered in this statement given the short time these have been held as at 31 March 2023.

How the policies in the SIP have been followed

The Trustees outline in their SIP a number of key objectives and policies. These are noted in *blue* below[1], together with an explanation of how these objectives and policies have been met and adhered to over the course of the year to 31 March 2023. All Section numbers follow those set out in the SIP.

[1] Wording taken from the Fund's SIP may have been summarised or shortened for the purposes of this document. A link to the SIP is provided earlier in this document.

Implementation Statement ('IS') (continued)

1. Defined Contribution (DC) Section

1.1 Objectives and policy for securing objectives

The Trustees' investment objective is to make available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerance of the Fund's members. In particular, the Trustees aim to provide investment options that allow members:

- *To maximise the value of their assets at retirement;*
- *To maintain the purchasing power of their savings in real (i.e. post-inflation) terms; and*
- *To provide protection for accumulated assets in the years approaching retirement against:*
  - *Sudden (downward) volatility in the capital value*
  - *Fluctuations in the cost of securing an income and / or cash in retirement*

The Trustees have provided members over the course of the year with a range of investment choices. For members who do not wish to make an active investment decision, a default lifestyle arrangement is in place which gradually moves members from higher risk, growth seeking assets to lower risk capital preservation assets as they approach retirement. In addition, 12 self-select funds are available which members can choose from depending on their risk appetite and if they are comfortable making their own investment decisions.

The investment strategy of the default investment option is managed by the Trustees' fiduciary manager, Aon Investments Limited. This strategy invests members' assets in higher risk, growth assets up to 15 years before a member's retirement to help maximise the value of assets at retirement. The strategy then moves into inflation linked assets and lower risk assets to help reduce volatility and protect against fluctuations on the cost of securing an income in retirement.

The Trustees receive and review quarterly monitoring reports from their fiduciary manager. The reports provide both short and long-term fund performance on the default strategy and all other self-select funds. These reviews did not raise concern over the adequacy of the investment strategy to meet the Trustees' objectives stated above.

The Trustees are comfortable that they have met this objective over the year.

1.2 Investment Policy:

1.2.1 Strategic management

The Trustees will regularly review the appropriateness of the three asset allocation strategies, taking into account any significant changes in the demographic profile of the relevant members, and may make changes to fund choice from time to time. Members will be advised accordingly of any changes.

The current asset allocation strategies were put into place in December 2017 following a review that started in 2015. A further review was carried out in 2020. The Trustees met this objective by commissioning the review and decided that the asset allocation strategies remained appropriate and that no changes should be made at that time. Additionally, the Trustees regularly review the self-select range of funds. The Trustees have subsequently reviewed the investment strategy over 2023, and discussed it at the July 2023 meeting.

Implementation Statement ('IS') (continued)

1.2.2 Strategic management

The Trustees invest the main assets of the Defined Contribution section of the Fund in pooled funds managed by Aon Investments Limited. The Trustees are satisfied that the spread of assets by type and the investment manager's policies on investing in individual securities within each type provides adequate diversification of investments. The Trustees have regard to the suitability of the investment funds described above through periodic strategy and performance review. The Trustees expect the manager of the funds to have regard to the suitability of the investment contained within each fund in accordance with each fund's investment aims.

The Trustees consider that they have met this objective through review of quarterly monitoring reports, which include details on fund allocations and performance, from the fiduciary manager.

1.3 The balance between different kinds of investments

The Trustees recognise that the key source of financial risk in relation to meeting their objectives normally arises from the choice of funds offered to members and are mindful of the fact that holding all of the Defined Contribution assets in a traditional balanced fund could involve too high a level of investment risk for members approaching retirement. As a result, the Trustees implement a 'lifestyle' default strategy for the Defined Contribution Section. Members are, however, able to choose a different strategy if they so wish.

The Trustees retain responsibility for choosing the funds available and take advice as required from their professional advisers.

The Trustees consider that they have met this objective through review of the quarterly monitoring reports from the fiduciary manager.

1.4 Investment risk measurement and management

The Trustees recognise that members take the investment risk and the Trustees manage this risk through the selection and monitoring of investment performance and the choice of funds offered to members and monitor the continued appropriateness of the default strategy for the membership.

The Trustees consider that they have met this objective through review of the quarterly monitoring reports and regular review of the self-select range.

1.5 Expected Return on assets

Over the long term, the Trustees' expectations are:

- *for units representing 'growth' assets (UK equities and a diversified growth fund), to achieve a return which provides a real return above the increase in price inflation over the same period. The Trustees consider short-term volatility in equity price behaviour to be acceptable, given the general expectation that over the long term these assets will outperform the other asset classes;*

- *for the 'monetary and index-linked' assets: for units representing index-linked bonds to achieve a rate of return in line with the cost of providing index-linked annuities;*

- *for units representing monetary assets (corporate bonds, cash etc) to achieve a rate of return which is expected to be approximately in line with changes in the cost of providing annuities or a cash sum at retirement.*

Returns achieved by the investment managers are assessed against performance benchmarks set by the Trustees in consultation with their advisors and investment managers.

Implementation Statement ('IS') (continued)

1.5 Expected Return on assets (continued)

The Trustees consider that they have met this objective through review of the quarterly monitoring reports, which include details on fund performance against benchmarks and targets.

