

Implementation Statement

Servier Laboratories Limited Pension Fund (the “Fund”)

Fund Year End – 31 March 2025

The purpose of the Implementation Statement (“IS”) is for us, the Trustees of the Servier Laboratories Limited Pension Fund (the “Trustees”) of the Servier Laboratories Limited Pension Fund (the “Trustees”), to explain what we have done during the year ending 31 March 2025 to implement our policies and achieve our objectives as set out in the Statement of Investment Principles (“SIP”).

It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
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.

This IS covers both the DB and DC Sections of the Fund.

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.

We delegate the management of the Fund’s DC assets to our fiduciary manager Aon Investments Limited (“AIL”). AIL also manages the funds in which the Fund’s DB assets were invested in over the year. 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 and that our voting rights have been implemented effectively on our behalf.

Changes to the SIP over the year to 31 March 2025

The Trustees have a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics.

Changes were made to the SIP during the year to reflect new guidance published for DB and DC pension schemes in the General Code, alongside our policy on illiquid investments for the DC assets.

We consulted with the sponsor when making these changes and obtained written advice from our investment adviser. Post year end we updated the SIP to reflect a change in the DB Section's investment strategy, and investment manager. There were no changes made to the DC Section's investment strategy.

The Fund's latest SIP (effective 25 July 2025) can be found here: <https://www.servier.co.uk/about-servier-uk/>

How the policies in the SIP have been followed

The Trustees outline a number of key objectives and policies in their SIP. These are noted in *blue* below¹, 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 2025. All Section numbers follow those set out in the SIP in place as at 31 March 2025.

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 with a range of investment choices over the course of the year. 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, AIL. 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 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.

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 of the investment strategy was carried out in 2020, and then again in 2023. 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 Fiduciary Manager also reviews the funds on an ongoing basis and following the latest review of the Aon Managed Retirement Pathway Funds completed in December 2024, AIL de-risked those Funds approaching their target dates in line with the original plan over the first half of 2025.

1.2.2 Day-to-day management

The Trustees invest the main assets of the Defined Contribution section of the Fund in funds managed by the Fiduciary Manager. The Trustees are satisfied that the spread of underlying managers and assets classes selected by the Fiduciary Manager's provide 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 Fiduciary 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 includes details on fund allocations and performance, from the fiduciary manager, in addition to the most recent investment strategy review completed over 2023, and ongoing review of the underlying funds by the Fiduciary Manager.

1.3 The balance between difference kinds of investments

The Trustees recognise that the key source of financial risk in relation to meeting its objectives normally arises from the choice of funds offered to members and is mindful of the fact that holding all 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 its professional advisers.

The Trustees consider that they have met this objective through review of the quarterly monitoring reports from the fiduciary manager, in addition to the most recent investment strategy review completed over 2023 and ongoing review of the underlying funds by 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. The Trustees also 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. The Fiduciary Manager also reviews the funds on an ongoing basis and following the latest review of the Aon Managed Retirement Pathway Funds completed in

December 2024, AIL de-risked those Funds approaching their target dates in line with the original plan over the first half of 2025.

1.5 Illiquid Investment Policy

The Trustees hold illiquid investments on behalf of the Fund's DC members who are invested in the Default Option. Whilst the Trustees recognise that illiquid investments may be associated with higher costs and liquidity risks, they nevertheless believe that access to an illiquidity premium should benefit members long-term. Any decision by the Fiduciary Manager to increase the allocation to illiquid investments, including unlisted equity, would only be made if it was expected to improve the expected risk and return profile for members, net of all charges. This is an area that the Trustees keep under regular review and would form part of any future investment strategy review.

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

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 to meet these liabilities, whilst considering the Fund's liabilities, the strength of the sponsoring employer covenant and the risk capacity and appetite of the Trustees and sponsoring employer.

In particular, the agreed overall objective is set to an investment strategy that targets an expected return over the liabilities of 1.2% p.a. net of fees.

