# *Implementation Statement, covering the reporting period from 21 March 2023 to 20 March 2024 (the "Plan Year")*

The Trustees of the Panasonic UK Pension Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed its Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustees have had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on the latest SIP, dated March 2023, which was in place throughout the duration of the Plan Year. This Statement should be read in conjunction with the SIP, which can be found here: Statement of Investment Principles for the Panasonic UK Pension Plan.

The Statement incorporates the Defined Benefit ("DB") and Defined Contribution ("DC") Sections of the Plan.

## 1. Introduction

No review of the SIP was undertaken during the Plan Year. The last time the SIP was formally reviewed was March 2023. However the Trustees were in the process of updating the SIP as at the Plan Year end to reflect investment strategy derisking that was implemented in March 2024.

The Trustees have, in their opinion, followed all of the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which they have done so.

## 2. Investment objectives

Progress against the Plan's technical provisions liabilities and the long-term journey plan is reviewed as part of the quarterly performance monitoring reports. The Trustees are also able to view the progress on an ongoing basis using LCP Visualise online (a tool provided by the Plan's investment adviser which shows key metrics and information on the Plan including expected return and risks of the investment strategy).

As at 20 March 2024 the Plan was 107% funded on a technical provisions basis and had a technical provisions surplus of c£14m. In addition, the Trustees remain comfortable that the level of risk and expected returns remains appropriate.

As part of the performance and strategy review of the DC default arrangements in August 2021 the Trustees considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan.

Based on the outcome of this analysis, the Trustees concluded that the default arrangement has been designed to be in the best interests of most of the DC Section members and reflects the demographics of those members.

The Trustees also provide the Plan's AVC members with access to a range of investment options which they believe are suitable for this purpose and enable appropriate diversification. The Trustees have made available lifestyle strategies and a self-select fund range to members covering all major assets classes as set out in the SIP as follows:

"We have also selected ReAssure and Utmost Life and Pensions as the Plan's money purchase AVC providers. Both ReAssure and Utmost have lifestyle strategies as the default arrangements (i.e. they automatically combine investments in proportions that vary according to the time to retirement age). The defaults initially invest to target a high expected return and then gradually switch to investments with a lower expected return and risk as members get close to retirement.

The Trustees formally review the DC arrangement and AVC from time to time when considered appropriate.

## 3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the sponsoring employer, reviewed the investment strategy in February 2024 and decided to de-risk the Plan's investments. In particular, the Trustees reduced the strategic allocation to growth assets from 25% to 10% and increased the interest rate and inflation hedging levels to around 100% of sensitivity of a very low risk basis, similar to what an insurance company might charge.

As part of this review, the Trustees made sure the Plan's assets were adequately and appropriately diversified between different asset classes.

The Trustees monitored the asset allocation on a quarterly basis and compared this to the strategic asset allocation.

There were no major departures from the SIP over the year. However:

- The new allocation to the Insight Buy & Maintain Bond Fund was, as planned, implemented in a gradual three-stage process in June, August and December 2023.

- The Trustees de-risked the Plan's investments over the Plan's year end date. As such the actual assets and the strategic allocation set out in the SIP as at the Plan year end are different. The employer was consulted on, and the investment strategy changes were agreed and just before the Plan year end. The Trustees were in the process of updating the SIP as at the Plan year end.

The actual asset allocation did not deviate materially from the strategic allocation over the Plan Year and therefore the Trustees undertook no rebalancing action. The Plan's cashflow requirements were met from income from the equity assets and disinvestments from the liquidity fund assets.

The Trustees reviewed the value for money of the DC and AVC arrangements during the Plan Year as part of producing the annual DC Chair's Statement, and concluded they were comfortable with the arrangements and fees.

## 4. Considerations in setting the investment arrangements

When the Trustees reviewed the DB investment strategy in February 2024, they considered the investment risks set out in the SIP. They also considered the expected returns and risks associated with their holdings as well as how these risks can be mitigated. Additionally, the Trustees considered the need for diversification and the specific circumstances of the Plan (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

The Trustees last reviewed their investment beliefs as part of the March 2023 SIP update. The Trustees invest for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon. The Trustees therefore seek to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustees monitor the performance of the Plan's investment managers on a six-monthly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, six-month period, year and longer term. Performance is considered in the context of the managers'

[1] The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

benchmarks and objectives. The Trustees also monitor their managers' responsible investment capabilities using scores provided by its investment advisor.

### 4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustees maintain a risk register and this is discussed at Trustees' meetings.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustees by the Plan's investment managers. These include the risk of inadequate returns, risk from lack of diversification, credit risk, equity risk, currency risk, interest rate and inflation risk, investment manager risk, illiquidity/marketability risk, counterparty risk, collateral adequacy risk and ESG (including climate) risks. The Trustees' implementation of their policy for these risks during the year is summarised below.

