

Leightons Group Pension Fund ('the Scheme') – Implementation Statement 6th April 2023 – 5th April 2024

This Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Department for Work and Pensions for the period from 6th April 2023 - 5th April 2024 ('the Scheme Year').

The Scheme's reporting period for each fund is the holding period of that fund across the Scheme Year.

The Statement sets out how, and the extent to which, the Trustee's policy in relation to exercising voting rights has been followed during the year by describing the voting behaviour on behalf of the Trustee of the Scheme.

The Trustee has appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information ('VEI') on the Scheme's behalf.

This Statement includes Minerva's report on key findings on behalf of the Trustee over the Scheme Year.

A summary of the key points is set out below.

BlackRock

Blackrock stated that there was no voting information to report due to nature of the underlying holdings.

BlackRock provided basic fund-level information on engagements that was in line with the Scheme's reporting period. Despite the basic level of information, Minerva was able to confirm that the activity appeared to broadly comply with BlackRock's own engagement approach, and so complies with the Scheme's approach.

LGIM

For the AAA-AA-A Corporate Bond - All Stocks Fund, the LDI Matching Core Funds, the Sterling Liquidity Fund and the Over 15 Year Index-Linked Gilts Fund, LGIM stated there was no voting information to report due to the nature of the underlying holdings. For the LDI Matching Core Funds, the Sterling Liquidity Fund and the Over 15 Year Index-Linked Gilts Fund, due to the nature of the underlying holdings meant there was also no engagement information to report.

In relation to the Dynamic Diversified Fund and World Equity Index Fund (including the GBP hedged variant) it was determined by Minerva that LGIM's public voting policy and disclosures are broadly in line with good practice as represented by the International Corporate Governance Network ('ICGN') Voting Guidelines Principles, taking into account the Scheme's stewardship expectations. LGIM provided a summarised voting record although this slightly differed from the Scheme's reporting period. Significant votes were also provided. From this, Minerva was able to confirm that the manager's voting activity was in line with the stated policy of the Trustee. LGIM provided basic fund-level information on engagements although this slightly differed from the Scheme's reporting period. Despite the basic level of information, Minerva was able to confirm that the activity appeared to broadly comply with LGIM's own engagement approach, and so complies with the Scheme's approach.

Vontobel

Vontobel stated that there was no voting information to report due to nature of the underlying holdings.

Vontobel provided detailed fund-level information on engagements that was in line with the Scheme's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with Vontobel's own engagement approach, and so complies with the Scheme's approach.

M&G

M&G stated that there was no voting information to report due to nature of the underlying holdings.

M&G provided detailed fund-level information on engagements although this was not in line with the Scheme's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with M&G's own engagement approach, and so complies with the Scheme's approach.

AVCs

The Scheme holds AVCs and the Trustee has determined they will not be covered in this Statement on the grounds of materiality.

Annuities

The Scheme invests in an annuity and given the nature of the policy, the Trustee's view is that voting and engagement practices of the provider does not need to be covered.

Final Comments

Since last year, Vontobel has continued to provide good levels of engagement information.

BlackRock and LGIM could improve their responses by increasing the level of detail in their engagement information.

LGIM is also unable to provide bespoke client reporting dates and the information provided was for dates that wasn't exactly in line with the Scheme's reporting period. The Scheme first invested in the M&G fund over the Scheme Year and the manager has provided detailed fund-level information but could improve this by providing information in line with the Scheme's reporting period.

Leightons Group Pension Fund

Dalriada Trustees Limited

Implementation Statement (IS): Voting & Engagement Information (VEI) Report

Scheme Reporting Period:
6th April 2023 to 5th April 2024

18th July 2024

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1 SIP Disclosures

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Scheme year-end relating to the following:

1. Financially Material Considerations
2. Non-Financial Considerations
3. Investment Manager Arrangements

Stewardship - including the exercise of voting rights and engagement activities - is set out in the 'Voting and Engagement' section.

Source of Information:

*Leighton Group Pension Fund
Statement of Investment Principles
September 2023*



1.1 Financially Material Considerations

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. It believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes it is investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determines that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

1.2 Non-Financial Considerations

The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

1.3 Investment Manager Arrangements

Incentives to align investment managers' investment strategies and decisions with the Trustee's' policies

The Scheme invests in pooled funds. The Trustee acknowledges that the managers' investment strategy and decisions cannot be tailored to the Trustee's policies. However, the Trustee sets its investment strategy and then selects managers that best suits its strategy taking into account the fees being charged, which acts as the fund managers' incentive.

The Trustee uses the fund objective/benchmark as a guide on whether the Scheme's investment strategy is being followed and monitors this regularly.

Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustee selects managers based on a variety of factors including investment philosophy and process, which it believes should include assessing the long term financial and non-financial performance of the underlying company.

The Trustee also considers the managers' voting and ESG policies and how it engages with the investee company as it believes that these factors can improve the medium to long-term performance of the investee companies.

