Annual Chair's Statement – 1 April 2022 to 31 March 2023

Introduction

This Statement has been prepared by the Trustee of the Johnson Matthey Employee Pension Scheme ('JMEPS') ('the Scheme') to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 in relation to:

- Providing a default investment arrangement for members (the 'default arrangement')
- Processing financial transactions promptly and accurately
- Net investment performance
- Details and impact of charges and transaction costs borne by members
- Assessment of the value members received from being a member of the Scheme; and
- Meeting the requirements for trustees' knowledge and understanding.

The period this Statement covers is the Scheme Year from 1 April 2022 to 31 March 2023 ('the reporting period').

This Statement covers the following populations within the Scheme: **Career Average Revalued Earnings members** (with JMEPS Extra Accounts), JMEPS Elements members with DC assets through either an Investment Account or a JMEPS Extra Account and **JMEPS DC only members**.

The Trustee believes that it has taken the necessary steps to ensure compliance with the governance standards.

A copy of this document has been published on a publicly accessible website and can be found at:
https://elements.matthey.com/#/public-jmeps-trustee-governance-statement

Investment

General investment principles

The Trustee's objective is to make available to members an investment programme via pooled funds which seek to generate income and capital growth which, together with new contributions from members and the Sponsor, will provide a fund at retirement with which to provide retirement benefits.

The Trustee's general investment aims are as follows:

- To offer a suitable default strategy appropriate for the profile of the defaulting members that considers their expected risk tolerances and potential target retirement outcomes; and
- To supplement the default strategy with a range of self-select investment options as well as two further Glidepath strategies, which offer sufficient investment choice to satisfy members' differing risk appetites and risk profiles, and retirement objectives.

Investment strategy – relating to the Scheme's default arrangement(s)

Although members have the choice of where to invest, the Trustee must also make available a default arrangement for members that do not select an investment option.

A formal review of the default investment strategy was carried out during the previous reporting period in November 2021. The Trustee also took the opportunity to revisit its investment beliefs framework and made a number of changes to reflect its objective to further integrate sustainable investment into the portfolio.

This review itself included an analysis of market 'megatrends' and a comprehensive evaluation of the membership profile and continued suitability of the default Drawdown Glidepath, alternative Glidepaths and self-select options (including those categorised as 'defaults' as a result of prior fund mapping exercises). The review concluded that:

- the risk profile and target of the default Drawdown Glidepath strategy remained appropriate for the membership,
- the performance of the default Drawdown Glidepath strategy had been in line with the strategy's aims and objectives
- the historic default funds from mapping exercises (as identified in the 'Charges and transaction costs' section in the appendix to this statement) had performed in line with their objectives and remain suitable.

Acknowledging the above, the Trustee decided to fine tune the Global Equity Index Tracker funds within the accumulation phase of Default GlidePath Strategy (and the supporting Glidepaths) and make several changes to the self-select fund range. These changes were introduced following a comprehensive communication and engagement programme with members which included written communications, updates to the Elements website and dedicated webinars. The investment changes were actioned in March 2023 in consultation with the Trustee's advisers and facilitated by platform provider Aegon. Specifically they entailed:

- Restructuring of the JMEPS Global Equity Index Tracker Fund to integrate Environmental, Social and Governance (ESG) factors in order to support sustainable investment offerings and integrate the Trustee's sustainability beliefs into the JMEPS investment options, including the glidepaths and self-select fund range.
- Closing and removing the JMEPS Global Equity, Global Corporate Bond and Sustainability Funds due to periods of mixed performance and limited take-up by members.
- Introducing a new Real Assets Fund as an alternative to the equity and bond funds for those members looking for growth and diversification within their investment portfolio.

Due to the implementation of Environmental, Social and Governance (ESG) factors into the JMEPS Global Equity Index Tracker Fund the annual management charge of the fund increased. Full details are included in Appendix B 'Charges and transaction costs'.

A copy of the Scheme's Defined Contribution Statement of Investment Principles which includes the investment principles for the default arrangements and details of the Scheme's glidepaths, is enclosed with this Statement and is also accessible online at: **https://elements.matthey.com/#/public-jmeps-trustee-governance-statement**

Investment monitoring

The Trustee has sufficient and appropriate knowledge and understanding to provide sound and prudent oversight of the investment strategy and investment/risk management expertise to critically evaluate and oversee the investment strategy and associated risks. The Trustee receives professional investment advice in this capacity which supports the Trustee in its investment oversight and strategic decision-making process. The Trustee also has a dedicated DC investment manager day, during which it meets with both BlackRock and Legal & General, the two largest DC investment managers under the Scheme. These sessions are a key part of the Trustee's investment stewardship programme and cover performance against objective, long-term investment outlook and integration of sustainable investment principles.

In addition, the Trustee regularly reviews the underlying performance of the funds within the default strategy and the self-select fund range. The Trustee receives quarterly investment performance reports which enables it to review the performance of all funds against their benchmarks. The Trustee also receives detailed quarterly reports from its investment adviser with in-depth performance analysis against a set of defined performance triggers. The Trustee's investment advisers will also raise significant issues with the Trustee when they arise so action can be considered expediently.

Outside of the performance concerns that contributed to the removal of the self-select funds listed in the prior section; the Trustee has continued to keep a close eye on the Scheme's Diversified Fund. The Trustee recognises that the Fund's bond allocation has limited returns, with the rise in yields over the last 18 months having a negative impact on valuations. Longer term performance remains between the long-term equity and cash plus metrics (set by the Fund manager) and the Fund has outperformed its equity/bond reference portfolio over the year and longer-term, demonstrating added value from asset allocation.

JMEPS passive index-tracking fund options all performed in line with their aims and expectations. The Trustee is satisfied that over the reporting period, the performance of the investment funds has been consistent with their aims and objectives as set out in the SIP.

The Trustee has a policy on sustainable investing and monitors asset managers' sustainable investment practices, including the approach to ESG integration. This includes identification, assessment and management of risks and opportunities relating to climate change. Further details on the Trustee's ESG framework can be found in the Scheme's Implementation Statement which covers how the Trustee implemented its investment policies over the reporting period (for the Scheme as whole). This document can be found at the following address: **https://elements.matthey.com/#/public-jmeps-trustee-governance-statement**

Net investment returns

The Trustee has provided the net investment returns for the Scheme's investment options. These returns can be found in the Appendix and have been prepared taking into the account the DWP's statutory guidance.

Financial transactions

Overview

The Trustee has selected Aegon as its DC service provider. Aegon carries out the back-office administration, supports online functionality and acts as the investment platform provider. Group Reward and Benefits carry out member facing administration functions.

All tasks are set up on the in-house administration system and are monitored by a workflow system that is managed by a senior member of the team. To help ensure work is accurate, all administration tasks completed are peer reviewed. Time critical financial transactions are flagged and prioritised and all work is monitored against a Service Level Agreement. Monthly contributions are processed by the JM payroll department and Aegon has a separate contribution processing team which ensures investment and banking transactions are checked and fully reconciled. There is also a separate Scheme Accountant who monitors the Trustee's bank account.

Trustee administration monitoring

The Trustee regularly monitors the core financial transactions of the Scheme. These include the collection and investment of contributions, transfers into and out of the Scheme, fund switches and payments out of the Scheme to and in respect of members. This is achieved through the review of quarterly reporting from Aegon, and the monthly monitoring of contribution payments calculated and paid by JM payroll to Aegon.

The Trustee monitors administration effectiveness against the Service Level Agreement (SLA) it has in place with Aegon. The SLA is dependent on each administration task as the table below illustrates:

Task	Service Level Agreement (SLA)
Investment of contributions	100% in 1 day (or 95% in 3 days if not fully automated)
Transfer-in payment	95% in 5 days
Fund switches	100% in 1 day
Disinvestment of members accounts when retiring and transferring	95% in 2 days

Please note that this table only shows administration tasks which constitute core financial transactions and has been simplified to better provide a meaningful narrative.