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 fiduciary manager, 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).

A new actuarial valuation was undertaken post year end as at 31 March 2025, and the investment objective was re-assessed by the Trustees with a new investment objective agreed to reduce investment risk within the portfolio.

2.2 Investment Strategy

The initial asset allocation strategy chosen to meet the objective above is set out in the table below. The Fund's actual position relative to this asset allocation strategy is to be formally reviewed on an annual basis in order to determine whether any rebalancing is required.

Fund	Target Weight (%)
<i>Fruition Fund (Fixed + 1% p.a.)</i>	<i>80.0</i>
<i>Fruition Fund (Fixed +2% p.a.)</i>	<i>20.0</i>
Total	100.0

The Trustees review the allocation regularly at the Trustees' meetings, to consider if any rebalancing is required, and therefore consider that they have met this objective over the year. Over December 2024, the Trustees decided to reduce risk within the investment strategy and move to a strategy that targets an expected return over the liabilities of 1.0% p.a. net of fees by switching 20% into the Fixed +1% p.a. fund.

Following the year end, the Trustees agreed a lower risk investment strategy focusing on hedging a higher percentage of the interest rate risk of the Fund's solvency liabilities, to minimise volatility on the solvency basis. Changes to the investment strategy were implemented post year end along with a new SIP.

2.3 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.

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 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.

The investments and the investment strategy over the year was based on the 31 March 2022 actuarial valuation, which the Trustees reviewed and implemented, targeting an investment objective of Gilts + 1.2% p.a., was implemented at the end of the year ending 31 March 2023.

The strategy over the year is expected to broadly match the Fund's liabilities and to add returns. The investment in the funds provides the Fund with a well-diversified exposure to multiple asset classes and multiple managers. We believe the strategy has a sufficient level of diversification to meet the Fund's requirements.

The Trustees also 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.

Ahead of the Fund's 31 March 2025 actuarial valuation, the Trustees reviewed the investment strategy in detail and implemented changes post year end as set out above.

2.4 The balance between different kinds of investments

The Trustees recognise that the key source of financial risk in relation to meeting its objectives arises from asset allocation. The Trustees appointed the Fiduciary Manager to manage the underlying allocations within the Fruition Funds to growth and matching assets. This has been done to aid the diversification of the Fund's assets and to reduce the investment risk relative to the Fund's liabilities. This also allows the assets allocation of the Fund to be adjusted quickly in response to market conditions to best meet the investment objective of the Fund.

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.

The Trustees consider they have met this objective over the year. The Fund's investment strategy over the year was based on the strategy review undertaken following the Fund's 31 March 2022 actuarial valuation. This is also reviewed on an ongoing basis and over December 2024, the Trustees decided to reduce risk within the investment strategy and move to a strategy that targets an expected return over the liabilities of 1.0% p.a. net of fees by switching 20% into the Fixed +1% p.a. fund. Further changes were adopted post year end as noted above.

2.5 Investment risk measurement and management

The key investment risks are recognised as arising from investment strategy, employer failure and investment managers.

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's 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 on 12 July 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 2025.

The Trustees also monitor the performance of AIL versus the Fund's investment objective and the performance the underlying managers chosen by AIL against their individual benchmarks/targets on a regular basis.

Therefore, the Trustees consider they have met this objective over the year.

2.6 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 to broadly match the liabilities, and the growth assets achieved a return of Cash + 2.2%, achieving growth above cash but behind the objective of Cash + 4.0% p.a. net of fees.

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. The Trustees have appointed the Fiduciary Manager to manage the Fund's assets and the Fiduciary manager invests in a range of underlying investment vehicles.