The Trustee will monitor the fund managers' engagement and voting activity on an annual basis as it believes this can improve long term performance. The Trustee expects its managers to make every effort to engage with investee companies but acknowledges that its influence may be more limited in some asset classes, such as bonds, as it does not have voting rights.

The Trustee acknowledges that in the short term, these policies may not improve the returns it achieves, but does expect by investing in those companies with better financial and non-financial performance over the long term that this will lead to better returns for the Scheme.

The Trustee believes the annual fee paid to the fund managers incentivises them to execute their investment policies consistently, as the longer the units are held the larger income to the investment manager.

If the Trustee feels that the fund managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, it will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustee's policies

The Trustee reviews the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustee assesses the performance periods of the individual funds over at least a 3-5 year period or over a market cycle, if appropriate, when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The fund managers' remuneration is a percentage of the assets held in each fund so the amount each manager receives is based upon the value of assets held with them. The remuneration paid out by the Scheme will depend upon the asset allocation. The charges are considered as part of the manager selection process. The charges are monitored regularly by the Trustee with the help of its investment consultant to ensure they are in line with the Trustee's policies for each fund. The Trustee believes that its own and each fund manager's goals are aligned.

How the Trustee monitors portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range

The Trustee monitors the portfolio turnover costs on an annual basis.

The Trustee defines target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manage. This is monitored on an annual basis.

The Trustee has delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to its investment consultant.

The duration of the arrangement with the investment managers

The Trustee plans to hold each of its investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the fund manager can lead to the duration of the arrangement being shorter than expected.

2 Sourcing of Voting and Engagement Information

This section sets out the availability of the information Minerva initially requested from the Scheme's managers, to facilitate the preparation of this report:

Table 2.1: Summary of Available Information

Fund Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
BlackRock	Corporate Bond Up To 5 Years Index Fund	No Info to Report	No Info to Report	Part Info Available
	AAA-AA-A Corporate Bond - All Stocks Fund	No Info to Report	No Info to Report	No Info to Report
	Dynamic Diversified Fund	Part Info Available	Full Info Available	Part Info Available
LGIM*	LDI Matching Core Fund (3 funds)	No Info to Report	No Info to Report	No Info to Report
	World Equity Index Fund (including GBP hedged variant)	Part Info Available	Full Info Available	Part Info Available
	Sterling Liquidity Fund	No Info to Report	No Info to Report	No Info to Report
	Over 15 Year Index-Linked Gilts Fund	No Info to Report	No Info to Report	No Info to Report
Vontobel	TwentyFour Strategic Income Fund	No Info to Report	No Info to Report	Full Info Available
M&G	Total Return Credit Investment Fund	No Info to Report	No Info to Report	Part Info Available

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

Full Info Available

The manager has provided either a PLSA Voting Template or voting data that **precisely** matches the specific investment's holding / reporting period

Part Info Available

The manager has provided either a PLSA Voting Template or voting data that **partially** matches the specific investment's holding / reporting period

No Info to Report

The manager has explicitly stated that there is no voting or engagement information to report for this specific investment or that it is not expected there will be any voting or engagement information to report due to the nature of the underlying investments

No Info Provided

At the time of preparing this report, the manager has either not formally responded to the information request or has not provided information when we believe there should be information to report



Minerva Says:

Voting Activity

There was voting information disclosed for the Scheme's investments in the following funds:

- LGIM Dynamic Diversified Fund
- LGIM World Equity Index Fund (including GBP hedged variant)

Significant Votes

There was 'Significant Vote' information disclosed for the Scheme's investments in the following funds:

- LGIM Dynamic Diversified Fund
- LGIM World Equity Index Fund (including GBP hedged variant)

Engagement Activity

There was reportable engagement information provided for the Scheme's investments with the following managers:

- Blackrock Corporate Bond Up To 5 Years Index Fund
- LGIM Dynamic Diversified Fund
- LGIM World Equity Index Fund (including GBP hedged variant)
- M&G Total Return Credit Investment Fund
- Vontobel TwentyFour Strategic Income Fund

3 Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Scheme year. The Trustee have used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This statement provides a summary of the key information and summarizes Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

The voting and engagement activity undertaken by the Scheme's managers, as reported by them and set out in this document, has been in the scheme members' best interests inasmuch that it demonstrates that the Scheme's managers have undertaken stewardship activity they deem to be appropriate and proportionate in the oversight and management of the Scheme's investments.

3.1 Voting and Engagement Policy and Funds

The Trustee's policy on Stewardship from the Scheme's SIP is set out below:

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment managers on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.

The investment managers should engage with companies to take account of ESG factors in the exercise of such rights, as the Trustee believes this will be beneficial to the financial interests of members over the long term. The Trustee will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.

The Trustee also expects the investment managers to engage with investee companies on the capital structure and management of conflicts of interest.

If the policies or level of engagement are not appropriate, the Trustee will engage with the investment managers, with the help of its investment consultant, to influence the investment managers' policies. If this fails, the Trustee will review the investments made with the investment managers.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expects investment managers to adhere to this where appropriate for the investments they manage.'