Over the reporting period, Aegon completed 94% of core financial transactions (numbering 1474) within SLA and 92% of all tasks (including core financial transactions) within SLA. This year's performance represents a slight dip against last year's reported figures. The Trustee is aware of some mitigating circumstances at Aegon which influenced this at the start of the reporting period, however, it also recognises that performance over the final two quarters was progressively stronger, indicating that these issues have now been resolved. The Trustee remains satisfied with Aegon's SLA performance overall.

There is also a formal SLA in place with Group Reward and Benefits, who report against this and present the results to the Trustee Board on a regular basis. As the Scheme is fundamentally a hybrid DB/DC arrangement, the majority of members have both DB & DC benefits. Consequently, the Trustee monitors the SLA performance of DB and DC tasks together and is satisfied that during the reporting period, the overall administration provided by Group Reward and Benefits has been undertaken in a timely and accurate manner.

Contribution processing

Group Reward & Benefits has an agreed payroll timetable and escalation process in place with Aegon which provides a further structured control to monitor contribution processing. Over the reporting period, monthly contributions were remitted by the Company and received and invested by Aegon in advance of statutory deadlines.

Administration issues

Over the reporting period, there were no material administration errors reported. We are aware that one complaint was referred to the Pension Ombudsman primarily relating to the timing of information being provided.

Conclusion

Based on the above, the Trustee is satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the scheme year.

Charges and transaction costs

Charges

The Total Expense Ratio (TER) applied to the funds available for selection by members of the Scheme as at 31 March 2023 are set out in the Appendix. TER is a measure of the costs associated with managing and operating an investment fund. These costs consist primarily of Annual Management Charges (AMC) and variable additional expenses such as trading, legal and auditor fees and other operational expenses. The Trustee has taken into account the DWP statutory guidance in preparing this information.

Transaction costs

Transaction costs and gains are those incurred by fund managers as result of buying, selling, lending or borrowing investments. These costs are allowed for within the unit price of each of the Scheme's funds.

The Financial Conduct Authority (FCA) has set out a specific method for providers and managers to calculate transaction costs and they are typically categorised as being explicit costs or implicit costs.

- **Explicit costs** are directly observable and include broker commissions and taxes.
- **Implicit costs** cannot be observed in the same way but occur, for example, where the price on placing a trade instruction is different to the price paid when the trade is executed. This can also lead to 'negative' transaction costs or small 'gains' where the price when placing a trade instruction is higher than the price when the actual trade is executed.

Details of the 'day to day' transaction costs for each of the Scheme's funds over the period available are set out in the Appendix. The Trustee has undertaken some benchmarking in conjunction with its advisers and has concluded that, based on the market data available, the transaction costs incurred over the period were reasonable and represent good value for members.

Investment Changes (6 February 2023 and 17 March 2023)

As a result of the changes to the JMEPS Global Equity Index Tracker Fund on 6 February and the fund closures on 17 March, transaction costs on rebalancing and switching applied. The transactions were executed by Aegon using the Scheme's unit-linked insurance policy where unit values are linked to daily dealt funds invested in liquid asset classes. Details below.

Restructure of the Global Equity Index Tracker Fund	Cost as % of assets value
Global Equity Index Tracker Fund	0.16%

The transaction costs associated with the JMEPS Global Equity Index Tracker were found to be slightly higher than expected but still within an acceptable range of 0.1% – 0.2% for an equity fund transition. The main reason for the higher cost was the purchase of units in the BlackRock World ESG Equity Tracker Fund.

From Fund	To Fund	Cost as % of assets value
JMEPS Sustainability	JMEPS Global Equity Index Tracker	0.05%
JMEPS Global Equity	JMEPS Global Equity Index Tracker	0.10%
JMEPS Global Bond	BlackRock All Stocks Corporate Bond Index	0.00%

The trading costs associated with the fund closures and switches were low and below initial expectations.

Illustration of costs and charges

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce a "£ and pence" illustration showing the compounded effect of costs and charges.

DWP statutory guidance sets out the elements that must be considered but there is some flexibility to reflect plan experience albeit illustrations do not have to be personalised. The Trustee, in conjunction with its advisers, has taken account of the DWP's statutory guidance and carefully considered the use of different representative members of the Scheme's membership when preparing these illustrations. These essentially represent illustrative members across each of JMEPS Silver, Gold and Platinum sections. The funds for the illustration were selected in line with the guidance.

These illustrations are presented in full in the Appendix to this statement and show the projected value, over different time horizons, for selected investment funds and representative members.

Value for Members (VfM)

The Trustee remains committed to ensuring that members receive value for the services provided by the Scheme, and so in accordance with regulation 25(1)(b) of the Scheme Admin Regulations, the Trustee, with the assistance of its advisers (WTW), assessed the extent to which the charges and transaction costs above represent good value for members in September 2023.

The Trustee is legally required to undertake a VFM assessment on at least an annual basis, and report on the outcome of the assessment.

The assessment framework was consistent with last year's updated approach and specifically considered:

1. The level of the charges and transaction costs members pay (benchmarked against the UK DC pension market)
2. The net investment returns of the Scheme's fund range and how the funds performed against their benchmarks (the performance of the Scheme's default investment option was also benchmarked against the wider UK pension provider market)
3. The scope and performance of services available to members through the Scheme including those relating to administration, investment and communications.

Assessment conclusion

The assessment compared the overall DC cost members bear against a number of comparators including similarly structured plans and the wider market. This comparison showed the charges members pay to be competitive and below average when compared to similar types of scheme and the wider occupational DC pension scheme market. Furthermore, the Company pays a subsidy to Aegon for administration costs, which partly reduces the Annual Management Charge (AMC) for employees. The assessment also considered the transaction costs members have borne over the period and determined that, based on the benchmarking sources available, the level of transaction costs was either below or inline market averages for most funds.

Whilst outside the direct scope of the VfM review, the Trustee also acknowledges that the Company meets all of the associated costs of the Credit Account element of members' benefit accrual (this is essentially a cash balance accrual on salary up to £51,936 per annum).

Investment returns net of fees are a key influence in the overall value members receive. The Trustee considered the performance of the Scheme's funds against their respective benchmarks with a specific focus on the component funds of the Scheme's default strategy – the Drawdown Glidepath.

The component funds of the Drawdown Glidepath had all performed in line with expectations over the long term. The evaluation acknowledged that the L&G Diversified Fund did not perform in line with its equity comparator but that it had continued to exceed its target of achieving a rate of the Bank of England Base Rate + 3.75% p.a. over the long term.

When considering the performance of the growth phase of default strategy against UK pension provider defaults (including some of the leading master-trusts) over a 3 year period, the JMEPS default has outperformed all of the other strategies assessed. This demonstrates the additional value provided through designing an appropriate default strategy to specifically meet the needs of the Scheme members.

The passively managed (index tracking) self-select funds had all tracked their respective indices within a reasonable level of tolerance over the long term.

