

**Aviagen Limited Pension & Life Assurance Scheme  
Appendix 3**

**IMPLEMENTATION STATEMENT**

## **Aviagen Limited Pension & Life Assurance Scheme ('the Scheme') – Implementation Statement 1st July 2023 – 30th June 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 1<sup>st</sup> July 2023 – 30<sup>th</sup> June 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.

The manager provided basic firm-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.

### **Legal and General Investment Management ('LGIM')**

For the LGIM LDI Matching Core Funds, LGIM stated there was no voting or engagement information to report due to the nature of the underlying holdings.

In relation to the Diversified Fund, 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. The manager provided a summarised voting record that was in line with 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 Trustee's policy. LGIM provided basic fund-level information on engagements for the Diversified Fund 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 the manager'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.

The manager provided detailed firm-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 M&G'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.

The manager provided detailed firm-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.

### **Final Comments**

In line with last year, LGIM and BlackRock could improve by increasing the level of detail in their engagement information. M&G and Vontobel have continued to provide good levels of engagement information.

This year, LGIM have stated that engagement information is not applicable to LDI funds. Last year, engagement information was provided for the LDI Matching Core Funds.



# Aviagen Limited Pension & Life Assurance Scheme

Spence & Partners Limited

## Implementation Statement (IS):

Voting & Engagement Information (VEI) Report

Scheme Reporting Period:  
1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024

16<sup>th</sup> October 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:**

*Aviagen Limited Pension & Life Assurance Scheme  
Statement of Investment Principles  
April 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 to 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 and so the Trustee acknowledges the funds' investment strategies and decisions cannot be tailored to the Trustee's policies. However, the Trustee sets its investment strategy and then select managers that best suits its strategy taking into account the fees being charged, which acts as the fund manager's incentive.

The Trustee uses the fund objective/benchmark as a guide on whether its 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 that they invest in.

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

The Trustee will monitor the 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 they do not have voting rights.

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

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 funds, where possible, over at least a 3-5 year period 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 considered as part of the manager selection process and is also monitored regularly with the help of its investment consultant to ensure it is in line with the Trustee's policies.

***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 annual review of portfolio turnover costs and turnover will be carried out by the investment consultant, the results of which will be disclosed annually in a report to the Trustee.

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 their investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the fund managers 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 Over 15 Years Index Fund	No Info to Report	No Info to Report	Part Info Available
	Corporate Bond Up To 5 Years Index Fund	No Info to Report	No Info to Report	Part Info Available
LGIM*	Diversified Fund	Full Info Available	Full Info Available	Part Info Available
	LDI Matching Core Fund (4 funds)	No Info to Report	No Info to Report	No Info to Report
M&G	Total Return Credit Investment Fund	No Info to Report	No Info to Report	Full Info Available
Vontobel	TwentyFour Strategic Income Fund	No Info to Report	No Info to Report	Full 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 Diversified Fund

**Significant Votes**

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

- LGIM Diversified Fund

**Engagement Activity**

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

- BlackRock Corporate Bond Over 15 Years Index Fund
- BlackRock Corporate Bond Up To 5 Years Index Fund
- LGIM Diversified Fund
- 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 has 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 insofar as 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 manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries.*

*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 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 fund manager to engage with investee companies on the capital structure and management of conflicts of interest. The Trustee, through its investment consultant, will monitor this. The investment consultant will request annual reports from the manager identifying how they have engaged with the investee companies and managed conflicts of interest issues and report back to the Trustee.*

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

*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?
<b>BlackRock</b>	Corporate Bond Over 15 Years Index Fund	Mobius Platform	DB Fund	01/07/23	30/06/24	N/A
	Corporate Bond Up To 5 Years Index Fund	Mobius Platform	DB Fund	01/07/23	30/06/24	N/A
<b>LGIM</b>	Diversified Fund	Mobius Platform	DB Fund	01/07/23	30/06/24	<b>ISS</b>
	LDI Matching Core Fund (4 funds)	Mobius Platform	DB Fund	01/07/23	30/06/24	N/A
<b>M&amp;G</b>	Total Return Credit Investment Fund	Mobius Platform	DB Fund	01/07/23	30/06/24	N/A
<b>Vontobel</b>	TwentyFour Strategic Income Fund	Mobius Platform	DB Fund	01/07/23	30/06/24	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 the Scheme's relevant manager(s) voting approach 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)** Diversified Fund