With regard to the risk of inadequate returns, within the DB Section, the Plan was more than fully funded on the Technical Provisions basis as at 20 March 2024. The expected return of the assets as at the same date was gilts + 0.7% pa. Therefore, the expected return on the Plan's assets was expected to be sufficient to produce the return needed over the long-term. Within the DC Section, the arrangement with Phoenix Life is a with-profits policy which provides members with a guaranteed minimum value at retirement. In addition, the underlying investment strategy makes use of equities, which are expected to provide positive returns above inflation over the long term.

The Plan's interest and inflation hedging levels are monitored on an ongoing basis in the six-monthly monitoring report. Over the Plan Year the Plan's hedging levels were broadly in line with the target levels.

Regarding collateral adequacy risk, the DB Section holds investments in the Insight Liquidity Fund, Insight Short Dated Buy & Maintain Bond Fund and Insight Buy & Maintain Bond Fund alongside the LDI portfolio, to be used should the LDI manager require cash to reduce leverage within the LDI funds. The Trustees aim to hold a minimum of collateral against levered LDI holdings equal to a "Market Stress Buffer" of 2.5% plus an additional "Operational Buffer" of 0.5% to 1.0% in these liquid assets. As at 20 March 2024, the Plan held c£92m in liquid assets and has enough collateral to withstand yield movements of more than 11%.

Together, the investment and non-investment risks give rise generally to funding risk. The Trustees monitor the funding position at Trustees' meetings, and have the ability to monitor this daily using LCP Visualise.

The six-monthly reports reviewed during the year showed that the majority of the Plan's managers have produced performance broadly in line with expectations over the long term. The only exception to this is the Schroders DGF allocation, which has underperformed its target return, UK CPI + 5% pa before 31 March 2022 and SONIA + 4.5% pa thereafter. The Trustees and their advisor have regularly considered Schroders performance, including the underlying allocations versus asset class indices, and concluded it is appropriate to remain invested.

## 5. Implementation of the investment arrangements

In February 2024, the Trustees reviewed the Plan's investment strategy, and decided to reduce risk following consultation with the Company. They did so by reducing the target allocation to the growth portfolio to 10% (5% Diversified Growth, 5% Listed Instructure), and correspondingly increasing the allocation to the defensive portfolio to 90% and the interest rate and inflation hedging levels to 100% of the sensitivity of a very low risk basis, similar to what an insurance company might charge. They also fully disinvested from the regional LGIM passive equity index funds and carried out a partial disinvestment from the Schroders Diversified Growth Fund. The disinvestment proceeds were invested in the LGIM Cash Fund.

The Trustees evaluate manager performance over both shorter and longer periods, encourage managers to improve practices and consider alternative arrangements where managers are not meeting performance objectives. Section 9 provides more detail on the activities carried out over the year.

The Trustees undertook a "value for members" assessment in September 2023 for the Plan Year to 20 March 2024 as part of preparing their annual DC Chair's Statement. This assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against Schemes with similar sizes of mandates.

Overall, the Trustee believes the investment managers provide reasonable value for money.

## 6. Realisation of investments

The Trustees review the Plan's net current and future cashflow requirements on a regular basis. The Trustees' policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

The Trustees receive income from LGIM and Insight, as well as monthly disinvestments, to meet pensioner payments. Over the Plan Year, most of this came from dividend income from the LGIM passive equity funds, however since the March 2024 derisking, it now comes from dividend income from Listed Infrastructure, together with a monthly disinvestment from the Insight Liquidity Fund.

For the DC Section, it is the Trustees' policy to invest in a fund that offers daily dealing to enable members to readily realise and change their investments.

## 7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

The Trustees periodically review LCP's responsible investment (RI) scores for the Plan's managers and funds, along with LCP's qualitative RI assessments and red flags for any areas concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's bi-annual Responsible Investment Survey which was last carried out in 2022. The next Survey results are due in late 2024.

In May 2023, the Trustees also undertook a deeper drive into their managers' stewardship practises and polices, following their previous decision to select DE&I, Business Ethics and Climate Change as their stewardship priorities.

The Trustee was satisfied with the results of these reviews and no further action was taken.

Most of the Plan's investment managers are now signatories to the UK Stewardship Code and Net Zero Asset Managers initiative (NZAMI).

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

## 8. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies for their managers that hold listed equities are:

**Legal & General Investment Management:**

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. LGIM believes that this ensures its stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with LGIM's position on ESG, it has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

**Schroders:**

As active owners, Schroders recognises its responsibility to make considered use of voting rights. It is therefore its aim to vote at all meetings globally however, in certain markets or for certain Issuers there may be logistical constraints which make the process of voting too arduous or expensive compared with the benefits of doing so.