As part of the Fiduciary Manager's management of the Fund's assets, the Trustees expect the Fiduciary Manager to:

- Where relevant, assess the integration of ESG factors in the investment process of underlying managers;*
- Use its influence to engage with underlying managers to ensure the Fund's assets are not exposed to undue risk; and*
- Report to the Trustees on its ESG activities as required.*

Within the DC default investment strategy, c.99% of the pathway funds up until 15 years before retirement is invested in funds with a climate / ESG focus, for example through the UBS Global Equity Climate Transition Fund, LGIM Multi Factor Equity Fund and the Aon Managed Global Impact Fund. This provides a c.66% reduction in carbon footprint (scope 1 & 2) from 2019 to 2023.

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.

The DB strategy was invested in the Fruition range, which have a growth component with a strong focus on ESG. In particular, the respective growth components of the funds have a c.60% allocation to managers with an ESG rating of advanced.

The Trustees are comfortable that they have met this policy.

3.3 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 this creates long-term financial value for the Fund and its beneficiaries.

The Trustees review the stewardship activity of the Fiduciary Manager on an annual basis to ensure the Fund's stewardship policy is being appropriately implemented in practice. The Trustees receive annual reports on stewardship activity carried out by their Fiduciary Manager, these reports include detailed voting and engagement information from underlying asset managers.

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

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.

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.

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 evaluated 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. The Trustees are aware of the impact diversity and inclusion can have on investment decisions.

As at 31 March 2025, 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 have a formal training policy in place that was updated over the Scheme year. 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. When a Trustee has not been appointed for the full Scheme year, the minimum number of hours is reduced to reflect this. 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 exceeded the required level of training during the period 1 April 2024 to 31 March 2025.

As part of the annual assessment (completed 9 July 2025), the Chair concluded the Trustee Board is well diversified, with a good range of experience and skills and all Trustees are given equal opportunity to raise their views during meetings. Member Nominated Trustee communication has been updated to make it clear that the Board will take into account any changes that need to be made to the running of Trustees' Meetings to ensure that this is not a barrier to interested individuals joining the Board. For example, the ability to be able to attend meetings virtually or around the timings of meetings.

The Trustees have engaged with their professional advisers regularly throughout the year to ensure that they exercise their functions properly and take professional advice where needed. In exercising their functions this has required knowledge of key scheme documents such as the Trust Deed & Rules, Trustee Report & Accounts and Member Booklet.

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.

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

Our Engagement Action Plan

DC Sections

1. Continue to engage with AIL as our Fiduciary manager for the DC Section. This will focus on:

- **Transparency and Reporting:** provision of detailed reporting on AIL's engagement activities including how it has engaged on its stewardship priorities.
- **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. We will invite AIL to a Trustee meeting to hear about their progress on engagement.

The implementation of our stewardship policy, including the exercise of our voting rights

Management of the Fund's DB and DC assets has been delegated to its manager and fiduciary manager, respectively, Aon Investments Limited ("AIL").

For the DC Section, AIL makes a range of investment options available for DC members to invest in including the default strategy and a wider range of self-select funds. AIL selects underlying investment managers and strategies to achieve the objective of each investment option available to members on behalf of the Trustee.

We have reviewed the stewardship activity carried out over the year by the material underlying investment managers selected by AIL and, in our view, all were able to disclose good evidence of voting and engagement activity. Based on the information provided, we are comfortable that our stewardship policy (including voting and engagement activity) has been implemented effectively over the year to 31 March 2025.

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 2025 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.

Source: UN PRI

Our fiduciary manager's/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.

As previously noted, management of the Fund's assets has been delegated to AIL. This includes management of the entirety of the DC Section assets. The arrangements with AIL are fund of funds arrangements, where Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to AIL. We have reviewed AIL's latest annual Stewardship Report and we believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

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.

To support these engagements, AIL maintains a set of stewardship priorities which align with their responsible investing beliefs. These priorities focus on investment stewardship, climate change transition and nature loss, combatting modern slavery and Artificial Intelligence. A summary of these priorities is provided in appendix 2.

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). During the year, AIL published its first report for the Taskforce on Climate Related Financial Disclosures. This showed that AIL has achieved a meaningful reduction in carbon footprint across its default strategies over the period from 2019 to 2023.