## Key Points of Manager's Voting Policy

LGIM's latest '[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 have this to say in terms of their overall approach:

*When developing our policies, we consider broader global guidelines and principles, such as those provided by the United Nations Global Compact, OECD and ILO conventions and recommendations, as well as local market regulatory expectations. We expect all companies to closely align with our principles, or to engage with us when exceptional circumstances prevent them from doing so. Although there is no 'one-size-fits-all' solution to building a sustainable business model, we look for companies we invest in to demonstrate that sustainability is effectively integrated into their long-term strategy and their daily operations. Companies should aim to minimise any negative impacts their businesses have on the environment, while innovating to find better solutions. Their strategies should include ways to make a positive impact on society, embrace the value of their workforce and supply chains and deliver positive long-term returns to shareholders.*

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

Policy Area	Examples of Topics Covered
1 Company Board	Board Leadership, Board Independence, Board Diversity, Board Committees, Succession Planning, Board Effectiveness, Stakeholder Engagement
2 Audit, Risk & Internal Control	External and Internal Audit, Whistleblowing, Cybersecurity and Climate Risks
3 Remuneration	Remuneration Committee, Remuneration Transparency, Fixed Remuneration, Variable Pay, Service Contracts and Termination Payments
4 Shareholder & Bondholder Rights	Voting Rights and Share-Class Structures, Amendments to Articles, Capital Management, Mergers and Acquisitions, Shareholder Proposals and Political Donations

### 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 and 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-trying 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 are 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	% Voted Against	% Abstain
	Diversified Fund	10,172	105,146	99.8%	76.4%	23.0%	0.6%
Comments							
LGIM	The manager provided a summarised voting record for the fund shown above that covered the Scheme's investment holding period.						
	From the summarised information provided, we can see that the manager has voted at virtually all investee company meetings for the funds, which is in line with the Trustee's expectations of their 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 manager 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	Diversified Fund	Tesla, Inc.	13/06/24	0.06%	Resolution 2: Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Resolution Passed
<b>Why a ‘Significant Vote?’</b>							
High Profile meeting: This resolution is considered significant as it pertains to one of our key stewardship ‘sub-themes’, executive pay.							
<b>Manager’s Vote Rationale:</b>							
Remuneration - Quantum - One-off Awards: A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. A vote AGAINST this proposal is warranted. While most NEOs received modest or no compensation for FY23, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.							
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>							

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	Diversified Fund	Gaming and Leisure Properties, Inc.	13/06/24	0.04%	Resolution 1.1: Elect Director Peter M. Carlino	Against	N/A

**Why a 'Significant Vote?'**

Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: <https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/> 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. Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.

**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	Diversified Fund	Sumitomo Mitsui Trust Holdings, Inc.	20/06/24	0.02%	Resolution 4.5: Elect Director Okubo, Tetsuo	Against	N/A

**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:**

Diversity: A vote against is applied due to the lack of meaningful improvements to board gender diversity. In this area we note with disappointment that the last 3 director appointments were all male. At Japan's largest companies, we expect women to represent 15% of the board. Remuneration Committee Independence: A vote against is applied due to the executive chairman serving on the remuneration committee. We would expect this committee to only comprise independent outside directors. Excessive cross shareholding: The Company continues to hold an excessive level of shareholdings in outside companies with no clear rationale. However, following engagement with the Company we positively note the strong targets published aiming at reducing its cross-shareholdings, and our concerns are therefore partly alleviated. We will continue to review the Company's policy and progress in this regard.

**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	Diversified Fund	Samhallsbyggnadsbolaget I Norden AB	28/06/24	Less than 0.01%	Resolution 14.a: Reelect Lennart Schuss as Director	Against	N/A
<b>Why a 'Significant Vote'?</b>							

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:**

Audit Committee Expertise: A vote against has been applied as the Chair of the Audit Committee does not appear to have a financial background. Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least 40% of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time. Remuneration - Escalation - Accountability - Escalation - A vote against is applied as LGIM has had concerns with remuneration practices for consecutive years.

