

## **The PGS (UK) Pension Fund ('the Fund') – Implementation Statement 1st January 2024 – 31st December 2024**

An 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 1st January 2024 – 31st December 2024 ('the Fund Year').

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

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

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

A summary of the key points is set out below.

### **Baillie Gifford**

In relation to the Emerging Markets Leading Companies Fund, it was determined by Minerva that the manager's public voting policy and disclosures contain minor divergences from good practice across all assessed voting policy pillars. Baillie Gifford provided a summarised voting record that covered the calendar year of 2024. The manager identified no significant votes across the Scheme's short holding period. From the information provided, Minerva was able to confirm that the manager's voting activity was in line with the Trustee's policy. Baillie Gifford provided detailed fund-level information on engagements that was in line with the Fund's reporting period. From this Minerva was able to confirm that the activity appeared to broadly comply with Baillie Gifford's own engagement approach, and so complies with the Fund's approach.

### **BNY Mellon (Newton)**

In relation to the Newton Global Dynamic Bond Fund, Minerva stated that there was no voting information to report due to nature of the underlying holdings. The manager confirmed they do not have a formal proxy voting policy for bond investments. In instances where bonds have voting rights, typically in relation to corporate actions, a case-by-case approach to determine the votes to cast is adopted. Given the nature of the investments in this Fund, Minerva has concluded that the manager's approach is in the best financial interest of the Fund beneficiaries. Newton provided detailed fund-level information on engagements although this was not in line with the Fund's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with manager's own engagement approach, and so complies with the Fund's approach.

### **LGIM**

For the All Stocks Gilts Index Fund, All Stocks Index-Linked Gilts Index Fund, Over 15 Years Index-Linked Gilt Index Fund and Over 15 Years Gilts Index Fund, LGIM stated there was no voting or engagement information to report due to the nature of the underlying holdings. For the Investment Grade Corporate Bonds Over 15 Years Fund, there was also no voting information to report due to the nature of the underlying holdings.

In relation to the Dynamic Diversified Fund, Global Real Estate Equity Fund, World Equity Index Fund (GBP hedged variant) and World Emerging Markets Equity Fund, it was determined by Minerva that

the manager'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, bearing in mind the Scheme's stewardship expectations. However, Minerva noted that disclosures were limited in relation to Shareholder Rights. LGIM provided a summarised voting record that was in line with the Fund's reporting period for all but the World Emerging Markets Equity Fund, which was invested in during the Fund Year. From this, Minerva was able to confirm that the manager's voting activity was in line with the Trustee's policy.

For the Dynamic Diversified Fund, Global Real Estate Equity Fund, World Equity Index Fund (GBP hedged variant), World Emerging Markets Equity Fund and Investment Grade Corporate Bonds Over 15 Years Fund, LGIM provided basic fund-level information on engagements that was in line with the Fund's reporting period. From this Minerva was able to confirm that the activity appeared to broadly comply with manager's own engagement approach, and so complies with the Fund's approach.

### **M&G**

For the Total Return Credit Investment Fund, M&G stated that there was no voting information to report due to nature of the underlying holdings. The manager provided detailed fund-level information on engagements that was in line with the Fund's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with manager's own engagement approach, and so complies with the Fund's approach.

### **AVCs**

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

### **Annuities**

The Fund 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**

M&G were invested into in April 2024 and have provided good levels of engagement information this year.

Baillie Gifford and LGIM could improve by providing more detail information in their public voting policy and disclosures. Minerva's voting policy assessment has been updated for 2025 to reflect their latest thinking on what constitutes good practice. For Baillie Gifford this year, Minerva determined that there were limited disclosures across all assessed 'Voting Policy Pillars', whereas last year, Minerva determined there were limited disclosures on Audit & Reporting and Remuneration. For LGIM this year, Minerva determined that there were limited disclosures on Shareholder Rights, whereas last year, Minerva determined that LGIM's public voting policy and disclosures were aligned with good practice across all assessed policy pillars.

In line with last year, Baillie Gifford and Newton provided good levels of engagement information. Also in line with last year, LGIM could provide more detail on engagements.

# The PGS (UK) Pension Fund

Spence and Partners Ltd

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

Scheme Reporting Period:

1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024

4<sup>th</sup> April 2025

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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:

*The PGS (UK) Pension Fund  
Statement of Investment Principles  
July 2024*



## 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. Such matters are assessed for materiality and impact within a broader risk-management framework, which take account of the Trustee's funding timeframe and views on the Sponsor's covenant.

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 investment 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 each of 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 their 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-financial 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 that the funds' investment strategies 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 investment managers' 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.

The Trustee also considers the managers' voting and ESG policies and how they engage with a 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 the managers' 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 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 that the annual fee paid to the investment managers incentivises them to do this.

If the Trustee feels that the investment 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 investment 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 also 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 change in the view of the investment 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	
Baillie Gifford	Emerging Markets Leading Companies Fund	Part Info Available	No Info to Report	Full Info Available	
BNY Mellon	Newton Global Dynamic Bond Fund	No Info to Report	No Info to Report	Part Info Available	
	All Stocks Gilts Index Fund	No Info to Report	No Info to Report	No Info to Report	
	All Stocks Index-Linked Gilts Index Fund	No Info to Report	No Info to Report	No Info to Report	
	Dynamic Diversified Fund	Full Info Available	Full Info Available	Part Info Available	
	Global Real Estate Equity Fund	Full Info Available	Full Info Available	Part Info Available	
	LGIM*	Investment Grade Corporate Bonds Over 15 Years Fund	No Info to Report	No Info to Report	Part Info Available
		Over 15 Years Index-Linked Gilts Index Fund	No Info to Report	No Info to Report	No Info to Report
		Over 15 Years Gilts Index Fund	No Info to Report	No Info to Report	No Info to Report
		World Equity Index Fund (GBP hedged variant)	Full Info Available	Full Info Available	Part Info Available
		World Emerging Markets Equity Fund	Part Info Available	Full Info Available	Part Info Available
M&G	Total Return Credit Investment 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:

- Baillie Gifford Emerging Markets Leading Companies Fund
- LGIM Dynamic Diversified Fund
- LGIM Global Real Estate Equity Fund
- LGIM World Equity Index Fund (GBP hedged variant)
- LGIM World Emerging Markets Equity Fund

### Significant Votes

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

- LGIM Dynamic Diversified Fund
- LGIM Global Real Estate Equity Fund
- LGIM World Equity Index Fund (GBP hedged variant)
- LGIM World Emerging Markets Equity Fund

### Engagement Activity

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

- Baillie Gifford Emerging Markets Leading Companies Fund
- BNY Mellon Newton Global Dynamic Bond Fund
- LGIM Dynamic Diversified Fund
- LGIM Global Real Estate Equity Fund
- LGIM Investment Grade Corporate Bonds Over 15 years Fund
- LGIM World Equity Index Fund (GBP hedged variant)
- LGIM World Emerging Markets Equity Index Fund
- M&G Total Return Credit Investment 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 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 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 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>Baillie Gifford</b>	Emerging Markets Leading Companies Fund	Mobius Platform	DB Fund	01/01/2024	23/04/2024	<b>Glass Lewis/ISS</b>
<b>BNY Mellon</b>	Newton Global Dynamic Bond Fund	Mobius Platform	DB Fund	01/01/2024	23/04/2024	<b>N/A</b>
<b>LGIM</b>	All Stocks Gilts Index Fund	Mobius Platform*	DB Fund	01/01/2024	31/12/2024	<b>N/A</b>
	Dynamic Diversified Fund	Mobius Platform*	DB Fund	01/01/2024	31/12/2024	<b>ISS</b>
	Global Real Estate Equity Fund	Mobius Platform*	DB Fund	01/01/2024	31/12/2024	<b>ISS</b>
	Investment Grade Corporate Bonds Over 15 Years Fund	Mobius Platform*	DB Fund	01/01/2024	31/12/2024	<b>N/A</b>
	Over 15 Years Index-Linked Gilts Index Fund	Mobius Platform*	DB Fund	01/01/2024	31/12/2024	<b>N/A</b>
	World Equity Index Fund (GBP hedged variant)	Mobius Platform*	DB Fund	01/01/2024	31/12/2024	<b>ISS</b>
	World Emerging Markets Equity Fund	Mobius Platform*	DB Fund	24/04/2024	31/12/2024	<b>ISS</b>
<b>M&amp;G</b>	Total Return Credit Investment Fund	Mobius Platform*	DB Fund	25/04/2024	31/12/2024	<b>N/A</b>

\* This Scheme moved from the Mobius platform to the LGIM platform on 10/6/2024

### Minerva Says

As shown in the table above:

- Baillie Gifford identified Glass Lewis and ISS, or Institutional Shareholder Services, as their 'Proxy Voter'
- LGIM identified '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: Baillie Gifford's Approach to Voting**

<b>Asset manager</b>	Baillie Gifford															
<b>Relevant Scheme Investment(s)</b>	Emerging Markets Leading Companies Fund															
<b>Key Points of Manager's Voting Policy</b>	<p><a href="#">Proxy Voting Guidelines</a> set out Baillie Gifford's stewardship approach. They say: 'Voting is integral to our role as responsible stewards of our clients' capital. Our voting analysis and decisions are driven by what we consider will promote the company's long-term prospects, thereby supporting the outcomes we aim to deliver to our clients. In line with our investment philosophy, our voting analysis is bottom-up and led by each investment case.'</p> <p>'We prefer to take direct voting responsibility for our clients to strengthen our stewardship effectiveness. We do not outsource voting analysis or recommendations, we use proxy advisors for information only. Instead, voting analysis and execution are carried out in-house by our central Voting Team in collaboration with investment teams. This approach allows for more effective integration of voting into our investment process and broader stewardship activities.'</p> <p>Baillie Gifford's Voting Policy is built on the following 4 Policy Areas:</p> <table border="1"> <thead> <tr> <th>#</th> <th>Policy Area</th> <th>Example of Topics Covered</th> </tr> </thead> <tbody> <tr> <td>1</td> <td><b>Governance Fit for Purpose</b></td> <td>Board composition (Independent, Qualified, Diverse)</td> </tr> <tr> <td>2</td> <td><b>Alignment in Vision and Practice</b></td> <td>Remuneration</td> </tr> <tr> <td>3</td> <td><b>Long-Term Value Creation</b></td> <td>Anti-takeover devices, Multi-class share structures, Equity issuances/repurchases, mergers and acquisitions</td> </tr> <tr> <td>4</td> <td><b>Sustainable Business Practices</b></td> <td>Shareholder proposals, ESG (Human rights and labour rights, Diversity and inclusion, Nature and biodiversity, Climate change), Routine shareholder matters, External auditors, Political donations</td> </tr> </tbody> </table>	#	Policy Area	Example of Topics Covered	1	<b>Governance Fit for Purpose</b>	Board composition (Independent, Qualified, Diverse)	2	<b>Alignment in Vision and Practice</b>	Remuneration	3	<b>Long-Term Value Creation</b>	Anti-takeover devices, Multi-class share structures, Equity issuances/repurchases, mergers and acquisitions	4	<b>Sustainable Business Practices</b>	Shareholder proposals, ESG (Human rights and labour rights, Diversity and inclusion, Nature and biodiversity, Climate change), Routine shareholder matters, External auditors, Political donations
#	Policy Area	Example of Topics Covered														
1	<b>Governance Fit for Purpose</b>	Board composition (Independent, Qualified, Diverse)														
2	<b>Alignment in Vision and Practice</b>	Remuneration														
3	<b>Long-Term Value Creation</b>	Anti-takeover devices, Multi-class share structures, Equity issuances/repurchases, mergers and acquisitions														
4	<b>Sustainable Business Practices</b>	Shareholder proposals, ESG (Human rights and labour rights, Diversity and inclusion, Nature and biodiversity, Climate change), Routine shareholder matters, External auditors, Political donations														
<b>Is Voting Activity in Line with the Scheme's Policy?</b>	<p>Baillie Gifford produce <a href="#">quarterly reports</a> disclosing their latest voting information, at firm level.</p> <p><b>Yes</b></p> <p>There were no examples of the manager's voting activity to be provided in Section 7 – Significant Votes</p>															

**Table 4.2: BNY Mellon’s Approach to Voting**

<b>Asset manager</b>	BNY Mellon (Newton)
<b>Relevant Scheme Investment(s)</b>	Global Dynamic Bond Fund
<b>Key Points of Manager’s Voting Policy</b>	BNY Mellon have confirmed to us that they do not have a formal bond voting policy as such. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.
<b>Is Voting Activity in Line with the Scheme’s Policy?</b>	<b>Yes</b> By voting in the specific manner that they have in relation to corporate actions on investments, we believe that the manager is doing so in the best financial interests of the Scheme beneficiaries.