2. Defined Benefit (DB) Section

2.1 Investment Objectives

The Trustees recognise that the key objective is to maximise the probability that the Fund is able to provide all of the benefits due to members. They recognise that the investment strategy should take account of the principal employer's interests in respect of the size and incidence of contributions required.

The Trustees work in conjunction with their advisers in relation to the triennial actuarial valuation. This was most recently undertaken as at 31 March 2022, to assess whether the Fund has enough assets to cover the liabilities on an ongoing basis. The Trustees meet this objective by assessing the ability of the Fund to provide all benefits due to members through annual monitoring of the funding position and quarterly monitoring of asset performance. The asset performance is monitored by the Trustees on receipt of the quarterly reports from the investment managers, together with comment from their investment adviser at Trustees' meetings (and in between meetings by the Trustees' request or when the adviser considers it necessary).

2.2 Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Fund, its cashflow requirements, the funding level of the Fund and the Trustees' objectives.

It is the Trustees' intention to ensure that the assets of the Fund are invested in the best interests of the members and beneficiaries.

The Trustees exercise their powers of investment (or delegation where these powers have been delegated to an investment manager) in a manner calculated to ensure, as far as is reasonably practicable, the security, quality, liquidity and profitability of the portfolio as a whole.

In order to avoid an undue concentration of risk, a spread of assets is held; diversification is both within and across the major asset classes.

Assets held to cover the liabilities of the Fund are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund.

The assets of the Fund are invested predominantly in regulated markets (with investments not in regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole.

Investment in derivatives is only made insofar as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The Trustees monitor the level of self-investment by the Fund on a periodic basis and are satisfied that at the current time there is negligible self-investment.

Implementation Statement ('IS') (continued)

2.2 Choosing Investments (continued)

Following the 31 March 2022 actuarial valuation, the Trustees reviewed the investment strategy in detail and agreed to implement a strategy which targets an investment objective of Gilts + 1.2% p.a.

In March 2023, just prior to the Fund's year end, the Trustees implemented the strategy using two AIL multi-asset Fruition funds, Adept Strategy 20 fund and Adept Strategy 22 fund. Within these Fruition funds, there are two components:

- Matching allocation: A portfolio of leveraged fixed interest gilt funds (LDI funds), which are designed to match a typical pension fund's fixed liabilities with around 20-year duration.

- Growth allocation: An allocation to the Managed Growth Fund to target overall 1% and 2% p.a. outperformance relative to benchmark, respectively for each fund.

The Trustees monitor the level of self-investment annually through the reporting requirements of the Trustees' Report and Accounts.

The Trustees therefore consider that they have met this objective over the year.

2.3 The balance between different kinds of investments

The Trustees recognise that the key source of financial risk in relation to meeting their objectives arises from asset allocation. They therefore retain responsibility for setting the Fund's overall asset allocation and take advice as required from their professional advisers.

The Trustees review their investment strategy in conjunction with each formal actuarial valuation of the Fund or more frequently should the circumstances of the Fund change in a material way.

Following the triennial Actuarial valuation at 31 March 2022, the Trustees completed a strategy review. As noted in 2.2, the Trustees implemented a fiduciary manager approach, and invested in the Adept Strategy 20 and 22 funds, covered in more detail in section 2.2.

2.4 Investment risk measurement and management

The most important risks are recognised as arising from asset allocation. These will be assessed at least annually and following an update of the actuarial valuation. This assessment is forward-looking and may incorporate the use of asset and liability modelling techniques..

Checks will be made to assess whether the funding and investment strategy remains on target to achieve the original objectives and within acceptable parameters. If it does not then corrective action will be considered by adjusting investment policy or through amendments to the Schedule of Contributions.

Risks associated with changes in the employer covenant are assessed by monitoring the Failure Score as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy. The Trustees also have an agreement with the principal employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employer.

In particular, the Trustees will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator, and employer-related Notifiable Events. On receipt of such notification, the Trustees will re-consider the continued appropriateness of the Fund's existing investment strategy.

For due diligence and good governance purposes, the Trustees will meet with the investment managers on a regular basis.

Implementation Statement ('IS') (continued)

2.4 Investment risk measurement and management (continued)

Following the actuarial valuation for the Fund carried out at 31 March 2022, an agreement was reached between the Trustees and Company on the valuation and Recovery Plan in September 2022.

At the same time, the Trustees worked with their investment adviser to review the investment strategy. As part of the strategy review, the Trustees agreed to appoint AIL to manage the Fund assets. The agreed strategy provided the same target return with 15% lower risk (as measured through Value at Risk).

Risk associated with the employer's covenant was last assessed in the meeting on 18 March 2022 where the Trustees discussed the ratings, and formally reviewed in line with each triennial actuarial valuation. The Company also provides updates for the Trustees' review at each meeting.

The Trustees were not notified of any changes in the employer covenant due to changes in failure score, Type A events or alteration of creditworthiness of the sponsor over the year to 31 March 2023.