The following table sets out:

- The funds and products in which the Scheme was invested during the Scheme's reporting period;
- The holding period for each fund or product; and
- Whether each investment manager made use of a 'proxy voter', as defined by the Regulations

Table 3.1: Scheme Investment/Product Information

Fund Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
BlackRock	Corporate Bond Up To 5 Years Index Fund	Mobius Platform	DB Fund	06/04/23	05/04/24	N/A
	AAA-AA-A Corporate Bond - All Stocks Fund	Mobius Platform	DB Fund	21/03/24	05/04/24	N/A
	Dynamic Diversified Fund	Mobius Platform	DB Fund	06/04/23	05/04/24	ISS
LGIM	LDI Matching Core Fund (3 funds)	Mobius Platform	DB Fund	06/04/23	05/04/24	N/A
	World Equity Index Fund (including GBP hedged variant)	Mobius Platform	DB Fund	06/04/23	05/04/24	ISS
	Sterling Liquidity Fund	Mobius Platform	DB Fund	25/03/24	05/04/24	N/A
	Over 15 Year Index-Linked Gilts Fund	Mobius Platform	DB Fund	21/03/24	05/04/24	N/A
Vontobel	TwentyFour Strategic Income Fund	Mobius Platform	DB Fund	06/04/23	05/04/24	N/A
M&G	Total Return Credit Investment Fund	Mobius Platform	DB Fund	23/08/23	05/04/24	N/A

Minerva Says

As shown in the table above:

- LGIM identified Institutional Shareholder Services, or 'ISS' as their 'Proxy Voter'
- The investments shown as 'N/A' had no listed equity voting activity associated with them, and so had no need for a proxy voter

4 Exercise of Voting Rights

The following tables show a comparison of each of the Scheme's relevant manager(s) voting activity versus the Trustee's policy (which in this instance is the manager's own policy).

Table 4.1: LGIM's Approach to Voting

Asset manager	LGIM (Legal & General Investment Management)
Relevant Scheme Investment(s)	<ul style="list-style-type: none"> ▪ Dynamic Diversified Fund ▪ World Equity Index Fund (including GBP hedged variant)

Key Points of Manager's Voting Policy

LGIM's Corporate Governance and Responsible Investing Policy sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM expects all companies to closely align with their principles, or to engage with them where circumstances prevent them from doing so.

LGIM's voting policy is built on the assessment of 5 key policy areas:

#	Policy Area	Example of Topics Covered
1	Company Board	Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation
2	Audit, Risk & Internal Control	External Audit, Internal Audit and Whistleblowing
3	Remuneration	Fixed Remuneration, Incentive Arrangements and Service Contracts and Termination Payments
4	Shareholder & Bondholder Rights	Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations
5	Sustainability	Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement

Is Voting Activity in Line with
the Scheme's Policy?

Yes

Some examples of the manager's voting activity are provided in Section 7 – Significant Votes



Minerva Says

- LGIM have set out how they approach their stewardship responsibilities for listed companies on behalf of their clients.
- From the information available, we believe that the voting approaches are consistent with the Scheme's voting approach expectations of its investment managers.

5 Manager Voting Policy

As the current approach of the Scheme is to use the voting policy of the external asset managers, it is important that these policies are independently reviewed to ensure that they match current good practice and the general stewardship expectations set by the Scheme. Well-managed companies that operate in a commercially, socially and environmentally responsible manner are expected to perform better over the longer term, as the Scheme believe that adopting such an approach will allow each company's management to identify, address and monitor the widest range of risks associated with their specific business.

Set out in the following table is Minerva's independent assessment of the Scheme's managers' publicly available voting policies, in the context of current good practice as represented by the ICGN Voting Guidelines, whilst also bearing the Scheme's stewardship expectations in mind. This has been done for each manager where they have identified voting activity on behalf of the Scheme.

We have assessed each manager's policy individually, looking at it from Minerva's perspective of seven 'Voting Policy Pillars' that are at the core of our proxy voting research process, and which we have developed over the last 25 years. In using this well-tried approach, the Scheme can be sure that their investment managers voting policies are being carefully considered against current good practice.

Table 5.1: Voting Policy Alignment

Manager Voting Policy Alignment with Current Good Practice

Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
LGIM	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
Comments	LGIM's voting policy and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices.						

Table Key

- Aligned** This aspect of the manager's voting policy is aligned with good practice
- Limited Disclosures** This policy pillar could only be partially assessed on the information available in the manager's voting policy
- No Disclosures** This policy pillar could not be assessed due to a lack of information in the manager's voting policy
- Not Available** The manager's voting policy was not disclosed for analysis by Minerva

Minerva Says

For the Scheme's managers that responded to our information requests by providing voting information:

- LGIM's public voting policy is, in our view, broadly in line with good practice, and is what we would expect to see from such a large asset steward.