**Table 4.3: LGIM’s Approach to Voting**

<b>Asset manager</b>	LGIM (Legal & General Investment Management)
<b>Relevant Scheme Investment(s)</b>	<ul style="list-style-type: none"> <li>▪ Dynamic Diversified Fund</li> <li>▪ Global Real Estate Equity Fund</li> <li>▪ World Equity Index Fund (GBP hedged variant)</li> <li>▪ World Emerging Markets Equity Index Fund</li> </ul>
<b>Key Points of Manager’s Voting Policy</b>	<p>LGIM’s latest <a href="#">‘Global corporate governance and responsible investment policy’</a> 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:</p> <p><i>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. The extent to which we apply these policies allows some leeway for those markets that are still developing their governance policies. Although there is no ‘one-size-fits-all’ solution to building a sustainable business model, we look for the companies in which we invest to demonstrate that sustainability is effectively integrated into their long-term strategy and daily operations. Companies should aim to minimise any negative impact 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, while delivering positive long-term returns to shareholders.</i></p>

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

#	Policy Area	Examples of Topics Covered
1	<b>Company Board</b>	Board Leadership, Board Independence, Board Diversity, Board Committees, Succession Planning, Board Effectiveness, Stakeholder Engagement
2	<b>Audit, Risk &amp; Internal Control</b>	External and Internal Audit, Whistleblowing, Cybersecurity and Climate Risks
3	<b>Remuneration</b>	Remuneration Committee, Remuneration Transparency, Fixed Remuneration, Variable Pay, Service Contracts and Termination Payments
4	<b>Shareholder &amp; Bondholder Rights</b>	Voting Rights and Share-Class Structures, Amendments to Articles, Capital Management, Mergers and Acquisitions, Shareholder Proposals and Political Donations
5	<b>Sustainability</b>	Material ESG Risks & Opportunities, Governance and Accountability, Sustainability Themes, Reporting and Disclosure

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

- BNY Mellon (Newton) have confirmed that they do not have a formal bond voting policy.
- Both Baillie Gifford and LGIM's clearly set out how they approach their stewardship responsibilities for listed companies on behalf of their clients. In our view the available information demonstrates clear and thoughtful approaches from the firms.
- From the information available, we believe that the managers 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
Baillie Gifford	Limited Disclosures	Limited Disclosures	Limited Disclosures	Limited Disclosures	Limited Disclosures	Limited Disclosures	Limited Disclosures
Comments	<p><b>Audit &amp; Reporting:</b> The manager has limited disclosures relating to its approach towards Audit &amp; Reporting matters in its public voting policy. There is a lack of specific information on the approach taken by the manager in areas such as the assessment of investee companies' internal control systems and internal audit function. Furthermore, the manager's public voting policy does not set out a clear position on key areas concerning the level of non-audit fees paid to the external auditor, auditor rotation and financial reporting matters such as board level responsibility for risk management.</p> <p><b>Board:</b> The manager's public voting policy does not provide a clear view regarding the separation of the roles of the Chair and the CEO. There is a lack of disclosures regarding the manager's views on board diversity targets or policies. There is also a lack of information on their view of board operations such as the number of years since the last external evaluation, and the policy does not disclose the manager's view on overboarding by Directors.</p> <p><b>Capital:</b> The policy has limited information regarding the manager's views on authorized share capital, share capital increases, share repurchase matters and also lacks reference to views on dividend policy.</p>						

### Manager Voting Policy Alignment with Current Good Practice

Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
	<p><b>Corporate Actions:</b> There is a lack of information surrounding independent opinion on investment decisions.</p> <p><b>Remuneration:</b> The policy does not provide a clear view on transparency disclosures expected by the manager on remuneration practices. The manager has not provided specific details of its positions with regards to the issues surrounding executive directors' service contracts and notice periods, and has not disclosed whether they support a minimum shareholding level for executive directors, during their tenure and post-mandate.</p> <p><b>Shareholder Rights:</b> The policy does not mention the manager's views on the rights of shareholders to hold special meetings, nominate directors and the rights of shareholders at the AGM.</p> <p><b>Sustainability:</b> The policy does not provide details on key sustainability issues, such as independent verification of investee companies' sustainability reporting, human capital management, or disclosure of performance against key environmental performance indicators.</p>						
BNY Mellon (Newton)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Comments</i>	BNY Mellon have confirmed that they do not have a formal bond voting policy. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.						
LGIM	<b>Aligned</b>	<b>Aligned</b>	<b>Aligned</b>	<b>Aligned</b>	<b>Aligned</b>	<b>Limited Disclosures</b>	<b>Aligned</b>
<i>Comments</i>	<b>Shareholder Rights:</b> LGIM has disclosed limited information publicly on its approach regarding anti-takeover provisions. The public policy also lacks details around the rights of shareholders to hold special meetings, and proxy access.						

#### Table Key

<b>Aligned</b>	This aspect of the manager's voting policy is aligned with good practice
<b>Limited Disclosures</b>	This policy pillar could only be partially assessed on the information available in the manager's voting policy
<b>No Disclosures</b>	This policy pillar could not be assessed due to a lack of information in the manager's voting policy
<b>Not Available</b>	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:

- BNY Mellon (Newton) confirmed that they do not have a formal voting policy for bond investments.
- While, LGIM's voting policy is, in our view, broadly in line with good practice, Baillie Gifford's publicly available voting policy provides limited information on key aspects of good corporate governance practice.