2.5 Expected returns on assets

Over the long term the Trustees' expectations are:

- *for the "matching" assets (i.e. the LDI funds) to achieve a rate of return which is broadly in line with changes in the valuation of the Fund's liabilities due to changes in interest rates.*
- *for the "growth" assets (i.e. the diversified growth funds) to achieve a return which provides a real return above the increase in price inflation over the same period. The Trustees are willing to incur short-term volatility in asset price behaviour, with the expectation that, over the long term, these assets will outperform asset classes which may be regarded as matching the liabilities; and*
- *for the assets as a whole to provide projected returns at least in line with the Trustees' funding assumptions as set out in the Statement of Funding Principles.*

Returns achieved by the investment managers are assessed against performance benchmarks set by the Trustees in consultation with their advisers and investment managers.

Over the period, matching assets achieved their target return, which is broadly in line with the liabilities that the Trustees decided to hedge against with respect to interest rates. Over the three years ending 31 December 2022 (given redemptions in March 2023), BlackRock and Ninety One Diversified Growth Funds achieved returns below price inflation over the same period. The Trustees have since fully redeemed from these funds and implemented the new strategy in March 2023. This targets an expected return above the liabilities of 1.2% p.a. through investment in a Gilts + 1% p.a. fund and a Gilts + 2% p.a. fund. Performance against these targets will be monitored by the Trustees at each meeting.

Implementation Statement ('IS') (continued)

3 Both Sections

3.1 Realisation of investments/liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise. Units in the funds in which the Fund invests may normally be bought and sold on a daily basis and hence the Trustees are satisfied with the liquidity of the Fund's investments.

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances, it is not the Trustees' intention to hold a significant cash balance and this is monitored by the Fund's administrator.

3.2 Environmental, Social, and Governance considerations

In setting the Fund's DB and DC investment strategies, the Trustees' primary concern is to act in the best financial interests of the Fund's beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly.

The Trustees consider this risk by taking advice from their investment adviser when setting the Fund's asset allocation, when selecting managers and when monitoring their performance.

Within the DC default investment strategy, c.80% of the growth element (which makes up 90% of the of the pathway funds up until 15 years before retirement) is invested in funds with a climate / ESG focus, through the UBS Global Equity Climate Transition Fund and the LGIM Multi Factor Equity Fund. A further 10% is invested in the Aon Managed Global Impact Fund. This provides a c.63% reduction in carbon footprint (scope 1 & 2) from 2019 to 2021.

Aon, the investment adviser, provides each underlying fund with an ESG rating, either limited, integrated and advanced. The majority of passive funds are currently rated integrated, as the passive nature means that the ability to add an ESG tilt is severely limited through stock selection, so it is reliant on the investment managers using tools such as voting rights to influence corporate behaviour. The underlying funds within the Aon Managed Global Impact fund all have a rating of advanced (the highest rating), meaning the fund management team demonstrates awareness of potential ESG risks in the investment strategy and can demonstrate advanced processes to identify evaluate and potentially mitigate these risks across the entire portfolio. Additionally, the UBS Global Equity and LGIM Multi Factor Equity Funds also have a rating of advanced.

Following the actuarial valuation at 31 March 2022, the Trustees implemented a fiduciary manager approach, appointing Aon Investments Limited. The Fund has invested in two funds from the Fruition range, both of which have a growth component with a strong focus on ESG. In particular, c.50% of the respective growth components of the funds have a c.50% allocation to managers with an ESG rating of advanced.

The Trustees are comfortable that they have met this policy.

3.2 Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure high standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Fund invests, as this ultimately creates long-term financial value for the Fund and its beneficiaries.

The Trustees regularly review the suitability of the Fund's appointed investment managers and take advice from their investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If an incumbent manager is found to be falling short of the standards the Trustees have set out in their policy, the Trustees undertake to engage with the manager and seek a more sustainable position but may look to replace the manager.

Implementation Statement ('IS') (continued)

3.3 Stewardship – Voting and Engagement (continued)

The Trustees review the stewardship activities of their investment managers on an annual basis, covering both engagement and voting actions. The Trustees will review the alignment of the Trustees' policies to those of the Fund's investment managers and ensure their managers, or other third parties, use their influence as major institutional investors to carry out the Trustees' rights and duties as a responsible shareholder and asset owner. This will include voting, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change. This will include Aon Investments monitoring its underlying investment managers' voting and engagement activities, and engaging with these managers to promote good corporate governance, accountability, and positive change.

The Trustees will engage with their investment managers as necessary for more information, to ensure that robust active ownership behaviours, reflective of their active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to Fund members on request. The transparency for voting should include voting actions and rationale with relevance to the Fund, in particular, where: votes were cast against management; votes against management generally were significant, votes were abstained; voting differed from the voting policy of either the Trustees or the investment manager.

From time to time, the Trustees will consider the methods by which, and the circumstances under which, they would monitor and engage with an issuer of debt or equity, an investment manager or another holder of debt or equity, and other stakeholders. The Trustees may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

The Trustees were able to meet this objective. Further detail is explained in the Voting and Engagement Section below.

3.4 Members' Views and Non-Financial Factors

In setting and implementing the Fund's investment strategy (for both DB and DC) the Trustees do not explicitly take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as 'non-financial factors').

For DC members, the Trustees have made the Ethical and Islamic funds available to members who would like to invest in funds with these specific considerations. The underlying funds that make up the default fund and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision.

The Trustees are comfortable that this policy has been met over the year.