Examples include, but are not limited to: share-blocking restrictions attached to voting (the ability to sell shares is restricted for a specified time period, generally from the voting deadline until one day after the date of the shareholder meeting), restrictions on a foreign shareholder's ability to exercise votes, regulatory constraints, the requirement to put power of attorneys in place to facilitate voting instructions and other requirements that make the administrative overhead of voting too burdensome. Schroders uses a third party service to process proxy voting instructions electronically and regularly review our arrangements with our provider, benchmarking it against peers and our evolving requirements.

## 9. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustees have delegated to its investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees have not used proxy voting services over the Plan Year. However, the Trustees monitor managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustees' expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- LGIM passive equity funds – fully disinvested at year end but included in this statement as held for majority of the Plan Year.
- LGIM Infrastructure Equity MFG Fund
- Schroders Diversified Growth Fund

We have not included any AVC funds on materiality grounds.

The Trustees obtained the relevant voting data for Sections 9.2 and 9.3, from all the investment managers listed above, but were unable to obtain voting data for Phoenix, the DC provider. The Trustees will continue to work with their advisers and investment managers with the aim of providing this information in future implementation statements.

In addition to the above, the Trustees contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. None of the other funds that the Plan invested in over the Plan Year held any assets with voting opportunities.

### 9.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which its managers have in place. The Trustees reviewed these policies in May 2023, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustees' views.

### 9.2 Summary of voting behaviour

A summary of voting behaviour over the year from 1 April 2023 to 31 March 2024 is provided in the table below. It is a slightly different period than the Plan Year due to the availability of data from the investment managers. The only exception is the Value of Plan assets in the first row of the table, which are as at the end of the Plan Year.

| | LGIM UK Equity Index Fund | LGIM North America Equity Index Fund | LGIM Europe (ex UK) Equity Index Fund | LGIM Japan Equity Index Fund | LGIM Asia Pacific (ex Japan) Developed Equity Index Fund | LGIM Infrastructure Equity MFG Fund | Schroders Diversified Growth Fund |
|---|---|---|---|---|---|---|---|
| Value of Plan assets as at Plan Year end | -[1] | -[1] | -[1] | -[1] | -[1] | £6.2m | £10.2m |
| Number of equity holdings as at 31 March 2024 | 521 | 606 | 396 | 818 | 525 | 86 | 1,123 |
| Number of meetings eligible to vote | 709 | 645 | 542 | 514 | 461 | 92 | 1,109 |
| Number of resolutions eligible to vote | 10,462 | 8,731 | 9,556 | 6,103 | 3,279 | 1,238 | 14,566 |
| % of resolutions voted | 99.8% | 99.8% | 99.7% | 100.0% | 100.0% | 100.0% | 93.9% |
| Of the resolutions on which voted, % voted with management | 94.4% | 65.4% | 80.6% | 88.0% | 74.9% | 74.1% | 89.3% |
| Of the resolutions on which voted, % voted against management | 5.6% | 34.6% | 19.0% | 12.0% | 25.1% | 25.9% | 10.7% |
| Of the resolutions on which voted, % abstained from voting | <0.1% | - | 0.4% | - | - | - | 0.4% |
| Of the meetings in which the manager voted, % with at least one vote against management | 40.0% | 97.8% | 81.9% | 71.0% | 74.4% | 85.9% | 54.6% |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 4.6% | 29.0% | 10.7% | 9.8% | 16.1% | 21.2% | 7.3% |

Figures may not sum to 100% due to rounding.

[1]The LGIM passive equity funds were held by the Plan for the majority of, but not the full year, having been sold in early March 2024. Due to the availability of voting data, the Trustees have included data for the full year in this table. At the point of disinvestment, the Trustee realised around £18.2m from the LGIM passive equity funds, broadly split between the regions as follows: 20% UK, 30% North America, 30% Europe (ex UK), 10% Japan, 10% Asia Pacific (ex Japan).

### 9.3 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[2] for creating this shortlist.

[2] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

The Trustee has interpreted “significant votes” to mean those that:

- align with the Trustee’s stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager’s engagement priorities or key themes; and/or
- the Plan or the sponsoring company may have a particular interest in.

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustees.

## Legal & General Investment Management

### UK Equity Index Fund

- **Shell Plc, 23 May 2023**

  **Vote cast:** Against resolution

  **Outcome of the vote:** 80% voted against

  **Summary of resolution:** Approve the Shell Energy Transition Progress

  **Stewardship priority:** Climate change

  **LGIM’s rationale for the voting decision:** A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company’s leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.