# 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
Baillie Gifford	Emerging Markets Leading Companies Fund	70	736	92.8%	94.0%	4.1%	1.9%
	<b>Comments</b>						
	The manager provided a summarised voting record for the Emerging Markets Leading Companies Fund that covered 01/01/2024-31/12/2024 rather than the Scheme's reporting period.  From the summarised information provided, we can see that the manager voted at almost all eligible investee company meetings for the Fund, which is in line with the Trustee's expectations of its managers.						
LGIM	Dynamic Diversified Fund	10,177	102,973	99.8%	76.7%	22.6%	0.7%
	Global Real Estate Equity Fund	403	4,142	100.0%	79.1%	20.8%	0.1%
	World Equity Index Fund (GBP hedged variant)	2,912	35,761	99.7%	79.3%	20.4%	0.3%
	World Emerging Markets Equity Index Fund	4,437	35,559	99.9%	80.4%	17.6%	2.0%
	<b>Comments</b>						

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
		<p>The manager provided a summarised voting record for the Dynamic Diversified Fund, Global Real Estate Equity Fund and World Equity Index Fund (GBP hedged variant) that covered the Scheme's reporting period. However, for the World Emerging Markets Equity Index Fund the manager provided summarised voting records that covered the period from 01/01/24 to 31/12/24 rather than for the Scheme's specific investment holding period.</p> <p>From the summarised information provided, we can see that the manager has voted at all investee company meetings for Global Real Estate Equity Fund and almost all investee company meetings for the remaining Funds, which is in line with the Trustee's expectations of its managers.</p>					

## 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 where voting data was provided in response to our information requests, 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	Meta Platforms, Inc.	29/05/24	0.20%	Resolution 1.1: Elect Director Peggy Alford	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.							
<b>Manager’s Vote Rationale:</b>							

Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Lead Independent Director: A vote against is applied as LGIM expects companies to elect an independent lead director where there is a combined Board Chair and CEO. Remuneration: A vote against has been applied as LGIM expects companies to obtain annual shareholder approval of executive directors pay and non-executive directors fees. Remuneration: A vote against is applied because LGIM does not support the use of corporate jets for private use. Remuneration - Malus & Clawback: A vote against is applied as LGIM expects all incentives to be subject to clawback if the vested award is later deemed to be unjustified. Remuneration - Shareholding Guidelines: A vote against is applied as the company does not have a shareholding guideline in place for executives. LGIM believes a shareholding requirement is a good way to align with long term shareholder interests because executives are expected to maintain a proportion of earned shares at risk over the medium term. Remuneration - Performance conditions: A vote against is applied as LGIM expects a sufficient portion of share incentive awards to be assessed against long term performance conditions to ensure alignment of remuneration with company performance. Remuneration - Performance period: A vote against is applied as LGIM expects performance to be measured over a three year period. A WITHHOLD vote is further warranted for Peggy Alford in her capacity as chair of the compensation, nominating, & governance committee due to consecutive years of high director pay without reasonable rationale disclosed.

#### 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 Policy, 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	24/03/21	0.05%	Approve Remuneration Policy	Against	N/A

#### 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:**

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
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**We believe this voting activity is consistent with the manager's stated Policy, 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	Mirvac Group	15/11/24	0.03%	Resolution 2.1: Elect Jane Hewitt as Director	Against	The resolution passed

**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:**

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 the auditor's ratification, a vote against the Audit Committee member is warranted to highlight our concerns. Diversity: LGIM notes that following the AGM, the board will have 29% female representation. LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM notes the out-of-cycle resignation of Samantha Mostyn which dips the company below one third female diversity and encourage the board to increase female participation both on the board and in leadership positions following the AGM.

**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 Policy, 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	The Goldman Sachs Group, Inc.	24/04/24	0.02%	Resolution 8: Report on Clean Energy Supply Financing Ratio	For	The shareholder resolution failed

**Why a 'Significant Vote?'**

Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as LGIM believes that banks and financial institutions have a significant role to play in shifting financing away from 'brown' to funding the transition to 'green'. LGIM expects companies to be undertaking appropriate analysis and reporting on climate change matters, as we consider this issue to be a material risk to companies.

**Manager's Vote Rationale:**

Shareholder Resolution - Climate change: A vote in favour of this proposal is applied. We believe that banks and financial institutions have a significant role to play in shifting financing away from brown to funding the transition to green. LGIM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as we consider this issue 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 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 Policy, 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	Nestle SA	18/04/24	0.18%	Resolution 7: Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods	For	N/A

**Why a 'Significant Vote?'**

Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant due to nutrition being an important topic for investors because it has a significant impact on the health and well-being of individuals, communities and societies. The interconnected challenges of obesity, undernutrition and micronutrient deficiencies is estimated to be 5% of global income, or \$3.5 trillion, per annum. Nutrition is therefore one of our global stewardship sub-themes, under the umbrella of Health.

**Manager's Vote Rationale:**

Shareholder proposal Health Nutrition: A vote FOR is applied. LGIM is one of the co-filers of this resolution. We call for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which we believe will have negative impacts on the economy. As the largest food company in the world we believe Nestle sets an example for the rest of the industry in terms of driving positive change and raising market standards.

**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 Policy, 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	Global Real Estate Equity Fund	American Homes 4 Rent	10/05/24	0.76%	Resolution 1a: Elect Director Matthew J. Hart	Against	The resolution passed

**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 - One Share One Vote: LGIM considers this vote to be significant as LGIM supports the principle of one share one vote.

#### Manager's Vote Rationale:

Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. We expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

#### 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 Policy, 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	Global Real Estate Equity Fund	Argosy Property Limited	18/06/24	0.03%	Resolution 1: Elect Jeff Morrison as Director	Against	The resolution passed

#### 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:**

Remuneration - Accountability - Escalation - A vote against is applied as the company has not given shareholders an opportunity to vote on the compensation for named directors.  
 Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.