3.5 Arrangements with Investment Managers

<u>Defined Contribution Section</u>

The Trustees have appointed Aon Investments Limited ('AIL') as their fiduciary manager. AIL will only appoint underlying investment managers who are 'Buy' rated and achieve a minimum standard or rating for ESG factors from Aon's manager research team. Aon's ESG ratings are designed to assess whether investment managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process and ongoing stewardship. The ESG ratings are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. The ESG ratings of the underlying managers are reported in the quarterly monitoring reports. Additionally, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG. These ESG focused sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity.

As part of Aon's investment manager research process, the governing documentation of investments is reviewed for appropriateness before a 'Buy' rating is given.

Implementation Statement ('IS') (continued)

3.5 Arrangements with Investment Managers (continued)

AIL considers the suitability of the Fund's underlying investment managers on an ongoing basis, on behalf of the Trustees.

Aon's investment manager research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.

The awareness regarding potential ESG risks in the investment strategy is also considered as part of monitoring and assigning the overall rating to the fund. Specifically, and as noted above, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG.

The Trustees receive quarterly monitoring reports from AIL summarising the investment strategy, performance and longer-term positioning of the portfolio. The investment adviser provides a summary of these reports at Trustees' meetings.

The Trustees also receive annual stewardship reports from AIL. These provide a summary of AIL's engagement activity as well as voting and engagement statistics for the underlying managers.

<u>Defined Benefit Section</u>

The Trustees fulfil this policy as they regularly monitor the Fund's investments through the following:

- Regular reports and verbal updates are provided from their investment adviser on various items, including investment strategy, performance, and longer-term positioning of the portfolio.
- The Trustees also receive quarterly reports from their investment managers, which provide commentary on the performance and detail of any changes to the portfolios. The investment managers also provide any additional reporting, such as stewardship reports, on a regular basis.

The Trustees are comfortable that this policy has been met over the year.

3.6 Monitoring of Investment Manager Costs

For the DC Section, the Trustees, with assistance from Aon, collect information on member-borne costs and charges on an annual basis and set these out in the Fund's Annual Chair's Statement.

For the DB Section, the Trustees evaluate the performance of their investment managers on a net of fees basis.

3.7 Effective Decision Making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice received.

As at 31 March 2023, the Trustee board was made up of three Trustees with varying skill sets. With the exception of one Trustee, all Trustees are also members of the Fund.

The Trustees last considered the diversity of the Board as part of the annual evaluation of the Board carried out on 26 June 2023 and concluded that the Board is diverse and has a good range of experience and skills.

Implementation Statement ('IS') (continued)

3.7 Effective Decision Making (continued)

The Trustees have a formal training policy in place dated June 2015. Under this policy, all Trustees are required to complete the Pensions Regulator's online training and must attend formal or informal training totalling a minimum of 15 hours each year. Each Trustee is required to maintain a training log detailing attendance of both internal and external training courses. The training log is for the period 1 April to 31 March. Training logs are submitted to the Chair of Trustees who checks that the required level of training has been met. The Chair of Trustees is happy to report that all Trustees had undertaken the required level of training during the period 1 April 2022 to 31 March 2023.

There is an appropriate induction process in place for new Trustees. There were two new Trustees during the Fund year who went through this induction process. The induction process was updated in 2023 (and approved in July 2023) as part of the Trustees' ongoing review to ensure that an effective system of governance is maintained. New Trustees are required to attend a formal training course within 6 months of appointment. Both newly appointed Trustees have attended external training courses through Aon covering the key areas that the Pensions Regulator expects Trustees to be able to demonstrate knowledge of.

The Trustees have agreed that in order to maintain an appropriate level of knowledge, the Trustees will continually complete the Pensions Regulator's online training modules on a rolling three-year basis. The Trustees have a three-year training plan in place to meet this and reflect the modules undertaken on their training logs.

On 26 June 2023, the Chair of Trustees carried out the annual assessment of the effectiveness of the Trustee Board, including looking at the overall skills of the Trustees that sit on the Board. The Chair is pleased to report that the Board has the relevant skills and knowledge and will continue to do so via the use of the rolling three-year training plan referred to above.

The Trustees are comfortable that this policy has been met over the year.

3.8 Additional Voluntary Contributions ('AVCs') Arrangements

Some members obtain further benefits by paying Additional Voluntary Contributions (AVCs) to the Fund. The majority of members AVC assets are invested in the same funds that are utilised for the main Fund. Some assets are also invested with Scottish Widows Fund and Life Assurance Society.

From time-to-time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Given the majority of AVCs are invested in the same funds at the main DC assets, the Trustees consider any review of the main Fund to help fulfil this policy.

The Trustees are comfortable that this policy has been met over the year.

Implementation Statement ('IS') (continued)

Our Engagement Action Plan

DC & DB Sections

Based on the information we have reviewed, we have decided to take the following steps over the next 12 months:

1.Continue to engage with AIL as our investment manager. This will focus on:

- Transparency and Reporting: providing detailed reporting on AIL's engagement activities.
- Integration of ESG Factors: consideration of how ESG factors are integrated into AIL's stewardship activities.
- Active Engagement: we look for a continual increase in active engagement with companies. This includes proactively reaching out to company management, discussing concerns, suggesting improvements and holding companies accountable.
- Active collaboration: by joining forces, investors can collectively address systemic issues and encourage positive change across industries.