The assessment also considered the services offered by the Scheme and highlighted:

- The Drawdown Glidepath which was introduced in 2020 as the Scheme's new default strategy. This glidepath is strongly aligned with the profile and expected needs of the membership alongside members' likely retirement objectives and was constructed following detailed membership analysis and risk profiling.
- Members are part of a well governed scheme, which offers a broad suite of highly rated investment options to meet the needs of the membership (which includes the addition of a new Real Assets Fund). The Trustee Board has significant experience and expertise, operating under a robust governance structure and risk management framework.
- Aegon has over the longer term provided strong performance against its SLAs. The level of performance for this reporting period averaged at 94%, which is slightly behind its target of 95% but would be considered relatively strong within the DC market.
- Members have a single point of contact with the in-house team, i.e. Group Reward and Benefits that provides full and joined up information on all benefits within the Scheme.
- As part of the administration service, members have access to information on all Scheme benefits in one place and this information feeds into joined up bespoke member communication materials provided by Group Reward and Benefits i.e. investment communications, online benefit statements, retirement guidance packs, pre-retirement seminars and newsletters.
- Members have access to Group Reward and Benefits and have the opportunity to arrange 1:1 sessions with representatives from the team to address any questions they have about their JMEPS benefits and options. The investment changes in 2023 were supported by an extensive communication campaign and member presentations. Feedback from the members is that these sessions are popular and informative.
- Access to annuity broking and income drawdown is facilitated through external providers for members wishing to access this at retirement.
- Members have access to a bespoke Scheme specific online projection tool which helps them to better understand the level of income they need at retirement.
- Members are able to use their JMEPS Accounts to fund part/all of their total tax-free cash at retirement under the Scheme.
- The overall benefit design including the cash balance element of the Scheme is unusual in the market and provides significant value to members. The cost of providing the cash balance element is met by the Company.

Overall, based on the analysis summarised above, the Trustee in conjunction with its independent advisers concluded that the Scheme continues to offer good value for members. This is the top rating offered under the Trustee's assessment framework.

The Trustee continually seeks to ensure the Scheme provides 'value' and will complete the next assessment in 2024.

Trustee Knowledge and Understanding (TKU)

The Trustee has a strong TKU process in place which enables it, together with the advice available, to exercise its function as Trustee of the Scheme and ensure appropriate levels of TKU are maintained.

Assessing TKU

The last formal TKU assessment was undertaken in February 2022. Using an independent questionnaire prepared by its advisers Willis Towers Watson (WTW), based on TPR's Code of Practice 7, the Trustee assessed the depth of their collective knowledge on various relevant issues relating to the Scheme (also covering trust law, investment and funding principles) as well as conversance with scheme documentation. The results of this review showed no significant knowledge gaps, however, several areas were highlighted for refresher training. Progress against these areas was considered against independent updates from WTW during the May and December 2022 Trustee meetings (highlighted topics are noted in the table below).

Training

Formal training is incorporated into regular Trustee meetings and additional quarterly training sessions are run by the Scheme's advisers. Training topics are planned in advance and are based on the Trustee's training plan (driven by the TKU assessment) and other topical items. Examples of the formal training the Trustee has received during the reporting period include:

Date	Presenter	Training topic
05/05/2022	Mayer Brown (legal advisers)	Long term strategy, TPR's guidance for Pension Increase Exchange and Enhanced Transfer Value exercises, General Code, stronger nudge and Dashboards
07/06/2022	Isio (DB Investment advisers)	TCFD related disclosures
25/05/2022	Mercer (Scheme Actuary)	Trustee training – GMP conversion and Pension Increase Exchange
23/08/2022	Mayer Brown	Scheme apportionment, GMP rectification and equalisation, member communication
15/09/2022	LGIM (Investment manager)	LDI collateral, interest rates and inflation
23/11/2022	Isio	ESG, TCFD climate metrics and targets
07/12/2022	WTW (DC advisers)	DC platform structure and policy overview and protections in place for members
15/03/2023	WTW	The Pensions Regulator's guidance – supporting DC members

Group Reward and Benefits circulate periodic technical updates to the Trustee, which supplements the quarterly training run by the Scheme's advisers. This ensures the Trustee maintains an up-to-date knowledge on pension and trust law. Trustee Directors receive general updates from their advisers about matters relevant to the Scheme and most DC related matters for discussion are prefaced by a short training recap.

JMEPS Trustee is a member of the PMI Trustee Group and benefits from training sessions offered by the PMI. The PMI certify annually that JMEPS Trustee meets Continuing Professional Development (CPD) requirements.

A training log is maintained for each trustee director by the JMEPS Secretary. A central record is maintained of the Trustee's objectives for the Scheme and an update on the key activities undertaken. This framework helps to ensure the Trustee is constantly evaluating its performance against its objectives. During the reporting period, the majority of Trustee Directors logged over 40 hours of training activities.

New Trustee Director induction process
New trustees complete a robust induction process, typically during the first six months, which includes overviews of the Scheme's investment, funding, administration and communication strategy. All new Trustees are also required to complete the Pensions Regulator's trustee toolkit.

There were no new Trustee's appointed during the reporting period. However, one Member Nominated Trustee is retiring outside of the reporting period and an election exercise is underway to find a suitable successor.

Ensuring effective operation of the Scheme
In March 2023, the Trustee worked with WTW to undertake an independent review of its ongoing 'Board Effectiveness'. This evaluation considered the effectiveness of meetings, decision making, ongoing monitoring, chairship, board composition, review processes and external relations. The overall results were positive but did highlight several areas which could benefit from fine tuning. A working party consisting of Trustee Directors and senior members of Group Reward and Benefits was established to address this and consider future new ways of working. During the next reporting period, this will see changes to the operation of meetings, preparation of papers by advisers, updates to the Trustee's Equality, Diversity Policy amongst other things.

In addition to the above review, the Trustee monitors its ongoing 'effectiveness' by reference to its Business Plan, which serves the dual purpose of planning future monthly activities and documenting successful completion of each activity.

The JMEPS Trustee Board is chaired by a professional independent trustee bringing significant expertise and knowledge to the Board through having fulfilled several high-profile industry and Trustee roles. In addition, the Trustee Board consists of three Member Nominated Trustees, who are selected by the Scheme membership and three Company appointed Trustees. The Trustee is supported by a Scheme Secretary, a team of professional advisers and Group Reward and Benefits.

The JMEPS Board believes it is important to be able to attract Directors from a diverse and inclusive population and that a Trustee Board is able to draw from a wide range of appropriate skills and experience. A Member Nominated Trustee election exercise has recently been completed and in order to attract a diverse range of candidates, applications for the vacancy were taken online to ensure that the process was as streamlined as possible. In addition, a short video explaining the role of a Trustee was produced along with simplified communication materials. An overview session explaining the role enabled potential candidates to find out more about the vacancy and ask any questions before applying. All sixteen applicants were interviewed by the JMEPS Selection Panel which resulted in a short-list of six candidates participating in a member ballot.

When considering Scheme design change, or ensuring legislative requirements are met, the Trustee consults the Scheme's Trust Deed & Rules and associated documents and seek appropriate professional advice. All advisers are invited to attend the relevant sections in Trustee meetings which ensures the Trustee has access to appropriate advice before decision making. The Trustee also meets with its investment advisers (both DB and DC) on annual basis to provide direct feedback against the objectives it has set for them.

The Trustee's strategic investment aims have also been fully integrated into the DC adviser's fund investment performance reporting to better support the Trustee in monitoring the investments in line with the SIP.

The above processes ensure that the Trustee is conversant with the Scheme's documentation and that sufficient knowledge and understanding of trust law, funding and investment principles (including identification, assessment and management of risks and opportunities relating to climate change) is maintained.

Conclusion
Based on these factors and in conjunction with the advice the Trustee receives from its professional advisers, the Trustee is satisfied that it has the combined knowledge and understanding required to properly exercise its function as Trustee.

Statement of compliance
On behalf of the Trustee of JMEPS, I confirm that the Trustee is comfortable that the Scheme met and exceeded the minimum governance standards as defined in the Occupational Pension Scheme (Charges and Governance) Regulations 2015 during the period 1 April 2022 to 31 March 2023.

Signed by the Chair on behalf of the Trustee of the Scheme:

Roger

Date: 24 October 2023

Appendix A: Net investment returns

The Trustee is required to set out the investment returns of the Scheme's DC funds net of any charges over the reporting period. In reporting the investment returns, the Trustee has reviewed and taken account of the DWP's Statutory Guidance in this area. Five year annualised performance has been provided where available. Where this is not possible due to historic investment changes or unavailability of data, three year annualised performance has been provided. The Trustee expects to be able to provide 5 year annualised performance for all investment options for next year's Statement.