**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 Policy, 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	Global Real Estate Equity Fund	Mapletree Pan Asia Commercial Trust	29/07/24	0.13%	Resolution 1: Adopt Report of the Trustee, Statement by the Manager, Audited Financial Statements and Auditors' Report	Against	The resolution passed

**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/>

**Manager's Vote Rationale:**

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
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We believe this voting activity is consistent with the manager's stated Policy, 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	Global Real Estate Equity Fund	Gaming and Leisure Properties, Inc.	13/06/24	0.71%	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
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We believe this voting activity is consistent with the manager's stated Policy, 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	Global Real Estate Equity Fund	JR Global REIT	26/09/24	0.78%	Resolution 1: Approve Financial Statements	Against	Not stated

#### 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/>

#### Manager's Vote Rationale:

Accounts: A vote against is applied as the Company has not provided the accounts in time ahead of the meeting. 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
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We believe this voting activity is consistent with the manager's stated Policy, 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 (GBP hedged variant)	Amazon.com, Inc.	22/05/24	2.20%	Resolution 6: Report on Customer Due Diligence	For	N/A

#### Why a 'Significant Vote'?

Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, we believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for their products (RING doorbells and Recognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon's coverage and reporting of risks falls short of our baseline expectations surrounding AI. In particular, we would welcome additional information on the internal education of AI and AI-related risks.

**Manager's Vote Rationale:**

Shareholder Resolution Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.

**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 Policy, 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 (GBP hedged variant)	Netflix, Inc.	06/06/24	0.36%	Resolution 1d: Elect Director Jay C. Hoag	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 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. 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.

#### 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 Policy, 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 (GBP hedged variant)	Tesla, Inc.	13/06/24	0.65%	Resolution 1.1 - Elect Director Robert J. Alpern	Against	The resolution passed

#### Why a 'Significant Vote'?

High Profile meeting: This resolution is considered significant as it pertains to one of our key stewardship 'sub-themes', executive pay.

#### Manager's Vote Rationale:

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.

**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 Policy, 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 (GBP hedged variant)	BGF Retail Co., Ltd.	21/03/24	Less than 0.01%	Approve Financial Statements and Allocation of Income	Against	N/A

**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:**

Accounts: A vote against is applied as the Company has not provided the accounts in time ahead of the meeting. Deforestation Policy: A vote against is applied as the company is deemed to not meet minimum standards with regard to LGIM's deforestation policy.

### 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 Policy, 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 (GBP hedged variant)	Henkel AG & Co. KGaA	22/04/24	0.01%	Resolution 7.1: Elect Simone Bagel-Trah to the Supervisory Board	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:

Independence: A vote against is applied as the director is not considered independent and their presence on the board is a concern as the board itself lacks a sufficient number of independent directors, which is a critical element for a board to protect shareholders' interests. Independence - Nomination Committee Chair: A vote against is applied as the board does not have a sufficient number of independent directors and the board's composition is the responsibility of chair of the nomination committee. 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. Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time. Remuneration - Accountability - Escalation - A vote against is applied as LGIM has had concerns with remuneration practices for consecutive years. Votes AGAINST Simone Bagel-Trah, Lutz Bunnenberg, Christoph Kneip, Anja Langenbucher, Thomas Manchot, Kaspar von Braun, Benedikt-Richard von Herman, and Konstantin von Unger are further warranted because they are beneficiaries of the company's unequal voting rights structure.

**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 Policy, 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 Emerging Markets Equity Index Fund	President Chain Store Corp.	30/05/24	0.06%	Resolution 4.1: Elect Chih Hsien Lo, a REPRESENTATIVE of UNI PRESIDENT ENTERPRISES CORP., with SHAREHOLDER NO.00000001, as Non-Independent Director	Against	N/A

**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:**

Deforestation Policy: A vote against is applied as the company is deemed to not meet minimum standards with regard to LGIM’s deforestation policy. Cumulative voting: Board mandates: A vote against is applied as LGIM expects a CEO/CFO/FD or a non-executive director not to hold too many external roles to ensure they can undertake their duties effectively.

**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:**

<b>Company Board</b>	<b>Audit, Risk &amp; Internal Control</b>	<b>Remuneration</b>	<b>Shareholder &amp; Bondholder Rights</b>	<b>Sustainability</b>
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**We believe this voting activity is consistent with the manager’s stated Policy, 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 Emerging Markets Equity Index Fund	China Construction Bank Corporation	27/06/24	0.9%	Resolution 10: Elect William Coen as Director	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/>

**Manager’s Vote Rationale:**

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
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We believe this voting activity is consistent with the manager's stated Policy, 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 Emerging Markets Equity Index Fund	Nedbank Group Ltd.	31/05/24	0.08%	Resolution 4.2: Re-elect Hubert Brody as Member of the Group Audit Committee	Against	The resolution passed

**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:**

Remuneration - Accountability - Escalation - A vote against is applied as LGIM has had concerns with remuneration practices for consecutive years. Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.

**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 Policy, 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 Emerging Markets Equity Index Fund	Aluminum Corporation of China Limited	25/06/24	0.44%	Resolution 10: Amend Articles of Association, Rules of Procedures for Shareholders' Meeting, Rules of Procedures for the Board Meeting and Rules of Procedures for the Supervisory Committee Meeting	Against	The resolution passed

**Why a 'Significant Vote?'**

High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

**Manager's Vote Rationale:**

Shareholder Resolution - Shareholder rights: A vote AGAINST this resolution is warranted because the proposed amendments to the Articles, General Meeting Rules, Board Rules, and Supervisory Committee Rules are not considered to adequately provide for accountability and transparency to shareholders.

**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 Policy, 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 Emerging Markets Equity Index Fund	Polycab India Limited	16/07/24	0.06%	Resolution 6: Approve Reappointment and Remuneration of Inder T. Jaisinghani as Managing 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: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. Remuneration: A vote against is applied as LGIM expects all incentive plans to be capped either as a percentage of salary or a fixed number of shares. Remuneration - Performance conditions: A vote against is applied as the level of disclosures in respect of performance conditions does not allow shareholders to make a fully informed assessment of remuneration.