6 Manager Voting Behaviour

The Trustee believes that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour as disclosed by the each of the Scheme's managers:

Table 6.1: Manager Voting Behaviour

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
LGIM	Dynamic Diversified Fund	9,651	98,900	99.8%	76.7%	23.1%	0.2%
	World Equity Index Fund (including GBP hedged variant)	2,982	37,017	99.9%	79.1%	20.8%	0.1%
	Comments						
The manager provided summarised voting records for the 3 funds shown above, for the period from 01/04/23 to 31/03/24, rather than the Scheme's reporting period (the manager does not provide bespoke client reporting period information).							
From the summarised information provided, we can see that the manager has voted at almost all investee company meetings for the Funds, which is in line with the Trustee's expectations of its managers.							

Table Key

Available Information matches the Scheme's specific reporting period / investment holding period

Available Information is for a different period than the Scheme's reporting period / investment holding period

Information was not provided by the manager

Not Applicable



Minerva Says

For the Scheme's managers that responded to our information requests by providing voting information, we believe that they have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

'The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.'

7 Significant Votes

Set out in the following section are 5 examples of the Scheme’s manager(s) voting behaviour from the relevant fund(s) in which the Scheme was invested. A ‘Significant Vote’ relates to any resolution at a company that meets one of the following criteria:

1. Identified by the manager themselves as being of significance;
2. Contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK);
3. Is one proposed by shareholders that attracts at least 20% support from investors;
4. Attracts over 10% dissenting votes from shareholders.

Where the manager has not provided sufficient data to identify ‘Significant Votes’ based on criteria 2-4 above, we have used manager-identified examples:

Table 7.1 LGIM’s ‘Significant Votes’

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Brambles Limited	12/10/23	0.04%	Resolution 6 - Elect Nora Scheinkestel as Director	Against	The resolution passed
Why a ‘Significant Vote?’							
Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.							
Manager’s Vote Rationale:							
Audit Committee Expertise: A vote against has been applied as the Chair of the Audit Committee does not appear to have a financial background. Auditor independence - Accountability: LGIM notes concerns with the auditor's independence given their long tenure and/or excessive non-audit fees being paid. As shareholders are not afforded a separate resolution to vote on							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM 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 AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.							

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Bank of Montreal	18/04/23	0.11%	Resolution C - SP 3: Publish a Third-Party Racial Equity Audit	LGIM supported this shareholder resolution	37.2% of votes cast were in support of the resolution

Why a 'Significant Vote'?

Thematic - Diversity: LGIM considers this shareholder proposal significant as we view gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Manager's Vote Rationale:

Shareholder Resolution - Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Shell Plc	23/05/23	0.28%	Resolution 25 - Approve the Shell Energy Transition Progress	Against	80% of votes cast were in support of the resolution

Why a 'Significant Vote'?

Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

Manager's Vote Rationale:

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

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Banco Santander SA	21/03/24	0.05%	Approve Remuneration Policy	Against	Not available
Why a 'Significant Vote?							
This vote is considered significant because we believe that executive remuneration is a financially material issue for companies, and therefore for our clients.							
Manager's Vote Rationale:							
Remuneration - Performance conditions: A vote against has been applied because awards are permitted to vest for below median relative performance which therefore fails the pay for performance hurdle. We also highlight that the 5% salary raises for 2024 and future year increases to be given to the Executive Directors, including the Chair, will likely exacerbate existing concerns with the significant pay packages.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM 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 AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.							
Relevance to Manager's Stated Policy:							
Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability			
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Netflix, Inc.	01/06/23	0.02%	Resolution 1c - Elect Director Jay C. Hoag	Against	Not stated
Why a 'Significant Vote?'							
Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.							
Manager's Vote Rationale:							
Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Independence: A vote against is applied as LGIM expects the Lead Director to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.							
Relevance to Manager's Stated Policy:							
Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability			
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (including GBP hedged variant)	Microsoft Corporation	07/12/23	4.2%	Resolution 1.06 - Elect Director Satya Nadella	Against	Not stated
Why a 'Significant Vote?'							
Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.							
Manager's Vote Rationale:							
Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM 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 AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.							
Relevance to Manager's Stated Policy:							
Company Board		Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability		
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (including GBP hedged variant)	Berkshire Hathaway Inc.	06/05/23	0.68%	Resolution 8 - Require Independent Board Chair	LGIM supported this shareholder resolution	10.9% of votes cast were in support of the resolution
Why a 'Significant Vote'?							
Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).							
Manager's Vote Rationale:							
Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.							
Relevance to Manager's Stated Policy:							
Company Board		Audit, Risk & Internal Control		Remuneration		Shareholder & Bondholder Rights	Sustainability
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (including GBP hedged variant)	SKF AB	26/03/24	0.01%	Reelect Hakan Buskhe as Director	Against	Not stated

Why a 'Significant Vote'?

Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.

Manager's Vote Rationale:

Audit Committee independence: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration Committee independence: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Audit Committee Expertise: A vote against has been applied as the Chair of the Audit Committee does not appear to have a financial background. A vote AGAINST Haakan Buskhe (Item 14.4) and Richard Nilsson (Item 14.9) is warranted because the company maintains a share structure with unequal voting rights, and the candidates represent the primary beneficiary of the superior voting rights.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM 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 AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (including GBP hedged variant)	GPS Participacoes e Empreendimentos SA	05/04/23	Less than 0.01%	Resolution 5 - Elect Directors	Against	Not stated

Why a 'Significant Vote?

Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Manager's Vote Rationale:

Bundled: Diversity: A vote against is applied as LGIM expects a company to have a diverse board, including at least one woman. We expect companies to further increase female participation on the board and leadership positions over time. Bundled: Audit Committee independence: A vote against is applied as LGIM expects the Committee to be comprised of independent directors.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM 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 AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (including GBP hedged variant)	Tyson Foods, Inc.	08/02/24	0.21%	Accelerate Efforts to Eliminate Deforestation from Company's Supply Chains	LGIM supported this shareholder resolution	Not stated

Why a 'Significant Vote'?

Thematic - Nature: LGIM considers this vote to be significant as it is applied under our engagement program on deforestation, targeting companies in high-risk sectors.

Manager's Vote Rationale:

Shareholder Resolution: Deforestation: A vote for is applied. We note the relatively short timeline in the resolution text but the company should accelerate efforts to eliminate deforestation from its supply chain as we deem this to be a material risk.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM 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 AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
---------------	--------------------------------	--------------	---------------------------------	----------------

We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach



Minerva Says

LGIM's reported 'Significant Vote' information seems to be consistent with their stated voting policies, and so is consistent with the Scheme's expectations.

8 Manager Engagement Information

The Trustee has set the following expectation in the Scheme's SIP in relation to its managers' engagement activity:

'The investment manager should engage with companies to take account of ESG factors in the exercise of such rights, as the Trustee believes this will be beneficial to the financial interests of members over the long term. The Trustee also expects the investment manager to engage with investee companies on the capital structure and management of conflicts of interest.'

The Trustee believes that an important part of responsible oversight is for the Scheme's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's managers to engage with investee companies where they have identified any such issues.

The following table(s) summarises the engagement activity of the manager(s):

Table 8.1: Summary of Engagement Information Provided

Manager	Engagement Information Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
BlackRock	YES	FUND	YES	The manager provided <i>basic fund level engagement information</i> covering the Scheme's reporting period
LGIM	YES	FUND	PART	The manager provided <i>basic fund-level engagement information</i> for the <i>period from 01/04/23 to 31/03/24</i> , rather than for the Scheme's reporting period
M&G	YES	FUND	PART	The manager provided <i>detailed fund level engagement information</i> for the <i>period from 01/04/23 to 31/03/24</i> , rather than for the Scheme's reporting period
Vontobel (TwentyFour)	YES	FUND	YES	The manager provided <i>detailed fund level engagement information</i> covering the Scheme's reporting period

Table Key

GREEN = A positive result. The manager has provided engagement information / fund level info available / matches the Scheme's reporting / investment holding period

ORANGE = A 'partial' result. We had to try to source engagement information / firm level info available / does not match the Scheme's reporting / investment holding period

RED = A negative result. No engagement information was located at any level

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Corporate Bond Up To 5 Years Index Fund	06/04/23	05/04/24	294	24.5%	23.8%	51.7%	0.0%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>BlackRock explains their approach to engagement in their Investment Stewardship, Engagement Priorities Summary document:</p> <p><i>'BIS takes a constructive, long-term approach to our engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement is core to our stewardship efforts as it provides us with the opportunity to improve our understanding of a company's business model and the risks and opportunities that are material to how they create financial value. Engagement may also inform our voting decisions for those clients who have given us authority to vote on their behalf, particularly on issues where company disclosures are not sufficiently clear or complete, or management's approach seems misaligned with the financial interests of long-term shareholders.'</i></p> <p>BlackRock's Engagement Priorities:</p> <ol style="list-style-type: none"> 1. Board quality and effectiveness- quality leadership, board composition, effectiveness, diversity and accountability 2. Strategy, purpose, and financial resilience- <i>'Clear purpose supports a clear sense of direction in corporate leadership, and helps companies to compete, navigate short-term challenges, and achieve long-term growth.'</i> 3. Incentives aligned with financial value creation- Appropriate incentivizing and rewarding executives for the successful delivery of strategic goals and financial outperformance against peers drives financial long-term value creation 4. Climate and natural capital- <i>'BlackRock's approach to climate-related risk, and the opportunities presented by the low-carbon transition, is based on our fundamental role as a fiduciary to our clients. Our role is to help our clients navigate investment risks and opportunities; it is not our role to engineer a specific decarbonization outcome in the real economy. The management of nature-related risks and opportunities is a component of the ability to generate long-term financial returns for companies whose strategies or supply chains are materially reliant on natural capital. For these companies, we look for disclosures to assess risk oversight and to understand how nature-related impacts and dependencies are considered within the company's strategy.'</i> 5. Company impacts on people- <i>'BIS focuses on understanding the effectiveness of boards and management in ensuring a company has the workforce necessary for delivering long-term financial performance. BIS looks to companies to demonstrate a robust approach to human capital management (HCM) and provide shareholders with the necessary information to understand how the approach taken aligns with the company's stated strategy and business model. BIS engages with companies on how they manage the human rights issues that are material to their businesses and monitor the effectiveness of their human rights practices on a best-efforts basis.'</i>