  **The reason this vote is considered to be “most significant”:** LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

  **Outcome and next steps:** LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

### North America Equity Index Fund

- **Amazon.com, Inc, 24 May 2023**

  **Vote cast:** For resolution

  **Outcome of the vote:** Resolution did not pass

  **Summary of resolution:** Report on Median and Adjusted Gender/Racial Pay Gaps

  **Stewardship priority:** Business ethics

**LGIM's rationale for the voting decision:** A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

**The reason this vote is considered to be "most significant":** LGIM views diversity as a financially material issue for their clients, with implications for the assets it manages on their behalf.

**Outcome and next steps:** LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

**Europe (ex UK) Equity Index Fund**

- **TotalEnergies SE, 26 May 2023**

  **Vote cast:** Against the resolution

  **Outcome of the vote:** Resolution did not pass

  **Summary of resolution:** Approve the Company's Sustainable Development and Energy Transition Plan

  **Stewardship priorities:** Climate change

  **LGIM's rationale for the voting decision:** A vote against is applied. We recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, we remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.

  **The reason this vote is considered to be "most significant":** LGIM is publicly supportive of so called "Say on Climate" votes. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

  **Outcome and next steps:** LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress. LGIM filed a shareholders resolution at Glencore's 2023 AGM and engagement continues.

**Japan Equity Index Fund**

- **Mistubishi UFJ Financial Group Inc, 29 June 2023**

  **Vote cast:** For the resolution

  **Outcome of the vote:** 80% voted for the proposal

  **Summary of resolution:** To amend the articles of incorporation to publish a transition plan to align lending and investment portfolios with the Paris Agreement

  **Stewardship priority:** Climate change

  **LGIM's rationale for the voting decision:** We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met. A group of climate-focused NGOs has been active in this area in the Asian market for a number of years, resulting in the first climate-related proposal of its type at Mizuho ahead of its 2020 AGM. LGIM since has supported previous resolutions at each of these Japanese banks at their AGMs since 2020, and we have found that these proposals and the ensuing shareholder dialogue has helped drive improved disclosures and tighter policies at the companies. Therefore, LGIM supports this proposal to invigorate and encourage further strengthening of policies in line with science-based temperature-aligned pathways towards a net-zero-by-2050 world. We believe that the drafting of the resolution text is sufficiently general as not to be overly prescriptive on management given the binding nature of amending the articles of incorporation.

**The reason this vote is considered to be "most significant":** LGIM considers this vote to be significant as they pre-declared their intention to support. It continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.

**Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

**Asia Pacific (ex Japan) Developed Equity Index Fund**

- **Goodman Group, 14 November 2024**

  **Vote cast:** Against the resolution

  **Outcome of the vote:** Resolution passed

  **Summary of resolution:** Elect Stephen Johns as Director of Goodman Limited

  **Stewardship priority:** Diversity, equity and inclusion

  **LGIM's rationale for the voting decision:** A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM expects companies to increase female participation both on the board and in leadership positions over time.

  **The reason this vote is considered to be "most significant":** LGIM views diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

  **Outcome and next steps:** LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

**Infrastructure Equity MFG Fund**

- **Ferrovial SA, 12 April 2023**

  **Vote cast:** Against the resolution

  **Outcome of the vote:** Not disclosed

  **Summary of resolution:** Reporting on Climate Transition Plan

  **Stewardship priority:** Climate change

  **LGIM's rationale for the voting decision:** While the company's efforts are to be commended, a vote against is applied as LGIM expects net zero commitments, rather than carbon neutrality commitments.

  **The reason this vote is considered to be "most significant":** LGIM is publicly supportive of so called "Say on Climate" votes. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

  **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

## Schroders

**Diversified Growth Fund**

- **JPMorgan Chase & Co, 16 May 2023**

  **Vote cast:** For the resolution

  **Outcome of the vote:** Resolution was not passed

**Summary of the resolution:** Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets

**Stewardship priority:** Climate change

**Schroders' rationale for the voting decision:** The company is asked to produce a report disclosing how it intends to align its financing activities with its 2030 sectoral GHG emission reduction targets. We welcome additional disclosures that help better understand how the company is implementing its climate strategy. We believe that how we have voted is in the best financial interest of our clients' investments.

**The reason this vote is considered to be "most significant":** This vote is significant because climate change is one of the Trustees' stated stewardship priorities.

**Outcome and next steps:** Schroders monitors voting outcomes particularly if it is a large shareholder or if it has an active engagement on the issue. If it thinks that the company is not sufficiently responsive to a vote or its other engagement work, it may escalate its concerns by starting, continuing or intensifying an engagement. As part of this activity, Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.

### 9.4 Votes in relation to assets other than listed equity

The Plan's asset managers which do not hold listed equities did not have any voting opportunities during the Plan Year.