Default arrangements

Members in the Scheme's default arrangement are in the Drawdown Glidepath which invests in several underlying funds, the proportion of assets in each depending on the number of years until the member's Target Retirement Age (TRA).

Members are able to choose their own TRA, however we have provided the investment returns at a range of ages based on a TRA of 65 (which is the Normal Retirement Age under the Scheme). The performance information has been derived from the proportion of assets invested in each underlying fund at that age. Please note that performance figures vary slightly depending on member status due to the Company's contribution towards charges for current employees.

	Name	Status	3 years (% pa)	1 year (%)
Default arrangement	Drawdown Glidepath – age 25	Pre 2012 Active member	14.3	(3.9)
		Post 2012 Active member	14.2	(4.0)
		Deferred member	14.2	(4.0)
	Drawdown Glidepath – age 45	Pre 2012 Active member	11.9	(4.3)
		Post 2012 Active member	11.8	(4.3)
		Deferred member	11.7	(4.4)
	Drawdown Glidepath – age 55	Pre 2012 Active member	8.0	(4.9)
		Post 2012 Active member	8.0	(4.9)
		Deferred member	7.9	(5.0)

The individual funds and Glidepaths also designated as default arrangements as a result of previous fund mapping exercises are identified in **bold** in the tables overleaf.

Appendix A: Net investment returns continued

Alternative glidepaths

The Trustee offers two alternative glidepaths targeting annuity purchase and short-term cash withdrawal at retirement respectively. These strategies invest in several underlying funds, the proportion of assets in each depending on the number of years until the member's Target Retirement Age (TRA).

As in the previous section, we have provided the investment returns at a range of ages based on a TRA of 65.

	Name	Status	3 years (% pa)	1 year (%)
Alternative glidepaths	Annuity Glidepath – age 25	Pre 2012 Active member	14.3	(3.9)
		Post 2012 Active member	14.2	(4.0)
		Deferred member	14.2	(4.0)
	Annuity Glidepath – age 45	Pre 2012 Active member	11.9	(4.3)
		Post 2012 Active member	11.8	(4.3)
		Deferred member	11.7	(4.4)
	Annuity Glidepath – age 55	Pre 2012 Active member	4.0	(7.0)
		Post 2012 Active member	4.0	(7.1)
		Deferred member	3.9	(7.1)
	Cash Glidepath – age 25	Pre 2012 Active member	14.3	(3.9)
		Post 2012 Active member	14.2	(4.0)
		Deferred member	14.2	(4.0)
	Cash Glidepath – age 45	Pre 2012 Active member	11.9	(4.3)
		Post 2012 Active member	11.8	(4.3)
		Deferred member	11.7	(4.4)
	Cash Glidepath – age 55	Pre 2012 Active member	8.0	(4.9)
		Post 2012 Active member	8.0	(4.9)
		Deferred member	7.9	(5.0)

Appendix A: Net investment returns continued

Self-select funds

	Name	Status	5 years (% pa) Fund	5 years (% pa) BM	3 years (% pa) Fund	3 years (% pa) BM	1 year (%) Fund	1 year (%) BM
Self-select options	JMEPS Global Equity Index Tracker Fund	Pre 2012 Active member	–	–	15.6	15.5	(3.9)	(3.9)
		Post 2012 Active member	–	–	15.5	15.5	(4.0)	(3.9)
		Deferred member	–	–	15.5	15.5	(4.0)	(3.9)
	JMEPS Diversified Growth Fund	Pre 2012 Active member	–	–	6.6	4.5	(5.2)	6.0
		Post 2012 Active member	–	–	6.5	4.5	(5.2)	6.0
		Deferred member	–	–	6.5	4.5	(5.3)	6.0
	BlackRock Over 15 years UK Gilt Index Fund	Pre 2012 Active member	(6.5)	(6.4)	(16.8)	(16.4)	(30.0)	(29.7)
		Post 2012 Active member	(6.5)	(6.4)	(16.9)	(16.4)	(30.1)	(29.7)
		Deferred member	(6.7)	(6.4)	(17.0)	(16.4)	(30.2)	(29.7)
	BlackRock Cash Fund	Pre 2012 Active member	0.6	0.6	0.7	0.7	2.0	2.2
		Post 2012 Active member	0.6	0.6	0.7	0.7	2.0	2.2
		Deferred member	0.6	0.6	0.7	0.7	2.0	2.2
	BlackRock UK Equity Index Fund	Pre 2012 Active member	4.7	5.0	13.3	13.8	2.2	2.9
		Post 2012 Active member	4.7	5.0	13.3	13.8	2.2	2.9
		Deferred member	4.5	5.0	13.2	13.8	2.1	2.9
	BlackRock World (ex-UK) Index Fund	Pre 2012 Active member	11.0	11.0	16.4	16.6	(1.4)	(1.1)
		Post 2012 Active member	10.9	11.0	16.4	16.6	(1.4)	(1.1)
		Deferred member	10.9	11.0	16.3	16.6	(1.5)	(1.1)
	BlackRock Over 5 Years UK Index-Linked Gilt Index Fund	Pre 2012 Active member	(4.2)	(4.1)	(10.5)	(9.2)	(29.6)	(30.4)
		Post 2012 Active member	(4.2)	(4.1)	(10.5)	(9.2)	(29.6)	(30.4)
		Deferred member	(4.3)	(4.1)	(10.6)	(9.2)	(29.7)	(30.4)
	BlackRock All Stocks Corporate Bond Index Fund	Pre 2012 Active member	(0.9)	(0.9)	(3.2)	(3.1)	(10.5)	(10.2)
		Post 2012 Active member	(0.9)	(0.9)	(3.3)	(3.1)	(10.5)	(10.2)
		Deferred member	(0.9)	(0.9)	(3.3)	(3.1)	(10.6)	(10.2)
	JMEPS Emerging Markets Equity Fund	Pre 2012 Active member	1.3	1.7	7.1	7.8	(6.5)	(6.0)
		Post 2012 Active member	1.2	1.7	7.1	7.8	(6.6)	(6.0)
		Deferred member	1.2	1.7	7.0	7.8	(6.6)	(6.0)

Notes

BM = Benchmark. Please note that the benchmark the Trustee has used for the L&G Diversified Fund is 'Bank of England Base Rate + 3.75% p.a.' The Trustee believes this is an appropriate benchmark to use for the Fund and is aligned with the investment manager's fund objective.

*The JMEPS Real Assets Fund was launched just prior to the end of the reporting period, hence no performance data is available.

Performance information has been provided by Aegon. Benchmark data has been provided by Aegon with the exception of the L&G Diversified Fund which has been sourced from L&G.

Please refer to the fund factsheets for further details on the funds including their underlying holding, risk profile and performance benchmarks. These can be found by logging into the Investment Portal which can be accessed via **https://elements.matthey.com**

Appendix B: Charges and transaction costs

The charges applied to all funds, including those in the Scheme's default Glidepath arrangement are set out in the below appendix. Funds that make up the default investment options are shown in bold for ease of reference (this includes those for previous consolidation exercises). The Trustee has taken into account the DWP statutory guidance in preparing this section. Please note that the difference in charges depending on member status relates to the Company's contribution towards administration costs for current employees.