AIL successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

AIL has developed an Impact Research platform, focused 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 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

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. But 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.

rise, Sustainable Financial Disclosure Regulation's (SFDR's) Principal Adverse Indicators (PAIs) and Diversity Equity and Inclusion factors.

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.

We believe that good asset stewardship is in members' best interests by promoting best practice and encouraging investee companies to access opportunities, manage risk appropriately and protect shareholders' interests.

Understanding and monitoring the stewardship that investment managers practice 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 strategies and wider self-select fund range were as set out below and on the following pages:

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)

<u>Aon Managed Fund</u>	<u>Underlying managers (equity-owning only)</u>
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: L&G, UBS Listed real assets: BlackRock, L&G
Aon Managed Diversified Asset Fund	L&G, UBS

Source: Aon Investments Limited

Self-select fund range

<u>Aon Managed Fund</u>	<u>Underlying managers (equity-owning only)</u>
Aon Managed Global Equity Fund	L&G, 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, L&G (listed real assets)
HSBC Islamic Equity Index Fund	HSBC
LGIM FTSE4Good Developed Equity Index Fund	L&G

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 2025. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

Aon Managed Retirement Pathway Funds

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Initial Growth Phase Fund ^{1,2}	94.5%	12.4%	0.6%
Aon Managed Global Impact Fund	96.7%	21.3%	0.9%
Aon Managed Diversified Asset Fund ¹	95.8%	14.6%	0.7%
Aon Managed Retirement Pathway Funds			
<i>Member 30 years from retirement¹</i>	94.7%	13.3%	0.6%
<i>Member at retirement¹</i>	95.2%	13.9%	0.6%

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

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

²Invests 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 2025.

Self-select fund range

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Global Equity Fund	94.9%	12.9%	0.6%
Aon Managed Active Global Equity Fund	98.7%	4.0%	0.2%
Aon Managed Global Impact Fund	96.7%	21.3%	0.9%
Aon Managed Property and Infrastructure Fund ¹	91.5%	7.4%	0.2%
HSBC Islamic Global Equity Index Fund	100.0%	14.2%	0.8%
L&G FTSE4Good Developed Equity Index Fund	99.6%	17.5%	0.3%

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

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

Underlying managers' engagement activity

We have reviewed information on the engagement carried out by the material underlying managers appointed by AIL for the DC Section of the Fund. All material managers engaged on all of the themes listed below:

- Environment - Climate Risk Management
- Environment - Biodiversity
- Governance - Remuneration
- Governance - Board Effectiveness
- Governance - Corporate Strategy
- Social - Human Capital
- Social Risks & Opportunities

Note: 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.

We would expect all managers to have engaged on all themes, as all underlying managers meet AIL's required standards for consideration of ESG factors / risks.

DB Section

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 2025.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
L&G Multi-Factor Equity Fund	11,446	99.8%	20.8%	0.4%
UBS Global Equity Climate Transition Fund	12,234	93.0%	8.1%	0.1%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Underlying managers' engagement activity

The table below shows some of the engagement activity carried out by the **Fund's** material investment managers. The managers have provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Aegon Asset Management ("Aegon") European Asset Backed Securities ("ABS") Fund	115	422	Environment - Climate Change Social - Human and Labour Rights; Public Health Governance - Financial and Reporting - Reporting Other - General Disclosure
Aberdeen Climate Transition Bond Fund	104	1,868	Environment - Other Environment Related; Climate Social - Human Right & Stakeholder; Labour Management Governance - Corporate Governance; Corporate Behaviour
L&G Multi-Factor Equity Fund	682	4,399	Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Human Rights, Gender Diversity, Income Inequality Governance - Capital Management; Remuneration, Board Composition Other - Corporate Strategy, Regulation
Robeco Credit Income Fund	12	324	Environment - Climate Change Social - Human and Labour Rights Governance - Shareholder Rights; Board Effectiveness - Other
UBS Global Equity Climate Transition Fund	174	425	Environment - Climate Change; Natural resource use/impact; Pollution, Waste Social - Human and labour rights; Human capital management Governance - Remuneration; Board effectiveness - Other; Leadership - Chair/CEO Strategy, Financial & Reporting - Capital Allocation; Strategy/purpose

Source: Managers.