<p>Additional information on Engagements provided by the Manager</p>	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme’s holding period, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
<p>Comparison of the Manager’s Engagement Activity vs the Scheme’s Expectations</p>	<p>An example of a reported engagement for the Corporate Bond Up To 5 Years Index Fund is shown below:</p> <p><u>29/11/23 – Citigroup Inc – Engagement on Environmental, Social and Governance Issues</u></p> <p><u>Engagement Method:</u> Video</p> <p><u>Engagement Details:</u></p> <p><i>Environmental = Climate Risk Management / Other company impacts on the environment</i> <i>Governance = Board Composition and Effectiveness / Business Oversight & Risk Management / Corporate Strategy / Executive Management / Governance Structure / Remuneration / Sustainability Reporting; and</i> <i>Social = Human Capital Management / Social Risks & Opportunities</i></p> <p><u>Engagement Outcome:</u> Not stated.</p>
<p>Is Engagement Activity in Line with the Scheme’s Expectations?</p>	<p>Whilst we believe that the Manager's engagement approach is consistent with the Scheme's approach, we believe that the Manager should be able to provide more information relating to engagements undertaken at fund level.</p>

LGIM				Breakdown of Engagement Topics Covered				Outcomes	
Fund(s)	Period Start	Period End	No. of Engagements	Environmental	Social	Governance	Other	Resolved	Open
Dynamic Diversified Fund	06/04/23	31/03/24	2,136	61.5%	10.3%	22.8%	5.4%	Not Stated	Not Stated
World Equity Index Fund (including GBP hedged variant)	06/04/23	31/03/24	1165	45.30%	12.30%	32.40%	10.00%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>LGIM's Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies, taking the following six step approach:</p> <ol style="list-style-type: none"> 1) Identify the most material ESG issues 2) Formulate a strategy 3) Enhance the power of engagement (e.g., through public statements) 4) Collaborate with other stakeholders and policymakers 5) Vote 6) Report to shareholders <p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 5 engagement topics:</p> <ol style="list-style-type: none"> 1. Climate: Keeping 1.5°C alive 2. Nature: Supporting a world that lives in harmony with nature, recognising the economic value of natural capital 3. People: Improving human capital across the corporate value chain 4. Health: Safeguarding global health to limit negative consequences for the global economy 5. Governance: Strengthening accountability to deliver stakeholder value 6. Digitization: Establishing minimum standards for how companies manage digitisation-related risks
Additional information on engagements provided by the Manager	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund not precisely during the Scheme's holding period shown above, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
Comparison of the Manager's Engagement Activity vs the Scheme's Expectations	<p>Set out below is an example of engagement activity reported by LGIM in the World Equity Index Fund:</p> <p><u>04/03/24 - Colgate-Palmolive Co- Environmental-themed Engagement Activity</u></p> <p>Engagement Type: Conference Call.</p> <p>Issue Theme: Deforestation.</p>

	<p><i>Engagement Details: Not provided.</i></p> <p><i>Engagement Outcome: Not provided.</i></p>
Is Engagement Activity in Line with the Scheme's Expectations?	<p>Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to provide more information relating to engagements undertaken at fund level.</p>

Vontobel

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
TwentyFour Strategic Income Fund	06/04/23	05/04/24	57	63.2%	15.8%	21.1%	0.0%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>The manager has made the following statement in terms of their approach towards engagement activity:</p> <p><i>'The decision to engage with the management of an investee company is primarily based on what TwentyFour investment professionals believe will maximise bondholder value in the long-term, specifically the value of its clients' investments.</i></p> <p><i>TwentyFour's investment professionals may engage with company management on a variety of issues, including ESG matters that present a potential material risk to a company's financial performance. The Firm believes that its investment professionals are in the best position to evaluate the potential impact that ESG issues or the outcome of a given proposal will have on bondholder value. As such, all of the Firm's engagement activities are the responsibility of investment professionals and are fully integrated into its investment process.</i></p> <p><i>TwentyFour engages with the company management through periodic meetings, visits, and telephone calls during which Firm investment professionals discuss and pose questions on operational, strategic, and other management issues.</i></p> <p><i>TwentyFour's investment professionals communicate internally on the status of engagement activities and any outcomes arising.</i></p> <p><i>As a fixed income company TwentyFour's proxy voting rights are limited.'</i></p>