**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 Policy, 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 Emerging Markets Equity Index Fund	Tata Steel Limited	15/07/24	0.24%	Resolution 4: Reelect Saurabh Agrawal as Director	Against	Not stated

**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/>

**Manager's Vote Rationale:**

Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. 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:**

<b>Company Board</b>	<b>Audit, Risk &amp; Internal Control</b>	<b>Remuneration</b>	<b>Shareholder &amp; Bondholder Rights</b>	<b>Sustainability</b>
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**We believe this voting activity is consistent with the manager's stated Policy, and so is also consistent with the Scheme's approach**



**Minerva Says**

The reported 'Significant Vote' information seems to be consistent with each manager's stated voting policy, and so is consistent with the Scheme's expectations of them.

# 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 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 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
Baillie Gifford	YES	FUND	YES	The manager provided <b>detailed fund level engagement information</b> covering the Scheme's reporting period
BNY Mellon (Newton)	YES	FUND	PART	The manager provided <b>detailed fund level engagement information</b> covering the period 01/01/24 - 08/04/24 rather than the Scheme's reporting period
LGIM	YES	FUND	YES	The manager provided <b>basic fund level engagement 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

## 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

# Baillie Gifford

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Emerging Markets Leading Companies Fund	01/01/24	23/04/24	12	33.3%	16.7%	50.0%	0.0%	0.0%	100.0%

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>The manager sets out their approach to company engagement in the document titled <a href="#">ESG integration approach 2024</a>:</p> <p><i>'Engaging with the assets we hold on behalf of our clients is core to our role as effective stewards of our clients' capital and is an extension of our research process.</i></p> <p><i>Why do we engage?</i></p> <ul style="list-style-type: none"> <li><i>To fact-find: As investors, our responsibility does not begin and end with the investment decision. Before allocating our clients' capital, we must decide whether a particular investment meets our criteria and will continue to do so over our investment horizons. We may meet with a leadership team many times before we decide to take a position. After investing, our meetings with the company may involve asking for more information on topics or seeking to clarify certain points.</i></li> <li><i>To assess: Once we have invested, we will continue to monitor our holdings to ensure we remain aligned. Where our holdings have committed to certain actions or if we have previously raised an issue with the company, we will engage to assess progress.</i></li> <li><i>To influence: There will be instances when our reason for engaging is to seek change. We have high expectations of the investments we make on behalf of our clients. When they do not live up to these, or where we have identified a specific objective for change, our starting point (where possible) is to see if the leadership team is willing and able to address the issues we believe may impact the ability to deliver long-term returns for our clients. Sometimes, the influence we seek is to encourage a holding to be more ambitious in seizing new opportunities. Where strategies have specific sustainability commitments, engagement may be integral to meeting that commitment.</i></li> </ul> <p><i>'Our patient approach, focused on building long-term relationships, means we often occupy a privileged position in terms of our access to leadership. We do not take this privilege lightly. We aim to ensure that our engagements are research-led and, particularly when the intention is to influence, focus on the issues we think are most material to a holding's long-term success. We generally prefer to engage one-to-one with our holdings. However, we recognise that, at times, working with like-minded investors and broader stakeholder groups has benefits. Collaborative approaches can increase the influence that we bring to bear on our clients' behalf and may, in some instances, be necessary to achieve our engagement objectives. For some asset classes (such as sovereign bonds) collaborative engagements may be our primary means of influence.'</i></p> <p>In the latest Investment Stewardship Activities Report the manager has said the following in relation to identifying engagement priorities:</p>

	<p>'We engage with companies for many reasons and the topics we prioritise will vary by individual issuer and investment strategy. Our proprietary investment research will inform this, supported and often facilitated by the prime contact. Often, the larger a position we hold in an entity and the longer our holding history, the greater our ability to engage with a realistic ability to influence. However, we engage with issuers on key issues across a range of market capitalisations, geographies and holding sizes. When we look at engagements in isolation, we can broadly categorise them as proactive, reactive and ongoing. However, we view this interplay as more nuanced, particularly as our relationships lengthen in duration, deepen our understanding and build trust. The following sections highlight examples of proactive, reactive and ongoing engagements.'</p>
<p><b>Additional information on Engagements provided by the Manager</b></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"> <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><b>Comparison of the Manager's Engagement Activity vs the Trustee's policy</b></p>	<p>An example of a reported engagement for the Emerging Markets Leading Companies Fund is reported below:</p> <p><b><u>01/04/24 - Sea Limited- Engagement on Environmental and Governance Issues</u></b></p> <p><b>'Objective:</b> We met with Sea Ltd to continue discussing board composition and remuneration and hear an update on the company's developing climate strategy.</p> <p><b>Discussion:</b> Our engagement focused on board recruitment, including management's considerations and efforts in recruiting new board members, focusing on finding individuals with the correct skill set. We also discussed remuneration, particularly a recent executive compensation cap. Sea Ltd clarified its remuneration approach and reassured us that employee pay is competitive. The meeting also provided an opportunity to question the company's climate change strategy. While there are no immediate plans to set decarbonisation targets, Sea Ltd has considered climate and has published scope 1 and scope 2 emissions data, indicating relatively low emissions. Future emissions reductions are expected to result from broader operational improvements.</p> <p><b>Outcomes:</b> Overall, our engagement highlighted ongoing efforts and challenges in board recruitment, which we will continue to monitor. Sea Ltd's actions reflect responsiveness to investor concerns and a willingness to improve governance and environmental stewardship.'</p>
<p><b>Is Engagement Activity in Line with the Trustee's Policy?</b></p>	<p><b>The engagement activity is consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.</b></p>

# BNY Mellon

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Newton Global Dynamic Bond Fund	01/01/24	08/04/24	1	100.0%	0%	0%	0.0%	0%	100%