DB and DC Sections

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.

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.

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

Managers	Section	Description of use of proxy voting advisers (in the managers' own words)
L&G	DB and DC	L&G's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
UBS	DB and DC	UBS AM retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.
Baillie Gifford	DC	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon ISS's recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide it with more nuanced market specific information.
BlackRock	DC	BlackRock uses ISS's electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform its voting decision.
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's proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS's services are otherwise used for information only. Harris state that it will follow its own 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	To enable efficient proxy voting operations, HSBC work with their proxy service provider (ISS), which provides research, a voting platform and disclosure services. Their Global Voting Guidelines, together with own research, inform more granular voting policy instructions, which form the basis for custom voting recommendations for each shareholder meeting.
Mirova	DC	Mirova uses 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 is not prescriptive or determinative to Mirova's voting decisions. All voting decisions are made by Mirova in accordance with its Voting Policy.
Nordea	DC	Nordea uses two external proxy advisors - Institutional Shareholder Services (ISS) and Glass Lewis. ISS is used for proxy voting, execution as well as research, while Glass Lewis is mainly used for research. They evaluate our proxy advisors regularly on operational integrity, quality of research and the implementation of the custom voting policy.

Source: Managers; Aon Investments Limited. Underlying managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, AIL asked the underlying 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

At the time of writing, L&G has provided a complete list of engagements for the invested fund, however, did not include as much detail as requested (as per the recommendations of the Investment Consultants Sustainability Working Group ("ICSWG") engagement reporting template).

This report does not include commentary on certain asset classes such as liability driven investments, gilts 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.

Appendix 1 – 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. 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:

DB Section

L&G Multi-Factor Equity Fund	Company name	Wells Fargo & Company
	Date of vote	30 April 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.5%
	Summary of the resolution	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining Rights
	How the manager voted?	Votes supporting resolution
	Where the manager voted against management, did the manager communicate their intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Labour rights: A vote in favour is applied as L&G supports proposals that are set to improve human rights standards and employee policies because we consider this issue to be a material risk to companies.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have the manager assessed this vote to be most significant?	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
UBS Global Equity Climate Transition Fund	Company name	Bank of America Corporation
	Date of vote	24 April 2024
	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 Clean Energy Supply Financing Ratio
	How the manager voted?	Votes supporting resolution
	Where the manager voted against management, did the manager communicate their intent to the company ahead of the vote?	No
	Rationale for the voting decision	We will support proposals that seek to promote greater disclosure and transparency in corporate environmental policies as long as: a) the issues are not already effectively dealt with through legislation or regulation; b) the company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Given strong shareholder support, we shall monitor further developments.

On which criteria have the manager assessed this vote to be most significant?

Aggregate percentage of votes in support of resolution exceeded 25% of votes cast.

Source: Managers

DC Section

L&G	Company name	ConocoPhillips
	Date of vote	May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%
	Summary of the resolution	Resolution 5: Revisit Pay Incentives for GHG Emission Reductions
	How the manager voted	Against management
	Did the manager communicate its intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote against is applied as L&G expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	Fail
	Implications of the outcome	L&G will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have the vote is considered significant?	Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to misleading proposals (shareholder resolutions brought with the aim of undermining positive environmental, social and governance behaviours) are a relatively recent phenomenon. Such proposals often appear to be supportive of, for example, the energy transition but, when considered in depth, are actually designed to promote anti-climate change views.
BlackRock	Company name	Phillips 66
	Date of vote	May 2024
	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 impacts of a significant reduction in virgin plastic demand
	How the manager voted	Votes against resolution
	Did the manager communicate its intent to the company ahead of the vote?	BlackRock endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publishes its voting guidelines to help clients and companies understand its thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting.

	BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock's voting decisions reflect its 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	Fail
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in its Global Principles. BlackRock's Global Principles describe its philosophy on stewardship, including how it monitors and engages with companies. These high-level principles are the framework for BlackRock's more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. BlackRock has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assesses whether the company has addressed its concerns.
On which criteria have the vote is considered significant?	BlackRock periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions it expect will be of particular interest to clients.
UBS	
Company name	Shell Plc
Date of vote	May 2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not disclosed</i>
Summary of the resolution	Align medium-term emissions reduction targets covering the GHG emissions of the use of its energy products (scope 3) with the goal of the Paris Climate Agreement
How the manager voted	Against management
Did the manager communicate its intent to the company ahead of the vote?	No
Rationale for the voting decision	<p>Shell has made incremental progress in this area since the previous year (when UBS supported the proposal), including introducing an absolute Scope 3 emissions target for their oil products. While the new target is not perfect, it is a sign of momentum in a positive direction, specifically in the area the proponent is focused on in this request.</p> <p>In UBS's view it would be necessary for Shell to divest a higher level of assets than is currently in investor interests in order to achieve an expanded Scope 3 target.</p> <p>With a say on climate vote on the ballot, UBS feels the best way to voice its concerns on the overall transition plan in our vote is on this resolution. This allows UBS to evaluate the entire plan and recognise</p>

		where Shell may fall short of expectations, rather than in one specific component of the plan, which this proposal focuses on.
	Outcome of the vote	Fail
	Implications of the outcome	UBS will continue to engage with Shell as part of its Climate Engagement Programme.
	On which criteria have the vote is considered significant?	Aggregate percentage of votes in support of shareholder resolution exceeded 18% of votes cast.
Nordea	Company name	ANSYS, Inc.
	Date of vote	June 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.9%
	Summary of the resolution	Provide right to call a special meeting
	How the manager voted	Against management. For the shareholder proposal
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Nordea thinks that each company should grant holders of a specific proportion of the outstanding shares of a company, no greater than ten per cent (10%), the right to convene a meeting of shareholders for the purpose of transacting the legitimate business of the company. In Nordea's view, this shareholder proposal requesting the company to take the necessary steps to afford shareholders the right to call a special meeting, would improve shareholder rights.
	Outcome of the vote	Pass
	Implications of the outcome	The protection of shareholder rights is an essential requirement for minority shareholders in a listed company. Nordea will continue to vote for such proposals in other relevant companies.
	On which criteria have the vote is considered significant?	Significant votes are those that are severely against Nordea's principles, and where Nordea feels it needs to enact change in the company.
Mirova	Company name	Unilever Plc
	Date of vote	May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Say on climate
	How the manager voted	Supported management
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	The sector dedicated ESG analyst thoroughly reviewed the proposed transition plan. While there is room for improvement noted, on balance, Mirova was satisfied with the current proposal.
	Outcome of the vote	Pass
	Implications of the outcome	While concerns remain regarding governance of sustainability, Mirova will leverage engagement to push the company to further improve the climate transition target setting and provide meaningful progress reports.
	On which criteria have the vote is considered significant?	Relevant to engagement strategy regarding governance of sustainability.
Baillie Gifford	Company name	Markel Group Inc.
	Date of vote	May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.9%
	Summary of the resolution	Shareholder resolution - Climate