2. For DC, in 2023, AIL will replace the existing passive emerging market equity fund used within the default strategy, the Aon Managed Retirement Pathway Funds, with a new fund with a strong ESG and climate focus. This change will be made within the fund.

3. **DC Section - The exercise of our voting rights**

Management of the Fund's DC assets has been delegated to its fiduciary manager, Aon Investments Limited ("AIL"). AIL invests the Fund's assets in a range of funds including the default strategy and wider range of self-select funds. AIL selects the underlying asset managers to achieve the objective of each investment option available to members on behalf of the Trustees.

We have reviewed the stewardship activity carried out over the year by the material investment managers selected by AIL and, in our view, all were able to disclose adequate evidence of voting and / or engagement activity. Based on the information provided, we are comfortable that our stewardship policy (including voting and engagement activity) has been implemented effectively in practice.

The rest of this section sets out the stewardship activities, including the exercise of our voting rights, carried out on our behalf over the year to 31 March 2023 by both AIL and the appointed underlying investment managers.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, **engaging** with investees/issuers, and **exercising voting rights**.

Differing ownership structures means stewardship practices often differ between asset classes.

Implementation Statement ('IS') (continued)

DC Section - Our fiduciary manager's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies or asset managers (as owners of companies) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. The trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

In February 2022, AIL seeded and launched a new passive UBS Global Equity Climate Transition Fund. This is a new fund that AIL designed, working closely with UBS, and combines low carbon (aligned with achieving net zero by 2050), positive impact and an improvement in ESG scores within a single passive equity fund. AIL introduced a 20% allocation to this new fund within the growth phase of the default strategy, the Aon Managed Retirement Pathway Funds, replacing the previous BlackRock MSCI World Index Fund.

AIL also launched an Impact Research platform in 2022, focusing on integrating ESG risk factors into the manager research process. The Impact research platform aims to help evolve AIL's view of "impact" to encompass both ethics/values-driven investing and ESG integration.

Furthermore, AIL is developing internal capabilities to integrate ESG data from multiple vendors and platforms through a "Quantamental" dashboard that aggregates data and provides in-depth ESG analytics for over 8,000 liquid strategies. AIL intends to expand this analysis in future to include advanced metrics for implied temperature rise, Sustainable Financial Disclosure Regulation's (SFDR's) Principal Adverse Indicators (PAIs), and Diversity Equity and Inclusion factors.

Looking ahead, AIL will be replacing the existing passive Emerging Market equity fund used within the Aon Managed Retirement Pathway Funds with an alternative with a strong ESG and climate transition focus. This change is expected to take place mid-2023.

Implementation Statement ('IS') (continued)

DC Section – Underlying managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practise in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the arrangement.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Fund's equity-owning investment managers to responsibly exercise their voting rights. Over the year, the material equity, real asset and multi-asset investments held by the Fund within the default strategy and wider self-select fund range were:

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Aon Managed Retirement Pathway Funds (default strategy)

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: BlackRock, LGIM, UBS Listed real assets: BlackRock, LGIM
Aon Managed Diversified Asset Fund	BlackRock, LGIM

Source: Aon Investments Limited

Self-select fund range

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Equity Fund	BlackRock, LGIM, UBS
Aon Managed Active Global Equity Fund	Baillie Gifford, BNY Mellon, BlackRock, Harris
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Property and Infrastructure	BlackRock, LGIM (listed real assets)
HSBC Islamic Equity Index Fund	HSBC
LGIM Global Ethical Equity Index Fund	LGIM

Source: Aon Investments Limited

Voting statistics: Aon Managed Retirement Pathway Funds

The table below shows the voting statistics for each of the material funds held within the default strategy, the Aon Managed Retirement Pathway Funds, for the year to 31 March 2023. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

Implementation Statement ('IS') (continued)

Aon Managed Retirement Pathway Funds

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Initial Growth Phase Fund[1,2]	96.4%	15.9%	0.4%
Aon Managed Global Impact Fund	99.7%	19.9%	0.7%
Aon Managed Diversified Asset Fund[1]	99.6%	19.3%	0.5%
Aon Managed Retirement Pathway Funds			
Member 30 years from retirement[1]	**96.7%**	**16.3%**	**0.4%**
Member at retirement[1]	**97.9%**	**17.5%**	**0.4%**

Source: Aon Investments Limited, Underlying investment managers: BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea.

[1]Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

[2]Invests 90% in the Aon Managed Global Equity Fund and 10% in property and infrastructure.

Voting statistics: self-select funds

The table below shows the voting statistics for each of the material funds offered within the wider self-select fund range available for the year to 31 March 2023.

Self-select fund range

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Global Equity Fund	97.4%	16.8%	0.4%
Aon Managed Active Global Equity Fund	98.3%	4.4%	0.1%
Aon Managed Global Impact Fund	99.7%	19.9%	0.7%
Aon Managed Property and Infrastructure Fund[1]	87.6%	7.5%	0.0%
HSBC Islamic Global Equity Index Fund	97.0%	19.8%	0.0%
LGIM Ethical Global Equity Index Fund	99.8%	17.8%	0.2%

Source: Aon Investments Limited, underlying investment managers (BlackRock, LGIM, UBS, Nordea, Mirova, Baillie Gifford, BNY Mellon, Harris, HSBC).

1Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

Implementation Statement ('IS') (continued)

DC Section – Underlying managers' engagement activity

Engagement Activity - Aon Managed Retirement Pathway Funds

Below we provide examples of some of the engagement activity carried out by the underlying investment managers for the default strategy and the most material self-select funds. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund invested in by the Aon Managed Retirement Pathway Funds.

All managers engaged across all key themes. We would expect this to be the case, as all underlying managers meet AIL's required standards for consideration of ESG factors / risks.

> **Engagement**
>
> Engagement is when an investor communicates with current (or potential) investee companies or asset managers (as owners of companies) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

Themes engaged on at a firm level

Underlying manager	Environment - Climate Risk Management	Environment - Biodiversity	Governance Remuneration	Governance Board Effectiveness	Governance Corporate Strategy	Social Human Capital	Social Risks & Opportunities
BlackRock							
LGIM							
UBS							
Baillie Gifford							
Mirova							
Nordea							

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea).

Engagement Activity – Wider fund range

Below we provide examples of some of the engagement activity carried out by the underlying investment managers for the most material self-select funds. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund.

Themes engaged on at a firm level

Underlying manager	Environment - Climate Risk Management	Environment - Biodiversity	Governance Remuneration	Governance Board Effectiveness	Governance Corporate Strategy	Social Human Capital	Social Risks & Opportunities
BNY Mellon							
Harris							
HSBC							
LGIM							

Implementation Statement ('IS') (continued)

We also provide examples of specific engagement activity carried out by the most material underlying investment managers below.

BlackRock engaged with Home Depot regarding corporate governance & sustainable business matters, as well as environmental matters. On the former, BlackRock did not support the re-election of Director Albert P. Carey due to concerns about his overcommitment to serving on three public company boards. BlackRock believes that directors should limit their commitments to effectively fulfil their responsibilities. BlackRock also voted against a proposal to require an independent board chair and a proposal to report on gender and racial equity on the board, as they did not currently have concerns about Home Depot's board leadership structure and diversity. On the environment, BlackRock supported a proposal for Home Depot to report on efforts to eliminate deforestation in its supply chain and a proposal for an independent racial equity audit to assess the company's diversity, equity, and inclusion practices.

UBS engaged with Teleperformance over 2022 following a sharp decline in the Company's share price of over 30% in November, following the announcement of a government investigation in Colombia regarding its content moderation service and operations.

Press reports had surfaced, alleging poor working conditions and lack of support for workers engaged in social media content moderation. These reports claimed that employees were regularly exposed to disturbing content without adequate psychological assistance. Additionally, allegations of anti-union behaviour were raised by UNI Global Union. In response, Teleperformance held conference calls with investors, vehemently denying the allegations and defending their practices. UNI Global Union presented a contrasting view, accusing the Company of anti-union conduct and insufficient worker support.

Consequently, investors (including UBS) decided to challenge Teleperformance on these matters. During a call with the CFO and the President of Group Transformation, investors pressed for accurate responses to the media and UNI allegations. Management assured investors that they were taking the accusations seriously, conducting internal and external audits to investigate the issues raised. They also announced an agreement with UNI Global Union regarding labour relations and employment standards oversight. Furthermore, Teleperformance decided to allow inspections of its sites by various stakeholders in January 2023. UBS expressed satisfaction with the company's efforts to address concerns and urged them to maintain their commitment to social responsibility and ethical practices as outlined in their Code of Ethics and Human Rights Statement.

LGIM engaged with BP over 2022. As one of the world's largest oil and gas companies, BP has a significant role to play in the energy transition.

LGIM have been engaging with BP for many years, co-leading efforts with the Company as part of the CA100+ initiative. In their 2022 AGM, LGIM supported management's 'Net Zero – from ambition to action' report.

Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP committed to a substantial decline in oil and gas production and announced an increase in capital expenditure to low-carbon growth segments. LGIM remain committed to continuing their constructive engagements with the Company.

Engagement Activity – Non-equities

While equity managers may have more direct influence on the companies they invest in, managers investing in asset classes such as fixed income and alternatives are also increasingly influential in their ability to encourage positive change.

The Aon Managed Retirement Pathway Funds and several of the wider self-select fund options include investment in non-equity assets. This might include fixed income, cash, direct property and alternatives such as gold, depending on the fund. Below we describe examples of engagement.

Implementation Statement ('IS') (continued)

Fixed Income

The Aon Managed Retirement Pathway Funds and several of the wider self-select fund options invested in fixed income and cash over the year.

Direct Property

The Aon Managed Retirement Pathway Funds, Aon Managed Initial Growth Phase Fund and the Aon Managed Property and Infrastructure Fund invested in direct property over the year.

The Trustees appreciate that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustees expect ESG engagement to be integrated in its managers' investment approaches.

The direct property manager (Threadneedle) is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle takes an approach to real estate whereby they strive to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

Key topics of engagement during the year include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During the 12 months to 31 March 2023, Threadneedle completed a range of projects designed to improve the energy efficiency of the underlying assets.

Commodities

The Aon Managed Retirement Pathway Funds, Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund invested in commodities over the year.

The Invesco Physical Gold Exchange-Traded Commodities Fund provides exposure to physical gold. Invesco incorporates ESG considerations within the Fund, as it follows the London Bullion Market Association (LBMA) Responsible Gold Guidance that requires strict adherence to rules around the provenance of gold. Additionally, Invesco engage directly with companies in the gold mining space and see engagement as an opportunity to encourage continual ESG improvement.