	Fund	Status	Fund charges (% p.a.)					T-cost (%)
			AMC	+	Add exp.	=	TER	
All funds	JMEPS Global Equity Index Tracker Fund*	Pre 2012 Active member	0.26 (0.18)	+	0.02	=	0.28	0.05
		Post 2012 Active member	0.28 (0.20)	+	0.02	=	0.30	0.05
		Deferred member	0.34 (0.26)	+	0.02	=	0.36	0.05
	JMEPS Diversified Growth Fund	Pre 2012 Active member	0.33	+	0.04	=	0.37	0.00
		Post 2012 Active member	0.34	+	0.04	=	0.38	0.00
		Deferred member	0.40	+	0.04	=	0.44	0.00
	BlackRock Over 15 years UK Gilt Index Fund	Pre 2012 Active member	0.10	+	0.01	=	0.11	0.01
		Post 2012 Active member	0.15	+	0.01	=	0.16	0.01
		Deferred member	0.20	+	0.01	=	0.21	0.01
	BlackRock Cash Fund	Pre 2012 Active member	0.15	+	0.03	=	0.18	0.01
		Post 2012 Active member	0.15	+	0.03	=	0.18	0.01
		Deferred member	0.15	+	0.03	=	0.18	0.01
	BlackRock UK Equity Index Fund	Pre 2012 Active member	0.10	+	0.00	=	0.10	0.02
		Post 2012 Active member	0.15	+	0.00	=	0.15	0.02
		Deferred member	0.20	+	0.00	=	0.20	0.02
	BlackRock World (ex-UK) Index Fund	Pre 2012 Active member	0.13	+	0.01	=	0.14	0.01
		Post 2012 Active member	0.15	+	0.01	=	0.16	0.01
		Deferred member	0.20	+	0.01	=	0.21	0.01
	BlackRock Over 5 Years UK Index-Linked Gilt Index Fund	Pre 2012 Active member	0.10	+	0.01	=	0.11	0.08
		Post 2012 Active member	0.15	+	0.01	=	0.16	0.08
		Deferred member	0.20	+	0.01	=	0.21	0.08
	BlackRock All Stocks Corporate Bond Index Fund	Pre 2012 Active member	0.13	+	0.02	=	0.15	0.06
		Post 2012 Active member	0.15	+	0.02	=	0.17	0.06
		Deferred member	0.20	+	0.02	=	0.22	0.06
	JMEPS Real Assets Fund	Pre 2012 Active member	0.57	+	0.00	=	0.57	0.03
		Post 2012 Active member	0.59	+	0.00	=	0.59	0.03
		Deferred member	0.65	+	0.00	=	0.65	0.03
	JMEPS Emerging Markets Equity Fund	Pre 2012 Active member	0.23	+	0.08	=	0.31	0.00
		Post 2012 Active member	0.25	+	0.08	=	0.33	0.00
		Deferred member	0.30	+	0.08	=	0.38	0.00

Appendix B: Charges and transaction costs continued

Funds removed during the reporting period

	Fund	Status	Fund charges (% p.a.) AMC	+	Add exp.	=	TER	T-cost (%)
All funds	JMEPS Global Equity Fund	Pre 2012 Active member	0.69	+	0.02	=	0.71	n/a
		Post 2012 Active member	0.70	+	0.02	=	0.72	n/a
		Deferred member	0.76	+	0.02	=	0.78	n/a
	JMEPS Sustainability Fund	Pre 2012 Active member	0.85	+	0.03	=	0.88	n/a
		Post 2012 Active member	0.95	+	0.03	=	0.98	n/a
		Deferred member	1.00	+	0.03	=	1.03	n/a
	JMEPS Global Corporate Bond Fund	Pre 2012 Active member	0.64	+	0.00	=	0.64	n/a
		Post 2012 Active member	0.73	+	0.00	=	0.73	n/a
		Deferred member	0.78	+	0.00	=	0.78	n/a

Charges expressed as '£ and p'

The above charge information is expressed as a % of fund value. Using the JMEPS Global Equity Index Tracker Fund (Post 2012 Active member) as example, the below table illustrates how to interpret this data as a monetary amount.

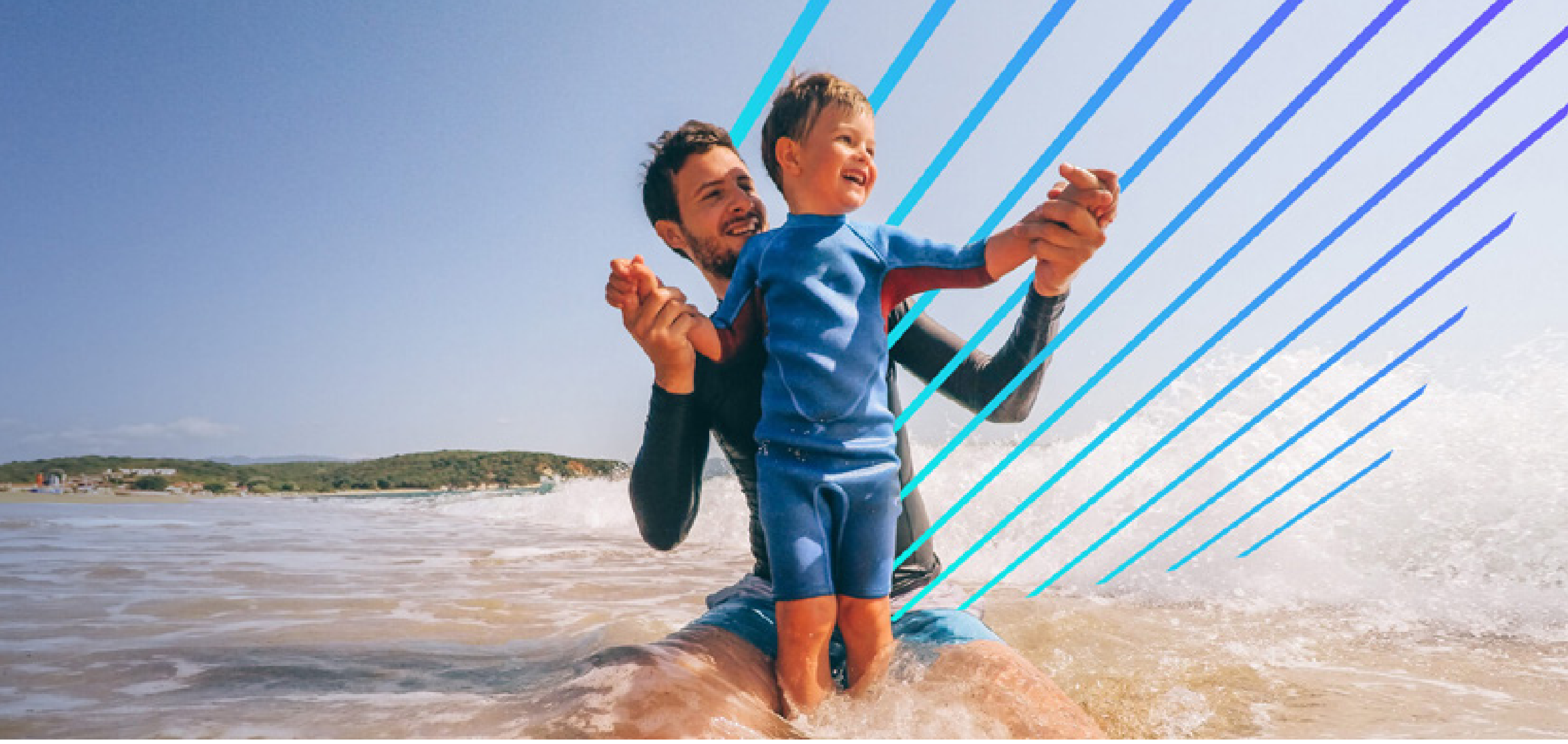
Charge	AMC	Additional expenses	TER	T-cost
%	0.28	0.02	0.30	0.05
£ cost for every £1,000 invested	£2.80	£0.20	£3.00	£0.50

Notes

*the figures in brackets represent the AMC prior to the underlying restructuring of the JMEPS Global Equity Index Tracker Fund which took place in March 2023.