**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.

<b>Next Steps / Implications of the Outcome:</b>			
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.			
<b>Relevance to Manager's Stated Policy:</b>			
<b>Company Board</b>		<b>Audit, Risk &amp; Internal Control</b>	<b>Shareholder &amp; Bondholder Rights</b>
		<b>Remuneration</b>	<b>Sustainability</b>
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	Diversified Fund	Nien Made Enterprise Co., Ltd.	18/06/24	Less than 0.01%	Resolution 1: Approve Business Operations Report and Financial Statements	Against	N/A

<b>Why a 'Significant Vote?'</b>
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.
<b>Manager's Vote Rationale:</b>
Deforestation Policy: A vote against is applied as the company is deemed to not meet minimum standards with regard to LGIM's deforestation policy.
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>
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 policy, 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 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 fund manager to engage with investee companies on the capital structure and management of conflicts of interest. The Trustee, through its investment consultant, will monitor this. The investment consultant will request annual reports from the manager identifying how they have engaged with the investee companies and managed conflicts of interest issues and report back to the Trustee.*

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

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 <b>basic fund level information</b> covering the Scheme's reporting period.
LGIM	YES	FUND	YES	The manager provided <b>basic fund level information</b> covering the Scheme's reporting period.
M&G	YES	FUND	YES	The manager provided <b>detailed fund level engagement information</b> covering the Scheme's reporting period
Vontobel (TwentyFour)	YES	FUND	YES	The manager provided <b>detailed fund level engagement information</b> 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

## BlackRock

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Corporate Bond Over 15 Years Index Fund	01/07/23	30/06/24	170	15.3%	14.7%	70.0%	0.0%	Not Stated	Not Stated
Corporate Bond Up To 5 Years Index Fund	01/07/23	30/06/24	251	24.7%	23.5%	51.8%	0.0%	Not Stated	Not Stated

### Aspect of Engagement Activity

#### Details

BlackRock explains their approach to engagement in their Investment Stewardship, Engagement Priorities Summary document:

*'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.'*

BlackRock's Engagement Priorities:

1. Board quality and effectiveness- quality leadership, board composition, effectiveness, diversity and accountability
2. Strategy, purpose, and financial resilience- '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.'
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- '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.'

5. Company impacts on people- '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.'

Whilst the manager provided a list of engagements undertaken on investments during the Scheme's holding period, no additional information was provided in terms of:

- engagement objectives
- collaborative engagements
- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

An example of a reported engagement for the Corporate Bond Up to 5 Years Index Fund is shown below:

**29/11/23 – Citigroup Inc – Engagement on Environmental, Social and Governance Issues**

**Engagement Method:** Video

**Engagement Details:**

Environmental = Climate Risk Management / Other company impacts on the environment  
 Governance = Board Composition and Effectiveness / Business Oversight & Risk Management / Corporate Strategy / Executive Management / Governance  
 Structure / Remuneration / Sustainability Reporting; and  
 Social = Human Capital Management / Social Risks & Opportunities

**Engagement Outcome:** Not stated.

**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.**

Additional information on Engagements provided by the Manager

Comparison of the Manager's Engagement Activity vs the Trustee's policy

Is Engagement Activity in Line with the Trustee's Policy?

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered			Outcomes		
				Environmental	Social	Governance	Other	Resolved	Ongoing
Diversified Fund	01/07/23	30/06/24	5,253	72.2%	6.1%	15.8%	5.9%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
	<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"> <li>1) Identify the most material ESG issues</li> <li>2) Formulate a strategy</li> <li>3) Enhance the power of engagement (e.g., through public statements)</li> <li>4) Collaborate with other stakeholders and policymakers</li> <li>5) Vote</li> <li>6) Report to shareholders</li> </ol>
Key Points of the Manager's Engagement Policy	<p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 6 engagement topics:</p> <p>Climate: Keeping 1.5°C alive</p> <ol style="list-style-type: none"> <li>1. Nature: Supporting a world that lives in harmony with nature, recognising the economic value of natural capital</li> <li>2. People: Improving human capital across the corporate value chain</li> <li>3. Health: Safeguarding global health to limit negative consequences for the global economy</li> <li>4. Governance: Strengthening accountability to deliver stakeholder value.</li> <li>5. Digitisation: Establishing minimum standards for how companies manage digitisation-related risks.</li> </ol>
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 Scheme's holding period, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> <li>▪ engagement objectives</li> <li>▪ collaborative engagements</li> <li>▪ process for escalating ineffective engagement and</li> <li>▪ whether any fintech solution was used to facilitate engagement</li> </ul>