<p>Additional information on engagements provided by the Manager</p>	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's period shown above, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
<p>Comparison of the Manager's Engagement Activity vs the Scheme's Expectations</p>	<p>An example of a reported engagement undertaken for the Strategic Income Fund is:</p> <p><u>29/09/23 – National Express– Environmental-themed Engagement on Carbon Emissions</u></p> <p><u>Engagement Details:</u> 'National Express is an issuer we have been engaging with as part of our Carbon Emissions Engagement Policy. We re-engaged as part of our yearly follow-up for an update on their progress in decarbonising their bus fleet and for an update on their STBi (Science Based Targets initiative) progress given their decision to withdraw their application in 2021.</p> <p><u>Response</u> <i>They have reversed their decision to pull out of the SBTi and they have now agreed and submitted SBTi targets which is good news. They have made further progress in shifting from fossil fuel powered vehicles, with diesel vehicles declining 8%, petrol by 10%, while hybrids increased by 17% and electric vehicles rose by 110%. Progress has been meaningful but given they have over 25,000 buses it will take time for their fleet to be fully low emissions.</i></p> <p><i>Overall we felt this was good progress, and we are happy to hold positions. Follow up again in 12 months.'</i></p> <p><u>Engagement Outcome:</u> 'Ongoing'</p>
<p>Is Engagement Activity in Line with the Scheme's Expectations?</p>	<p style="text-align: center;">The engagement activity appears consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.</p>

M&G				Breakdown of Engagement Topics Covered				Outcomes	
Fund(s)	Period Start	Period End	No. of Engagements	Environmental	Social	Governance	Other	Resolved	Open
Total Return Credit Investment Fund	01/04/23	31/03/24	11	63.6%	18.2%	18.2%	0.0%	0.0%	100%

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>M&G's approach to engagement is set out in their ESG Investment Policy from March 2024. M&G believe that the long-term success of companies is supported by effective investor stewardship and high standards of corporate governance. They believe that if a company is run well, and sustainably, it is more likely to be successful in the long run.</p> <p>To gain insight, establish relationships and/or to influence and affect change M&G undertake the following measures:</p> <ul style="list-style-type: none"> ▪ Company meetings – As part of company monitoring, updates on trading strategy, capital allocation etc ▪ ESG informed meetings – In company monitoring meetings they may ask questions relating to ESG, which could include remuneration and more general governance meetings ▪ ESG engagements – M&G's engagement activity should have a specific time bound objective, action and outcome which is measurable, and will be tracked over time. An ESG objective seeks to influence a company's behaviour or disclosures and cannot be merely to increase understanding. Each engagement is assessed for its effectiveness and is designated a red, green or amber traffic light colour coding. Green indicates a positive engagement outcome. Amber suggests further monitoring is required. Red indicates an unsuccessful outcome. Each engagement is assessed for its effectiveness and is designated a red, green or amber traffic light colour coding. Green indicates a positive engagement outcome. Amber suggests further monitoring is required. Red indicates an unsuccessful outcome. <p>From M&G most recent Annual Stewardship Report the manager has identified the following as their key engagement topics:</p> <ul style="list-style-type: none"> ▪ Leadership & Governance ▪ Environment ▪ Business Model and Innovation ▪ Social Capital ▪ Human Capital
Additional information on engagements provided by the Manager	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the period shown above, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
Comparison of the Manager's Engagement Activity vs the	<p>An example of a reported engagement undertaken for the Total Return Credit Investment Fund is:</p> <p><u>06/03/24 – AT&T INC- Environmental-themed Engagement on Diversity & Inclusion</u></p>

<p>Scheme's Expectations</p>	<p>Engagement Objective: <i>'To encourage North American multinational communications company AT&T Inc to aim to have at least 33% women on the Board.'</i></p> <p>Action Taken: <i>'M&G sent a letter to the company to make our expectations known.'</i></p> <p>Engagement Result: <i>'We previously engaged to encourage the company to report on Scope 3 targets, but specifically we wanted to add short term Scope 1 and 2 targets to the agenda. ArcelorMittal have committed to clear carbon reduction targets by 2030, committed to become carbon neutral by 2050, their SBTi has been submitted and the company is TCFD aligned. They have also linked a capex budget to the 2030 target of \$10bn. The capex they have deployed now for this won't meaningfully reduce emissions until 2028 at the earliest, which is a common issue for steelmakers. They also note that some projects are slow moving due to agreement on funding in the EU between member states and Brussels. Hence, having 2025 reduction target seems a bit unrealistic at this stage. We didn't raise the request straight away, because it has been answered through other questions raised.'</i></p> <p><i>M&G sent a letter to the company commending their commitment to and progress on Board diversity to date. We encouraged the company to aim to have at least 33% women on the Board. In the letter we stated that we would be happy to set up a meeting to discuss our expectations and have a wider discussion around their diversity and inclusion practices. We await to hear back from the company.'</i></p> <p>Engagement Status: <i>'Ongoing.'</i></p>
<p>Is Engagement Activity in Line with the Scheme's Expectations?</p>	<p>The activity appears to be consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.</p>

Minerva Says

As can be seen from the previous tables, the Scheme's managers' 'Engagement Activity', apart from BlackRock, appears to comply with their own engagement approaches, and so also complies with the Scheme's approach.

9 Conclusions

9.1 Assessment of Compliance

In this report, Minerva has undertaken an independent review of the Scheme's external asset managers' voting and engagement activity. The main objective of the review is for Minerva to be in a position to say that the activities undertaken on the Scheme's behalf by its agents are aligned with its own policies.