	How the manager voted	Supported management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Baillie Gifford supported the shareholder proposal regarding disclosure of GHG emissions from the company's underwriting, insuring, and investment activities, considering the potential materiality of climate risk to the company's core activities. Baillie Gifford believes there is scope for improvement of carbon reporting and that this data will enable the company and its shareholders to better understand the company's climate risks.
	Outcome of the vote	Fail
	Implications of the outcome	Baillie Gifford will continue the engagement with the Company on this issue.
	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.
HSBC	Company name	Apple Inc.
	Date of vote	February 2025
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	8.4%
	Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation
	How the manager voted	Against management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	HSBC believes that the vesting period is not sufficiently long.
	Outcome of the vote	Pass
	Implications of the outcome	HSBC will likely vote against a similar proposal should it see insufficient improvements.
	On which criteria have the vote is considered significant?	The company has a significant weight in the portfolio and HSBC voted against management.
Harris	Company name	Glencore plc
	Date of vote	May 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.1%
	Summary of the resolution	Approve 2024-2026 Climate Action Transition Plan
	How the manager voted	Supported management
	Did the manager communicate its intent to the company ahead of the vote?	Not applicable
	Rationale for the voting decision	After engaging with the company and NGOs, Harris decided to support the 2024-2026 Climate Action Transition Plan and will continue to monitor the situation.
	Outcome of the vote	Pass
	Implications of the outcome	Harris will continue to monitor the situation, and to conduct and escalate engagement as needed.
	On which criteria have the vote is considered significant?	Significant exposure to climate risk

Source: Aon Investments Limited, Underlying Managers (L&G, BlackRock, UBS, Baillie Gifford, Mirova, Nordea, HSBC, Harris).

Appendix 2 – AIL Stewardship priorities

Our investment manager has set stewardship priorities that align with its beliefs in relation to responsible investment.

These stewardship priorities focus on climate change and nature loss, modern slavery and artificial intelligence, as well as ensuring strong governance. These priorities have been identified as financially material risks that have the potential to impact the value of members' investments.

To support these priorities, the AIL has an Engagement Programme through which it engages identifies and analyses key areas for focus and engages with the underlying managers in turn. In turn, AIL also has a set of expectations for its underlying investment managers.

A summary of these priorities is set out below:

Investment Stewardship

It is important to be clear on our principles and expectations of good investment stewardship across asset classes. Our investment manager does this through its ongoing engagements with the underlying investment managers and is looking for strong alignment between an investment manager's responsible investment policies and its engagement activity and voting decisions. AIL believes that transparency of engagement and voting activity is key and actively engages with its investment managers to promote transparency. AIL also engages with its underlying investment managers to promote the principles of the Principles for Responsible Investment, adherence to the UK Stewardship Code as well as following industry best practice.

Climate transition and nature loss

Climate change and the progress towards net zero is a key area of focus for the Trustees and its investment manager, recognising the impact of climate-related risks on the value of members savings over the long term. AIL looks for alignment between an investment manager's climate risk policy (or stated ambitions) and its responsible investment approach including engagement activities and voting decisions around climate. AIL engages with its underlying investment managers to monitor progress in the underlying investee companies towards setting targets and ensuring meaningful action as a result.

AIL also believes that biodiversity risk, including nature loss, is intrinsically linked to climate-change and hence the value of members savings over the long term. AIL collaborated with the Cambridge Institute of Sustainability Leadership to create a framework for assessing nature-related risks including a due diligence questionnaire to measure progress on goals. AIL engages with its underlying investment managers to understand the risks in this area and ensure appropriate action is taken as a result.

Combatting modern slavery

AIL is a signatory of the 'Find It, Fix It, Prevent It' initiative which aims to combat modern slavery through engagement with investee companies, participation in shaping public policy and in developing better modern slavery data. Through this initiative AIL aims to raise awareness of the role investors can play in addressing modern slavery in supply chains. AIL engages with its investment managers to understand where any potential exposure exists and ensure appropriate action is taken as a result.

Artificial Intelligence (AI)

AI is a nascent industry, and its real world applications are yet to be fully explored. AIL has made AI an important topic for its engagement programme and endeavours to be at the forefront of this fast-developing area. AIL believes in the responsible use of AI. To effect this AIL will promote transparency and explainability and appropriate guards against bias. Where AI is adopted, AIL will endeavour to engage with its investment managers to ensure this is done in a way that incorporates responsible design, and that the energy intensive nature of AI balances appropriately with Net Zero commitments.