All of the other above charges are correct as at 31 March 2023 and the transaction costs reported are all in respect of the period 1 April 2022 to 31 March 2023. Transaction costs were not available for part-year period for the funds removed as part of the March 2023 investment changes.

A zero cost has been reported where there has been a negative transaction cost (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.



Appendix C: Costs and charges illustrations

The following tables have been produced to show the compounding effect of costs and charges over time based on a range of funds available under the Scheme covering the default investment option, any individual funds that are deemed defaults as a result of previous mapping activities, the fund with the highest charge and the fund with the lowest charge. You should note that charges differ and these are illustrative only. The Trustee is required to include this information in the Chair's Statement and the relevant statutory guidance from the DWP has been taken into account when producing these illustrations.

The assumptions used are intended to model the behaviour of assets and market conditions over the long term. They are not meant to be reflective of the possible, or even likely, course of those investment markets in the short term. The return forecasts are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance of the future performance of the funds in question, either favourable or unfavourable. If you are considering making changes to your investment strategy, you should read through the Scheme's investment guide which includes details of each of the Scheme's investment funds and their objectives.

The investment guide can be found online at **https://elements.matthey.com**. Neither the Trustee, or JM Group Reward & Benefits can give you financial advice. You should seek advice form an independent financial adviser if you are unsure about your investment choices. For help with finding a financial adviser in your area, please contact Money Helper (the updated Money Advice Service) at **https://www.moneyhelper.org.uk/en?source=mas#**.

Appendix C: Costs and charges illustrations continued

Example member (A) – This example member is 18 years old with a pensionable salary of £30,000 per annum. Contributions of 9% of pensionable salary are being paid into JMEPS Elements Silver and the existing fund value is £7,500. Please refer to the notes at the end of this section for further details on the overall assumptions used. Please note the first table relates to the charges that apply for active members that joined the Company prior to 1 October 2012 and the second table relates to the charges that apply for active members that joined the Company after this date.

Pre 2012 charges

Period (yrs)		1	3	5	10	15	20	25	30	35	40	45	47
Drawdown Glidepath	Before	£10,700	£17,600	£25,300	£48,500	£78,900	£118,600	£170,200	£236,300	£320,200	£425,900	£553,500	£606,700
	After	£10,700	£17,500	£25,000	£47,600	£76,700	£114,200	£162,300	£222,700	£297,900	£390,700	£500,500	£545,700
BlackRock UK Equity Fund	Before	£10,600	£17,400	£24,900	£47,000	£75,300	£111,400	£157,400	£216,200	£291,300	£387,000	£509,200	£567,100
	After	£10,600	£17,400	£24,800	£46,600	£74,400	£109,600	£154,200	£210,900	£282,700	£373,800	£489,400	£543,900
BlackRock World Ex-UK Index Fund	Before	£10,700	£17,600	£25,300	£48,500	£78,900	£118,600	£170,500	£238,300	£326,900	£442,700	£594,100	£666,900
	After	£10,700	£17,500	£25,100	£48,000	£77,700	£116,200	£166,200	£230,900	£315,000	£424,000	£565,300	£633,000
BlackRock Over 15 Year UK Gilt Index Fund	Before	£10,400	£16,300	£22,500	£39,000	£57,300	£77,400	£99,600	£124,200	£151,300	£181,300	£214,300	£228,500
	After	£10,400	£16,300	£22,400	£38,700	£56,700	£76,400	£98,100	£121,800	£147,900	£176,600	£208,100	£221,500
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	£10,400	£16,300	£22,500	£39,000	£57,300	£77,400	£99,600	£124,200	£151,300	£181,300	£214,300	£228,500
	After	£10,400	£16,300	£22,400	£38,600	£56,500	£76,000	£97,500	£121,000	£146,700	£175,000	£205,900	£219,100
JMEPS Global Equity Index Tracker Fund	Before	£10,700	£17,600	£25,300	£48,500	£78,900	£118,600	£170,500	£238,300	£326,900	£442,700	£594,100	£666,900
	After	£10,700	£17,500	£25,000	£47,600	£76,700	£114,200	£162,500	£224,800	£305,000	£408,300	£541,400	£604,900
BlackRock All Stocks Corporate Bond Index	Before	£10,500	£16,700	£23,200	£41,500	£62,600	£87,200	£115,600	£148,600	£186,800	£231,100	£282,400	£305,200
	After	£10,400	£16,600	£23,100	£41,000	£61,500	£85,100	£112,200	£143,300	£179,000	£219,900	£267,000	£287,700
JMEPS Real Assets Fund	Before	£10,600	£17,000	£24,000	£44,200	£68,600	£98,400	£134,700	£178,800	£232,400	£297,700	£377,100	£413,400
	After	£10,500	£16,800	£23,600	£42,500	£65,000	£91,500	£122,800	£159,900	£203,700	£255,400	£316,600	£344,000
BlackRock Cash Fund	Before	£10,300	£16,100	£22,100	£37,800	£54,800	£73,000	£92,700	£113,800	£136,600	£161,200	£187,700	£198,900
	After	£10,300	£16,100	£22,000	£37,400	£53,800	£71,400	£90,200	£110,200	£131,500	£154,300	£178,600	£188,800

Post 2012 charges

Period (yrs)		1	3	5	10	15	20	25	30	35	40	45	47
Drawdown Glidepath	Before	£10,700	£17,600	£25,300	£48,500	£78,900	£118,600	£170,200	£236,300	£320,200	£425,900	£553,500	£606,700
	After	£10,700	£17,500	£25,000	£47,600	£76,600	£113,900	£161,700	£221,800	£296,600	£389,000	£498,000	£543,000
BlackRock UK Equity Fund	Before	£10,600	£17,400	£24,900	£47,000	£75,300	£111,400	£157,400	£216,200	£291,300	£387,000	£509,200	£567,100
	After	£10,600	£17,300	£24,700	£46,500	£74,000	£108,900	£153,000	£208,900	£279,500	£368,900	£482,000	£535,300
BlackRock World Ex-UK Index Fund	Before	£10,700	£17,600	£25,300	£48,500	£78,900	£118,600	£170,500	£238,300	£326,900	£442,700	£594,100	£666,900
	After	£10,700	£17,500	£25,100	£48,000	£77,600	£115,900	£165,600	£230,100	£313,500	£421,700	£561,800	£628,900
BlackRock Over 15 Year UK Gilt Index Fund	Before	£10,400	£16,300	£22,500	£39,000	£57,300	£77,400	£99,600	£124,200	£151,300	£181,300	£214,300	£228,500
	After	£10,400	£16,200	£22,400	£38,600	£56,400	£76,000	£97,300	£120,800	£146,400	£174,500	£205,300	£218,500
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	£10,400	£16,300	£22,500	£39,000	£57,300	£77,400	£99,600	£124,200	£151,300	£181,300	£214,300	£228,500
	After	£10,400	£16,200	£22,300	£38,500	£56,200	£75,600	£96,800	£119,900	£145,200	£172,900	£203,200	£216,000
JMEPS Global Equity Index Tracker Fund	Before	£10,700	£17,600	£25,300	£48,500	£78,900	£118,600	£170,500	£238,300	£326,900	£442,700	£594,100	£666,900
	After	£10,700	£17,500	£25,000	£47,600	£76,600	£113,900	£162,000	£223,900	£303,600	£406,100	£538,100	£601,000
BlackRock All Stocks Corporate Bond Index	Before	£10,500	£16,700	£23,200	£41,500	£62,600	£87,200	£115,600	£148,600	£186,800	£231,100	£282,400	£305,200
	After	£10,400	£16,600	£23,100	£40,900	£61,400	£84,900	£111,900	£142,800	£178,200	£218,900	£265,500	£286,000
JMEPS Real Assets Fund	Before	£10,600	£17,000	£24,000	£44,200	£68,600	£98,400	£134,700	£178,800	£232,400	£297,700	£377,100	£413,400
	After	£10,500	£16,800	£23,500	£42,500	£64,900	£91,300	£122,500	£159,300	£202,800	£254,100	£314,800	£342,000
BlackRock Cash Fund	Before	£10,300	£16,100	£22,100	£37,800	£54,800	£73,000	£92,700	£113,800	£136,600	£161,200	£187,700	£198,900
	After	£10,300	£16,100	£22,000	£37,400	£53,800	£71,400	£90,200	£110,200	£131,500	£154,300	£178,600	£188,800