<p>Comparison of the Manager's Engagement Activity vs the Trustee's policy</p>	<p>Set out below is an example of engagement activity reported by LGIM in the Diversified Fund:</p> <p><b>07/09/23 - Thames Water Utilities Finance PLC – Engagement on Environmental Issues</b></p> <p><b>Engagement Type:</b> N/A.</p> <p><b>Issue Theme:</b> Environmental/Climate Change, Pollution, Water.</p> <p><b>Engagement Details:</b> Not provided.</p> <p><b>Engagement Outcome:</b> Not provided.</p>
<p>Is Engagement Activity in Line with the Trustees' Policy?</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>

## M&G

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Ongoing
Total Return Credit Investment Fund	01/07/23	30/06/24	9	66.7%	22.2%	11.1%	0.0%	10.0%	90.0%

<p>Aspect of Engagement Activity</p>	<p><b>Details</b></p> <p>M&amp;G's approach to engagement is set out in their ESG Investment Policy from January 2022. M&amp;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&amp;G undertake the following measures:</p> <ul style="list-style-type: none"> <li>Company meetings – As part of company monitoring, updates on trading strategy, capital allocation etc</li> </ul>
<p>Key Points of the Manager's Engagement Policy</p>	<p></p>

- 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.

From M&G's most recent Annual Stewardship Report the manager has identified the following as their key engagement topics:

- Leadership & Governance
- Environment
- Business Model and Innovation
- Social Capital
- Human Capital

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:

- engagement objectives
- collaborative engagements
- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

An example of a reported engagement undertaken for the Alpha Opportunities Fund is:

**11/09/23 – ING GROEP – Environmental -themed Engagement**

**Engagement Objective:** 'As part of a wider discussion on Dutch financial institution ING's climate targets and strategy (the company is currently committed to a near term SBTi) we had a number of requests to better allow us to measure and track its progress, as well as encouraging a net zero commitment, beyond its near term commitment:

- As part of its regular reporting, we asked for clear data disclosure in a single place - we asked that this include financed emissions.
- Requested additional scope 3 categories reporting - currently category 1.5 and business travel only.
- Requested a continuation of CDP disclosure, which the company had stopped completing.
- We also asked for the publication of milestones in its climate strategy, with remuneration links.'

**Engagement Result:** 'CDP disclosure completed this year'

Additional information on engagements provided by the Manager

Comparison of the Manager's Engagement Activity vs the Trustee's policy

**Is Engagement Activity in Line with the Trustee's Policy?**

The activity appears to be consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.

**Vontobel**

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Ongoing
TwentyFour Strategic Income Fund	01/07/23	30/06/24	86	25.6%	15.1%	11.6%	47.7%	Not Stated	Not Stated

**Aspect of Engagement Activity**

**Details**

TwentyFour have made the following statement in terms of their approach towards engagement activity:

*'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.*

*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.*

*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.*

*TwentyFour's investment professionals communicate internally on the status of engagement activities and any outcomes arising.*

*As a fixed income company TwentyFour's proxy voting rights are limited.'*

**Additional information on engagements provided by the Manager**

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:

- engagement objectives
- collaborative engagements

- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

An example of a reported engagement undertaken for the Strategic Income Fund is:

**BNP – Environment – Climate change**

**Engagement Details:** ‘We engaged with BNP for more information on their environmental policies surrounding fossil fuel financing as part of our Carbon Emissions Engagement Policy as bank debt is a large part of our investment universe. We were particularly focused on the rise in financing in 2022 and their lending criteria for new fossil fuel financing. The engagement with BNP and a number of other banks is connected to the Climate Action UN SDG.’