Set out in the following table is Minerva's assessment of each manager's compliance with the Scheme's approach:

Table 9.1: Summary Assessment of Compliance

Fund / Product Manager	Investment Fund/ Product	Does the Manager's Reported Activity Follow the Scheme's Expectations:				UK Stewardship Code 2020 Signatory?	Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
BlackRock	Corporate Bond Up To 5 Years Index Fund	N.I.R.	N.I.R.	YES	N/A	YES	<u>COMPLIANT</u>
	AAA-AA-A Corporate Bond - All Stocks Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Dynamic Diversified Fund	YES	YES	YES	ISS		<u>COMPLIANT</u>
	LDI Matching Core Fund (3 funds)	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
LGIM*	World Equity Index Fund (including GBP hedged variant)	YES	YES	YES	ISS	YES	<u>COMPLIANT</u>
	Sterling Liquidity Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Over 15 Year Index-Linked Gilts Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
Vontobel	TwentyFour Strategic Income Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT
M&G	Total Return Credit Investment Fund	N.I.R.	N.I.R.	YES	N/A	YES	<u>COMPLIANT</u>

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

GREEN=Positive outcome e.g., Manager's reported activity follows the Scheme's expectations

ORANGE=An issue exists e.g., the information provided does not match the Scheme's reporting / investment holding period

BLUE=Manager has confirmed that there is no voting, 'Significant Votes' or engagement information to report (N.I.R.)

RED=Negative outcome e.g., no information provided (N.I.P.); Manager is not a signatory to the UK Stewardship Code 2020

GREY=Not Applicable e.g., there has been no 'Proxy Voter' used due to the nature of the investments held

Minerva Says

Overall Assessment:

We believe that the Scheme's managers have broadly complied with the Scheme's Voting and Engagement requirements of them.

Notes

- 1) The preceding table shows that Minerva has been able to determine that:
 - There was nothing to report for a number of the Scheme's investments, due to the nature of those investments (e.g., LGIM LDI Funds)
 - For the managers where Voting and 'Significant Vote' information was available, their overall approaches are in step with the Scheme's requirements
 - For the managers where Engagement information was available, their overall approaches are also in step with the Scheme's requirements
- 2) All of the Scheme's investment managers are signatories to the UK Stewardship Code.
- 3) We remain somewhat disappointed with the limited engagement information provided by LGIM and BlackRock. We believe that, as Stewardship Code Signatories, these asset managers should be able to provide their clients with more useful information on stewardship activities undertaken on their behalf.
- 4) Finally, we are slightly disappointed that LGIM send engagement data that did not match the Scheme's holding period precisely.

LGIM Information Disclaimer

- i. Carbon dioxide equivalent (CO₂e) is a standard unit to compare the emissions of different greenhouse gases.
- ii. The choice of this metric follows best practice recommendations from the Task Force on Climate-related Financial Disclosures.
- iii. Data on carbon emissions from a company's operations and purchased energy is used.
- iv. This measure is the result of differences in weights of companies between the index and the benchmark, and does not depend on the amount invested in the fund. It describes the relative 'carbon efficiency' of different companies in the index (i.e. how much carbon was emitted per unit of sales), not the contribution of an individual investor in financing carbon emissions.
- v. LGIM set the following threshold for our reportable funds 1) the assets eligible for coverage e.g. eligible ratio needs to be greater than or equal to 50% and 2) the carbon coverage of the eligible assets e.g. eligible coverage needs to be greater than or equal to 60%.
- vi. Eligibility % represents the % of the securities in the benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt and derivatives are currently not included for carbon reporting). The Coverage % represents the coverage of those assets with carbon scores.
- vii. Derivatives including repos are not presently included and the methodology is subject to change. Leveraged positions are not currently supported. In the instance a leveraged position distorts the coverage ratio over 100% then the coverage ratio will not be shown.
- viii. LGIM define 'Sovereigns' as, Agency, Government, Municipals, Strips and Treasury Bills and is calculated by using: the CO₂e/GDP, Carbon Emissions Footprint uses: CO₂e/Total Capital Stock.
- ix. The carbon reserves intensity of a company captures the relationship between the carbon reserves the company owns and its market capitalisation. The carbon reserves intensity of the overall benchmark reflects the relative weights of the different companies in the benchmark.
- x. Green revenues % represents the proportion of revenues derived from low-carbon products and services associated with the benchmark, from the companies in the benchmark that have disclosed this as a separate data point.
- xi. Engagement figures do not include data on engagement activities with national or local governments, government related issuers, or similar international bodies with the power to issue debt securities.
- xii. LGIM's temperature alignment methodology computes the contribution of a company's activities towards climate change. It delivers a specific temperature value that signifies which climate scenario (e.g. 3°C, 1.5°C etc.) the company's activities are currently aligned with. The implied temperature alignment is computed as a weighted aggregate of the company-level warming potential.

Third Party ESG Data Providers: Source: ISS. Source: HSBC© HSBC 2022. Source: IMF (International Monetary Fund). Source: Refinitiv. Information is for recipients' internal use only.

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