Appendix C: Costs and charges illustrations continued

Example member (B) – This example member is 43 years old with a pensionable salary of £55,000 per annum. Contributions of 15% of pensionable pay over the earnings threshold paid into JMEPS Elements Gold and the existing fund value is £10,000. No contributions are being made into JMEPS Extra. Please refer to the notes at the end of this section for further details on the overall assumptions used. Please note the first table relates to the charges that apply for active members that joined the Company prior to 1 October 2012 and the second table relates to the charges that apply for active members that joined the Company after this date.

Pre 2012 charges

Period (yrs)		1	3	5	10	15	20	22
Drawdown Glidepath	Before	£11,000	£13,200	£15,600	£22,700	£31,800	£42,700	£47,400
	After	£11,000	£13,100	£15,400	£22,100	£30,500	£40,400	£44,600
BlackRock UK Equity Fund	Before	£11,000	£13,100	£15,400	£22,200	£31,000	£42,100	£47,400
	After	£11,000	£13,000	£15,300	£22,000	£30,500	£41,200	£46,300
BlackRock World Ex-UK Index Fund	Before	£11,000	£13,200	£15,700	£23,200	£32,900	£45,600	£51,800
	After	£11,000	£13,200	£15,600	£22,900	£32,300	£44,500	£50,300
BlackRock Over 15 Year UK Gilt Index Fund	Before	£10,700	£12,000	£13,500	£17,300	£21,500	£26,100	£28,100
	After	£10,700	£12,000	£13,400	£17,100	£21,200	£25,700	£27,600
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	£10,700	£12,000	£13,500	£17,300	£21,500	£26,100	£28,100
	After	£10,600	£12,000	£13,400	£17,100	£21,100	£25,500	£27,400
JMEPS Global Equity Index Tracker Fund	Before	£11,000	£13,200	£15,700	£23,200	£32,900	£45,600	£51,800
	After	£11,000	£13,100	£15,500	£22,600	£31,700	£43,500	£49,100
BlackRock All Stocks Corporate Bond Index	Before	£10,800	£12,400	£14,100	£18,800	£24,300	£30,600	£33,400
	After	£10,700	£12,300	£13,900	£18,500	£23,700	£29,600	£32,300
JMEPS Real Assets Fund	Before	£10,900	£12,700	£14,700	£20,400	£27,400	£35,900	£39,800
	After	£10,800	£12,500	£14,300	£19,400	£25,500	£32,600	£35,800
BlackRock Cash Fund	Before	£10,600	£11,900	£13,200	£16,600	£20,200	£24,200	£25,800
	After	£10,600	£11,800	£13,000	£16,300	£19,800	£23,500	£25,000

Post 2012 charges

Period (yrs)		1	3	5	10	15	20	22
Drawdown Glidepath	Before	£11,000	£13,200	£15,600	£22,700	£31,800	£42,700	£47,400
	After	£11,000	£13,100	£15,400	£22,100	£30,400	£40,300	£44,500
BlackRock UK Equity Fund	Before	£11,000	£13,100	£15,400	£22,200	£31,000	£42,100	£47,400
	After	£11,000	£13,000	£15,200	£21,900	£30,300	£40,900	£45,900
BlackRock World Ex-UK Index Fund	Before	£11,000	£13,200	£15,700	£23,200	£32,900	£45,600	£51,800
	After	£11,000	£13,200	£15,600	£22,800	£32,200	£44,300	£50,100
BlackRock Over 15 Year UK Gilt Index Fund	Before	£10,700	£12,000	£13,500	£17,300	£21,500	£26,100	£28,100
	After	£10,600	£12,000	£13,400	£17,000	£21,100	£25,500	£27,400
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	£10,700	£12,000	£13,500	£17,300	£21,500	£26,100	£28,100
	After	£10,600	£12,000	£13,300	£17,000	£21,000	£25,300	£27,200
JMEPS Global Equity Index Tracker Fund	Before	£11,000	£13,200	£15,700	£23,200	£32,900	£45,600	£51,800
	After	£11,000	£13,100	£15,500	£22,500	£31,600	£43,300	£48,900
BlackRock All Stocks Corporate Bond Index	Before	£10,800	£12,400	£14,100	£18,800	£24,300	£30,600	£33,400
	After	£10,700	£12,300	£13,900	£18,400	£23,600	£29,500	£32,200
JMEPS Real Assets Fund	Before	£10,900	£12,700	£14,700	£20,400	£27,400	£35,900	£39,800
	After	£10,800	£12,500	£14,300	£19,400	£25,400	£32,500	£35,700
BlackRock Cash Fund	Before	£10,600	£11,900	£13,200	£16,600	£20,200	£24,200	£25,800
	After	£10,600	£11,800	£13,000	£16,300	£19,800	£23,500	£25,000

Appendix C: Costs and charges illustrations continued

Example member (C) – This example member is 50 years old with a pensionable salary of £70,000 per annum. Contributions of 21% of pensionable pay over the earnings threshold are being paid into JMEPS Elements Platinum and this member is also contributing 3% into JMEPS Extra (and is receiving the Company's 3% matching contribution). The existing fund value is £60,000. Please refer to the notes at the end of this section for further details on the overall assumptions used. Please note the first table relates to the charges that apply for active members that joined the Company prior to 1 October 2012 and the second table relates to the charges that apply for active members that joined the Company after this date.

Pre 2012 charges

Period (yrs)		1	3	5	10	15
Drawdown Glidepath	Before	£71,300	£95,700	£122,700	£202,200	£296,200
	After	£71,100	£94,900	£121,000	£197,000	£285,400
BlackRock UK Equity Fund	Before	£71,200	£95,300	£121,800	£200,800	£301,500
	After	£71,100	£95,000	£121,200	£198,900	£297,400
BlackRock World Ex-UK Index Fund	Before	£71,500	£96,500	£124,200	£208,200	£317,900
	After	£71,400	£96,100	£123,500	£205,800	£312,600
BlackRock Over 15 Year UK Gilt Index Fund	Before	£69,300	£88,400	£108,300	£161,500	£220,400
	After	£69,200	£88,100	£107,800	£160,300	£217,900
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	£69,300	£88,400	£108,300	£161,500	£220,400
	After	£69,200	£88,000	£107,600	£159,800	£217,000
JMEPS Global Equity Index Tracker Fund	Before	£71,500	£96,500	£124,200	£208,200	£317,900
	After	£71,300	£95,800	£122,800	£203,700	£307,900
BlackRock All Stocks Corporate Bond Index	Before	£69,900	£90,600	£112,600	£173,600	£244,400
	After	£69,800	£90,200	£111,700	£171,100	£239,300
JMEPS Real Assets Fund	Before	£70,600	£92,900	£117,200	£186,700	£271,300
	After	£70,200	£91,600	£114,400	£178,700	£254,800
BlackRock Cash Fund	Before	£69,000	£87,300	£106,100	£155,800	£209,400
	After	£68,800	£86,800	£105,300	£153,700	£205,300