‘Regarding the increase in emissions, BNP disputed the data from the Banking on Climate Chaos report and believed that total financing did actually decline in 2022 (credit exposure to oil and gas exploration and production fell 12% between 31 December 2020 and 31 December 2022, and 15% in oil exploration and production) – we have therefore followed up to determine the methodological differences. They further highlighted that between Q3 2022 and Q3 2023, upstream oil exposure decreased by 45% and upstream gas exposure decreased 37%. Coal exposure also fell from 1.3bn EUR to 0.4bn during the same period and they reinforced their 2020 decision to exit from the thermal coal value chain by 2030 in the EU & OECD and by 2040 for the rest of the world. In addition, since 2023, BNP no longer grants financing for the development of new oil or gas projects, regardless of the financing terms. BNP is committed to decrease by 80% its upstream oil exposure and by 30% its upstream gas exposure between Q3 2022 and 2030. To offset the removal from fossil fuel financing BNP plan to continue expanding their financing of low carbon energy: they said in 2028, at least 80% of BNP Paribas’ credit exposure to energy production will be composed of low-carbon energies (representing EUR 40 bn), and at least 90% in 2030. At the end of September 2023, credit exposure to low-carbon energy already represented EUR 32 billion, i.e. 65% of financing for energy production.

For the energy companies BNP currently provide finance to, they will examine their oil and gas policies and alignment to net zero by 2050 – if this is not sufficient BNP will look to engage to find an acceptable solution but if this cannot be achieved they have said they will halt financing. BNP are also working with the Science Based Targets initiative (SBTi) to create a framework that works for financial institutions and is currently reviewing the pilot testing version of SBTi’s Corporate Near-Term Criteria published in November. BNP highlighted that despite four international banks having decided to exit the initiative in 2023, they will continue to engage in dialogue with SBTi to ensure that the future framework is designed to take into account the specificities of international financial institutions such as BNP Paribas as well as to ensure its compatibility with other existing climate-alignment frameworks already in use such as NZBA. BNP have a leading position in ESG labelled issuance; they were #1 in the world in 2023 in Sustainable Finance (bond and loans) with \$62.5bn, and #1 in the world in Green Bond issuance with \$25,6bn.’

**Engagement Outcome:** ‘This was a satisfactory response and gave us comfort to continue investing. We think BNP have made significant strides in their approach to fossil fuel financing and their support of low carbon alternatives and we will therefore continue to monitor the evolution of their policies and financing data in this and related areas.’

**The engagement activity is consistent with the Manager’s stated Engagement Policy, and so is also consistent with the Scheme’s approach.**

Comparison of the Manager’s Engagement Activity vs the Trustee’s policy

Is Engagement Activity in Line with the Trustee’s Policy?



**Minerva Says**

As can be seen from the previous tables, the Scheme's managers' 'Engagement Activity' 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:					Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'	UK Stewardship Code 2020 Signatory?	
BlackRock	Corporate Bond Over 15 Years Index Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b>
	Corporate Bond Up To 5 Years Index Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b>
LGIM*	Diversified Fund	YES	YES	YES	ISS	YES	<b>COMPLIANT</b>
	LDI Matching Core Fund (4 funds)	N.I.R.	N.I.R.	N.I.R.	N/A	YES	N.I.R.
M&G	Total Return Credit Investment Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b>
Vontobel	TwentyFour Strategic Income Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b>

\* 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

**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:
  - 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 broadly in step with the Scheme's requirements
- 2) All of the Scheme's investment managers are signatories to the UK Stewardship Code.
- 3) We were slightly disappointed with the limited engagement information provided by both BlackRock and LGIM. Whilst both provide information on engagements undertaken in individual funds, they are not yet able to provide much in the way of details concerning the engagements.

- i. Carbon dioxide equivalent (CO<sub>2</sub>e) 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 CO<sub>2</sub>e/GDP, Carbon Emissions Footprint uses: CO<sub>2</sub>e/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 an 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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