DB Section - managers' voting activity

Voting statistics

The table below shows the voting statistics for each of the Fund's material funds with voting rights for the year to 31 March 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
BlackRock – Dynamic Diversified Growth Fund	11,775	92.0%	5.0%	1.0%
Ninety One – Global Multi-asset Sustainable Growth Fund	974	100.0%	7.5%	0.4%

Source: Manager

Implementation Statement ('IS') (continued)

DB Section - Underlying managers' engagement activity

The table below shows some of the engagement activity carried out by the Fund's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Fund.

Funds	**Number of engagements**		**Themes engaged on at a fund-level**
	Fund specific	**Firm level**	
BlackRock – Dynamic Diversified Growth Fund	652	Not provided	Environment - Climate Risk Management, Operational Sustainability Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Governance Structure Remuneration Social - Human Capital Management, Social Risks and Opportunities
Ninety One – Global Multi-asset Sustainable Growth Fund	30	387	Environment - Climate change and others Social - corporate culture and others Governance - Board effectiveness – Diversity and others

Source: Managers

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how both the DB and DC Fund managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Implementation Statement ('IS') (continued)

Manager	Section	Description of use of proxy voting advisers
BlackRock	DB/DC	BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into its vote analysis process, and BlackRock do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that its investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information they use include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, and the views of their active investors, public information and ESG research.
Ninety One	DB	Ninety One make use of the ISS Proxy Exchange research service for all voting. ISS provide them with research recommendations and recommendations based on its internal voting policy, they consider and discuss this with the investment teams that hold the issuer to make a decision in the best interest of the shareholders (which may differ from ISS & management recommendations). Ninety One cast its vote via the ISS voting platform.
Baillie Gifford	DC	Not applicable – Baillie Gifford do not use a proxy voting advisor.
BNY Mellon	DC	Walter Scott receives third party research from ISS for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott votes.
Harris	DC	Harris utilises the services of ISS proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS services are otherwise used for information only. Harris state that it will follow its Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, the final decision rests with Harris' Proxy Voting Committee.
HSBC	DC	HSBC uses the proxy advisory firm ISS to vote on its behalf. HSBC reviews recommendations on all active holdings and its largest holdings by value and provide regular feedback on recommendations on its voting policy. HSBC holds periodic review meetings with ISS.
LGIM	DC	LGIM make use of ISS's proxy voting platform to electronically vote and augment their own research and proprietary ESG assessment tools, but do not outsource any part of the strategic decisions. They have put in place a custom voting policy with specific instructions that apply to all markets globally, which seek to uphold what they consider to be minimum best practice standards all companies should observe. LGIM retain the ability to override any voting decisions based on the voting policy if appropriate, for example of engagements with the company have provided additional information.
Mirova	DC	Mirova utilises ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation are not prescriptive or determinative to its voting decision. All voting decisions are made pursuant to Mirova's Voting Policy. For votes that do not have pre-determined policy, Mirova's voting and engagement analyst liaises with the relevant internal parties on the sustainability research team and/or financial analyst. Certain votes are reviewed by Mirova's voting committee, as needed or required.

Implementation Statement ('IS') (continued)

Nordea	DC	Nordea states that every vote it casts is considered individually on the background of its bespoke voting policy, which it has developed in-house based on its own principles. Nordea's proxy voting is supported by two external vendors, ISS and Nordic Investor Services ("NIS") to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors merged. The contrast in the services – ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices, Nordea states, are "much in line with its own, giving it a broad palette of input, which is valuable in the evolution of Nordea's own Corporate Governance Principles". The same setup has continued after the merger of ISS and NIS. In general, Nordea relies on its bespoke voting policy at ISS, and/or vote manually, for a overwhelming majority of all votes.
UBS	DC	UBS AM retain the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.

Source: Managers; Aon Investments Limited. Underlying managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Fund's funds. A sample of these significant votes can be found in the appendix.

Data limitations

Whist BlackRock did provide fund-level engagement information, this was not in the industry standard Investment Consultants Sustainability Working Group ("ICSWG") template. Additionally, the manager did not provide any firm-level engagement information.

This report does not include commentary on the Fund's liability driven investments or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Fund's assets that are held as AVCs.

Implementation Statement ('IS') (continued)

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's managers and underlying investment managers appointed by AIL and used within the default strategy, the Aon Managed Retirement Pathway Fund. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some examples include:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management's proposal;
- a vote where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting;
- a vote that is connected to a wider engagement initiative with the company involved;
- a vote that demonstrates clear and considered rationale;
- a vote that the Trustees consider inappropriate or based on inappropriate rationale; and
- a vote that has significant relevance to members of the Fund.