Aspect of Engagement Activity	Details
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<p><b>Key Points of the Manager's Engagement Policy</b></p>	<p>BNY states in its latest stewardship policy disclosure statement that each of the investment managers has its own unique engagement policy with issuers in all of the jurisdictions in which they invest. Accordingly, Newton's <a href="#">'Stewardship and sustainability policy'</a> from September 2024 has the following to say with regards the manager's engagement approach:</p> <p><i>'In seeking to be an active steward, Newton is committed to the responsible allocation, management and oversight of capital to create long-term economic value for our clients.'</i></p> <p><i>'Our core approach to investing is about engagement rather than exclusion, and about trying to mitigate risks that have the potential to cause material financial impact to our clients' best long-term economic interests. We prefer to engage with companies and support them to develop and enhance their practices or business models where appropriate, rather than using divestment or denial of capital as the only option.'</i></p> <p><i>'We emphasise purposeful dialogue with issuers to constructively challenge boards and management on financially material aspects of their decision-making where we believe it can result in improved long-term financial outcomes for our clients. We set clear and outcome-focused objectives which can be evaluated over a suitable time horizon and can be linked back to a relevant investment thesis.'</i></p> <p>In their Stewardship and sustainability policy, the manager identified the following key engagement themes:</p> <ul style="list-style-type: none"> <li>▪ <b>Environmental:</b> Climate / Nature and biodiversity / Pollution / Product life cycle / Water</li> <li>▪ <b>Social:</b> Human rights / Human capital management / Tax</li> <li>▪ <b>Governance:</b> Board leadership / Capital management / Anti-takeover mechanisms / Related-party transactions / Reporting and audit / Executive pay / Transparency, accountability and shareholder rights</li> </ul>
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<p><b>Additional information on Engagements provided by the Manager</b></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"> <li>▪ engagement objectives</li> <li>▪ collaborative engagements</li> <li>▪ process for escalating ineffective engagement and</li> </ul>
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- whether any fintech solution was used to facilitate engagement

An example of a reported engagement for the Global Dynamic Bond Fund is:

**27/03/24 – Barclays Plc – Engagement on Environmental Issues**

**Engagement goal:** *Strengthen disclosures about its engagement process with clients on their transition. Strengthen disclosures about the key metrics used in its client transition framework*

**Key takeaways:**

- *Barclays has identified its lagging clients in terms of climate transition and is in the process of engaging with them.*
- *The bank has engaged high-emitting clients to discuss their positioning compared to peers and potential improvements are suggested to client's based on the bank's framework.*
- *It prioritizes lower-scoring quintile clients in its transition framework, with a focus on high-emission sectors like energy and power as well.*
- *The bank did not provide in depth details around their engagement process. However, we communicated our expectations around disclosing more details around its engagement process, which was received constructively. Barclays' conveyed that it's client transition framework focuses on its worst performing clients, however, we felt it did not disclose in-depth details around its rating methodology.*
- *The bank looks at 80 different sector specific qualitative and quantitative variables, including forwarding looking factors.*
- *The bank has conducted around 1,250 counterparty assessments which covers all high emitting clients and have done deep dive into 300 of these, with whom the bank will engage further.*
- *However, the bank failed to offer more details around its scoring methodology, like factor weights, sector-based material topics, sector-wise score distribution etc. We have communicated our expectations of more disclosures around these to the bank.*

**Engagement Outcome:** *We communicated our expectation to the bank that they should disclose more around its engagement process within its client transition framework, with a focus on key topics of discussion, expectations around best in class practice and escalation process.*

*We were pleased to see progress by the bank on its client transition framework. However, we believe that the effectiveness of the framework largely depends on its scoring methodology and engagement process. The bank received our feedback positively.*

**Next steps:** *We will monitor the bank's reporting on its client transition framework and aim to engage with the bank later in the year or early next year to put forward our asks again if needed.*

*We will monitor the bank's reporting on its client transition framework and aim to engage with the bank later in the year or early next year to put forward our asks again if needed.*

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

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

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

# LGIM

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Dynamic Diversified Fund	01/01/24	31/12/24	4,381	65.4%	14.6%	14.7%	5.3%	Not Stated	Not Stated
Global Real Estate Equity Fund	01/01/24	31/12/24	279	79.6%	3.9%	15.4%	1.1%	Not Stated	Not Stated
Investment Grade Corporate Bonds Over 15 Years Fund	01/01/24	31/12/24	201	48.3%	11.4%	19.4%	20.9%	Not Stated	Not Stated
World Equity Index Fund (GBP hedged variant)	01/01/24	31/12/24	2,575	57.1%	16.8%	19.0%	7.1%	Not Stated	Not Stated
World Emerging Markets Equity Index Fund	24/04/24	31/12/24	249	36.9%	51.8%	8.4%	2.8%	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"> <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> <p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 6 engagement topics:</p> <ol style="list-style-type: none"> <li>1. Climate: Keeping 1.5°C alive</li> <li>2. Nature: Supporting a world that lives in harmony with nature, recognising the economic value of natural capital</li> <li>3. People: Improving human capital across the corporate value chain</li> <li>4. Health: Safeguarding global health to limit negative consequences for the global economy</li> <li>5. Governance: Strengthening accountability to deliver stakeholder value</li> <li>6. Digitisation: Establishing minimum standards for how companies manage digitisation-related risks</li> </ol>

<p><b>Additional information on engagements provided by the Manager</b></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"> <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><b>Comparison of the Manager’s Engagement Activity vs the Trustee’s policy</b></p>	<p>Set out below is an example of engagement activity reported by LGIM in the Dynamic Diversified Fund:</p> <p><b><u>10/07/24 - Sasol Ltd- Environmental-themed Engagement Activity</u></b></p> <p><i>Engagement Type: Written.</i></p> <p><i>Issue Theme: Circular Economy/Environmental/Plastic Waste.</i></p> <p><i>Engagement Details: Not provided.</i></p> <p><i>Engagement Outcome: Not provided.</i></p>
<p><b>Is Engagement Activity in Line with the Trustee’s Policy?</b></p>	<p><b>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 details in relation to engagement activity undertaken at fund level.</b></p>

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Total Return Credit Investment Fund	23/04/24	31/12/24	6	83.3%	0.0%	16.7%	0.0%	83.3%	16.7%