BlackRock - Dynamic Diversified Growth Fund	**Company name**	McDonald's Corporation
	Date of vote	26-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.
	Summary of the resolution	Report on Third-Party Civil Rights Audit
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	Rationale for the voting decision	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
	Outcome of the vote	Pass

Implementation Statement ('IS') (continued)

	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	On which criteria have you assessed this vote to be "most significant"?	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients.
Ninety One - Global Multi-asset Sustainable Growth Fund	**Company name**	KLA Corporation
	Date of vote	02-Nov-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not Provided
	Summary of the resolution	Report on Greenhouse gas ("GHG") Emissions Reduction Targets Aligned with the Paris Agreement Goal.
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We did not engage prior to the meeting date as our policy on voting shareholder resolutions of this nature are publicly available.
	Rationale for the voting decision	A vote FOR this proposal is warranted, as additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.
	Outcome of the vote	Failed
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided
	On which criteria have you assessed this vote to be "most significant"?	Shareholder - ESG - Environmental

Implementation Statement ('IS') (continued)

LGIM	**Company name**	Alphabet Inc.
	Date of vote	6 June 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.1%
	Summary of the resolution	Report on Physical Risks of Climate Change
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	Failed to pass (17.7% support)
	Implications of the outcome	LGIM will continue to engage with the investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
	On which criteria have the vote is considered significant?	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and public call for high quality and credible transition plans to be subject to a shareholder vote.
BlackRock	**Company name**	Costco Wholesale Corporation
	Date of vote	July 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not Provided*
	Summary of the resolution	Report on Greenhouse Gas (GHG) Emissions Reduction Targets
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	*Not Provided*
	Rationale for the voting decision	BlackRock engaged to encourage Costco to enhance their reporting on climate-related issues, which they recognize as a material business risk. Shortly before the 2022 AGM, Costco published additional information related to their climate risks and opportunities, so BlackRock voted in support. Rationale: Costco is a major retailer that operates through membership warehouse stores and e-commerce websites. In April and July 2022, Costco's global executives conducted in-depth climate-related scenarios analysis, exploring climate-related risks and opportunities to operations, supply chain, members, employees, reputation, and products. From this analysis, they created an inventory of climate-related risks and opportunities related to Costco's business. They anticipate transitional and physical impacts from climate change and will continue to evaluate impacts on Costco's financial position.

Implementation Statement ('IS') (continued)

	Outcome of the vote	Pass
	Implications of the outcome	*Improvement in reporting*
	On which criteria have the vote is considered significant?	Input resulted in enhanced reporting
UBS	**Company name**	TotalEnergies SE
	Date of vote	25 May 22
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not Provided*
	Summary of the resolution	Approve Company's Sustainability and Climate Transition Plan
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Company stepped up ambition in reduction of Scope 1&2 and Scope 3 emissions, and set strong sub-targets for European business, underpinned by detailed action plans.
	Outcome of the vote	Pass
	Implications of the outcome	UBS voted against the company's say-on-climate vote at 2021 AGM, however, following progress made they supported the company in 2022, which received 88% aggregate support. UBS will continue to engage with the company in regard to their climate transition.
	On which criteria have the vote is considered significant?	Voting action following engagement progress.
Nordea	**Company name**	Republic Services
	Date of vote	16 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.8%
	Summary of the resolution	Report on third-party environmental justice audit (shareholder proposal).
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Given that an independent environmental justice audit would help shareholders to better assess the effectiveness of the company's efforts to address the issue of any environmental injustice within their operation, this merits shareholder approval.
	Outcome of the vote	Against
	Implications of the outcome	Nordea will continue to vote for such proposals in this company as well as in other relevant companies

Implementation Statement ('IS') (continued)

Mirova	**Company name**	Vestas Wind Systems
	Date of vote	April 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.2%
	Summary of the resolution	Remuneration Report (1 resolution)
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	*Not provided*
	Rationale for the voting decision	After voting against management in 2021, due to the fact that the compensation plan lacked sustainability criteria, Mirova were pleased to see the incorporation of a CSR metric in the 2022 STIP. Mirova therefore voted with management on the remuneration related items.
	Outcome of the vote	Pass
	Implications of the outcome	Mirova have not been able to support past resolutions due to the absence of CSR criteria and were encouraged to find the company responsive to their suggestions to incorporate such criteria going forward.
	On which criteria have the vote is considered significant?	Relevant to engagement strategy
Baillie Gifford	**Company name**	TESLA, INC.
	Date of vote	04 August 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.84%
	Summary of the resolution	Shareholder Resolution - Climate
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Baillie Gifford opposed the resolution requesting a report on how the company's corporate lobbying is aligned with the Paris Climate Agreement. Given Tesla's core mission is to accelerate the world's transition to sustainable energy and its entire business strategy is in alignment with the Paris Agreement, Baillie Gifford believe additional disclosures would be burdensome with no real benefit to shareholders.
	Outcome of the vote	*Fail*
	Implications of the outcome	*Not provided*
	On which criteria have the vote is considered significant?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Implementation Statement ('IS') (continued)

HSBC	**Company name**	Amazon.com, Inc.
	Date of vote	25 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.12%
	Summary of the resolution	Report on Efforts to Reduce Plastic Use (shareholder proposal)
	How the manager voted	For (against management recommendation)
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.
	Outcome of the vote	Fail. The shareholder resolution did not pass, however it received 49% support.
	Implications of the outcome	HSBC plan to raise their concern with the company and will likely vote against such a proposal should there be no improvements.
	On which criteria have the vote is considered significant?	The company is on HSBC's 2022 engagement focus list and HSBC voted against a management proposal.

Source: Aon Investments Limited, Underlying Managers (LGIM, BlackRock, UBS, Baillie Gifford, Mirova, Nordea, HSBC); Ninety One, BlackRock