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>M&amp;G's approach to engagement is set out in their <a href="#">'Engagement Policy'</a>. 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>▪ arranging regular meetings with executive management, the chair and/or other non-executive directors</li> <li>▪ daily monitoring of company announcements</li> <li>▪ reviewing company results (annual and interim)</li> <li>▪ reviewing external research materials (eg, broker research reports)</li> <li>▪ attending company site visits and capital markets days for investors</li> <li>▪ attending broker meetings to discuss investment recommendations</li> <li>▪ engaging in specific discussions with companies on material topics, including: strategy, performance and non-financial matters (including environmental, social and corporate governance factors; capital structures; board performance and understanding how boards are fulfilling their responsibilities; succession planning; remuneration; and culture)</li> <li>▪ attending company engagement / corporate governance meetings (arranged by companies to enhance the engagement process and provide a forum for governance and responsible investment subjects to be discussed)</li> <li>▪ meetings with remuneration committee chairs (in particular where the company is reviewing its remuneration policy, or prior to general meetings where sensitive or contentious resolutions are being put to a shareholder vote)</li> <li>▪ corresponding with non-executive directors in instances where issues have been raised with management, but where progress on these issues is inadequate</li> <li>▪ maintaining a record of all interactions with companies</li> </ul> <p>From M&amp;G's most recent Annual Stewardship Report the manager has identified the following as their key engagement topics:</p> <ul style="list-style-type: none"> <li>▪ Leadership &amp; Governance</li> <li>▪ Environment</li> </ul>

- Business Model and Innovation
- Social Capital
- Human Capital

**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

**Comparison of the Manager's Engagement Activity vs the Scheme's Expectations**

An example of a reported engagement undertaken for the Total Return Credit Investment Fund is:

**18/11/24 – Orsted A/S - Environmental-themed Engagement /Climate risk**

**Engagement Details:** *'Given the potential negative biodiversity impacts of offshore wind, to ensure that Danish offshore wind specialist Ørsted was advancing its approach to biodiversity - given its nature positive by 2030 target - and that a biodiversity metric was included in executive remuneration. Also, in relation to the company's climate targets, we requested the publication of forward looking milestones that could be used to measure progress.'*

**Action Taken:** *'M&G met with the company's global sustainability team climate lead and its global sustainability team biodiversity lead (who were doing the work on the ground to implement Ørsted's approach) as well as a member of investor relations. We ran through the Nature Action 100 benchmark, which involves ambition / assessment / targets/ implementation / governance / and engagement to ascertain Ørsted's progress in each of these areas..'*

**Engagement Outcome:** *'In summary, Ørsted has been working on this issue for the past two and a half years. The company has engaged a biodiversity consultancy, and is leaning against existing frameworks, particularly those from central Europe and the UK, which it sees as the most ambitious. It is working out what are the highest and lowest bars and then figuring out which it will have to meet, and launched a measurement framework in June of this year. It is also identifying platforms that can plug and play.'*

*Currently the company is gathering feedback from NGOs, academia and others, with the aim to implement its framework in January, with a first set of metrics by the end of 2025. It currently has a list of potential metrics, including extent and condition of habitat and population density of endangered species, but is currently looking at the feasibility of all of the metrics at its disposal to focus in on those that make sense. Importantly, this is aligned with the Environmental Impact Assessment the company already has to undertake for new projects, and it wants to fully integrate this within its biodiversity framework.*

*The company ran through a number of tools at its disposal, including underwater AI cameras being developed for fish tracking down to family genus, AI bird cameras, which includes migration routes, and sensors to identify insects / amphibians. There is also acoustic monitoring, trained to pick up on certain whale species, for shutting down activities of people going out in boats. Other technology includes bubble curtains to insulate the installation of mono piling for offshore turbines, which is a very loud undersea process. If harbour porpoises, for example, are within seven kilometres of an unprotected installation, they*

often go deaf and then die, having lost their communication and tracking abilities. Overall, Ørsted said that such technology is growing exponentially, and it will be making full use of it.

Once the company has its framework and metrics in place, it said it was happy to consider biodiversity in executive remuneration, which is something we will need to revisit. And in terms of climate (which was discussed as a small proportion of the meeting), it said it was happy to consider publishing forward looking milestones in the run up to its SBTi approved targets.

Overall, we were very satisfied that Ørsted was taking biodiversity extremely seriously, and we will follow up after the initial framework and metrics have been published next year.'

**Engagement Status:** 'Resolved'

Is Engagement Activity  
in Line with the  
Scheme's Expectations?

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

### 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:				UK Stewardship Code 2020 Signatory?	Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
Baillie Gifford	Emerging Markets Leading Companies Fund	YES	N.I.R.	YES	GLASS LEWIS/ISS	YES	COMPLIANT LOW CONFIDENCE
BNY Mellon	Newton Global Dynamic Bond Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT LOW CONFIDENCE
	All Stocks Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N/A
	All Stocks Index-Linked Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N/A
	Dynamic Diversified Fund	YES	YES	YES	ISS		COMPLIANT LOW CONFIDENCE
	Global Real Estate Equity Fund	YES	YES	YES	ISS		COMPLIANT LOW CONFIDENCE
	Investment Grade Corporate Bonds Over 15 Years Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT LOW CONFIDENCE
	Over 15 Years Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N/A
	Over 15 Years Index-Linked Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N/A
	World Equity Index Fund (GBP hedged variant)	YES	YES	YES	ISS		COMPLIANT LOW CONFIDENCE
LGIM*						YES	

	World Emerging Markets Equity Fund	YES	YES	YES	N/A		COMPLIANT LOW CONFIDENCE
M&G	Total Return Credit Investment Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT HIGH CONFIDENCE

\* 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's All Stocks Index-Linked Gilts Index Fund and Over 15 Years Index-Linked Gilts Index Fund)
  - For the managers where Voting and 'Significant Vote' information was available, their overall approaches are broadly in step with the Scheme's expectations
  - For the managers where Engagement information was available, their overall approaches are also 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 disappointed with the limited engagement information provided by LGIM. 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.

## LGIM Information Disclaimer

- 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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For more information please email [hello@minerva.info](mailto:hello@minerva.info) or call + 44 (0)1376 503500

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