Post 2012 charges

Period (yrs)		1	3	5	10	15
Drawdown Glidepath	Before	£71,300	£95,700	£122,700	£202,200	£296,200
	After	£71,100	£94,900	£120,900	£196,900	£285,100
BlackRock UK Equity Fund	Before	£71,200	£95,300	£121,800	£200,800	£301,500
	After	£71,100	£94,900	£121,000	£198,100	£295,800
BlackRock World Ex-UK Index Fund	Before	£71,500	£96,500	£124,200	£208,200	£317,900
	After	£71,400	£96,000	£123,400	£205,500	£311,900
BlackRock Over 15 Year UK Gilt Index Fund	Before	£69,300	£88,400	£108,300	£161,500	£220,400
	After	£69,200	£88,000	£107,600	£159,700	£216,800
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	£69,300	£88,400	£108,300	£161,500	£220,400
	After	£69,100	£87,900	£107,400	£159,200	£215,900
JMEPS Global Equity Index Tracker Fund	Before	£71,500	£96,500	£124,200	£208,200	£317,900
	After	£71,300	£95,700	£122,700	£203,400	£307,300
BlackRock All Stocks Corporate Bond Index	Before	£69,900	£90,600	£112,600	£173,600	£244,400
	After	£69,800	£90,100	£111,700	£170,900	£238,800
JMEPS Real Assets Fund	Before	£70,600	£92,900	£117,200	£186,700	£271,300
	After	£70,200	£91,500	£114,300	£178,500	£254,200
BlackRock Cash Fund	Before	£69,000	£87,300	£106,100	£155,800	£209,400
	After	£68,800	£86,800	£105,300	£153,700	£205,300

Appendix C: Costs and charges illustrations continued

Example member (Deferred) – This example member is 45 years old with a DC fund size of £20,000. They have no contributions being paid into the Scheme. Please refer to the notes at the end of this section for further details on the overall assumptions used.

Deferred charges

Period (yrs)		1	3	5	10	15	20
Drawdown Glidepath	Before	£21,100	£23,400	£25,900	£33,300	£42,600	£53,100
	After	£21,000	£23,100	£25,400	£32,000	£40,200	£49,000
BlackRock UK Equity Fund	Before	£21,000	£23,200	£25,500	£32,600	£41,600	£53,100
	After	£21,000	£23,000	£25,200	£31,900	£40,200	£50,800
BlackRock World Ex-UK Index Fund	Before	£21,100	£23,500	£26,100	£34,200	£44,600	£58,400
	After	£21,100	£23,300	£25,900	£33,400	£43,200	£55,900
BlackRock Over 15 Year UK Gilt Index Fund	Before	£20,400	£21,200	£22,100	£24,400	£26,900	£29,700
	After	£20,400	£21,100	£21,900	£23,900	£26,100	£28,500
BlackRock Over 5 Year UK Index Linked Gilt Fund	Before	£20,400	£21,200	£22,100	£24,400	£26,900	£29,700
	After	£20,400	£21,100	£21,800	£23,800	£25,900	£28,300
JMEPS Global Equity Index Tracker Fund	Before	£21,100	£23,500	£26,100	£34,200	£44,600	£58,400
	After	£21,000	£23,200	£25,700	£33,000	£42,300	£54,300
BlackRock All Stocks Corporate Bond Index	Before	£20,600	£21,900	£23,200	£26,900	£31,200	£36,100
	After	£20,500	£21,700	£22,900	£26,200	£30,000	£34,300
JMEPS Real Assets Fund	Before	£20,800	£22,500	£24,300	£29,600	£36,000	£43,800
	After	£20,700	£22,100	£23,500	£27,700	£32,600	£38,400
BlackRock Cash Fund	Before	£20,300	£20,900	£21,500	£23,200	£25,000	£26,900
	After	£20,300	£20,800	£21,300	£22,800	£24,300	£25,900

Assumptions and notes:

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
- Contributions and costs/charges are shown as a monetary amount and reductions are made halfway through the year.
- Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
- Charges and costs are deducted before applying investment returns.
- Switching costs are not considered in the lifestyle strategy.
- Inflation is assumed to be 2.5% each year.
- Contributions are assumed to be paid from age 18 to 65 for the Silver member, 43 to 65 for the Gold member and 50 to 65 for the Platinum member; contributions increase in line with assumed earnings inflation of 0% per year (in real terms).
- Values shown are estimates and are not guaranteed.

Appendix C: Costs and charges illustrations continued

- The real projected growth rates for each fund are as follows:
  - Drawdown Glidepath (default strategy) – from 4.125% – 5.50% p.a. (adjusted depending on term to retirement)
  - BlackRock UK Equity Fund – 5.00% p.a.
  - BlackRock World (Ex-UK) Equity Fund – 5.50% p.a.
  - BlackRock Over 15 Year UK Gilt Index Fund – 2.00% p.a.
  - BlackRock Over 5 Year UK Index Linked Gilt Fund – 2.00% p.a.
  - JMEPS Global Equity Index Tracker Fund – 5.50% p.a.
  - BlackRock All Stocks Corporate Bond Index – 3.00% p.a.
  - JMEPS Real Assets Fund – 4.00% p.a.
  - BlackRock Cash Fund – 1.50% p.a.

- Transactions costs and other charges have been provided by Aegon and averaged over the period 01 April 2020 to 31 March 2023 (the longest complete period available) with the exception of the JMEPS Real Assets Fund where transaction cost data is only available for the one year period 1 April 2022 – 31 March 2023. The transaction costs for Blended funds were estimated by WTW based on the transaction costs for the underlying funds.
- A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.
- Pension scheme's normal retirement age is 65.

Appendix D: DC Statement of Investment Principles

Section 1: Introduction

Scheme details

1.1 This document describes the investment policy pursued by the Johnson Matthey Employees Pension Scheme (JMEPS, the "Scheme") Trustee.

1.2 The Scheme operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries. The Scheme operates several Defined Contribution (DC) sections (listed below). This Statement of Investment Principles (SIP) is only applicable to the DC sections of the Scheme.

I. JMEPS DC
II. JMEPS Elements (Investment Account)
III. JMEPS Extra

1.3 The Scheme is a registered pension scheme under the Finance Act 2004.

Pensions Acts

1.4 Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustee is required to prepare a statement of the principles governing investment decisions. This document contains that statement and describes the investment principles adopted by the Trustee of the Scheme.

1.5 Before preparing this document, the Trustee has consulted Johnson Matthey ('the Sponsor') and the Trustee will consult the Sponsor before revising this document. However, the ultimate power and responsibility for deciding DC investment policy lies solely with the Trustee.

1.6 In drawing up this document, the Trustee has sought advice from the Scheme's DC Investment Consultant, WTW. Before preparing this document, the Trustee has had regard to the requirements of Section 36 of the Pensions Act 1995 concerning diversification of investments and suitability of investments. The Trustee will consider those requirements on any review of this document, or any change in their investment policy. The Trustee will refer to this document where necessary to ensure that it exercises its powers of investment to give effect to the principles set out in it as far as is reasonable.

Financial Services and Markets Act 2000

1.7 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to appointed investment managers, which may include an insurance company or companies.

Regulatory guidance

1.8 The Pensions Regulator has several regulatory tools, including issuing Codes of Practice to enable it to meet its statutory objectives. Codes of Practice provide practical guidelines on the requirements of pensions legislation. This document has been drafted in the light of the Code of Practice and specifically its recommendations relating to the content of Statements of Investment Principles generally.

Appendix D: DC Statement of Investment Principles continued

Section 2: Division of Responsibilities

2.1 The Trustee has ultimate responsibility for decision-making on DC investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some of these responsibilities.

Trustee

2.2 The Scheme Trustee will exercise their powers of investment in accordance with the provisions of regulation 4 of the Occupational Pension Schemes (Investment) Regulations (2005). As such, the Trustee's responsibilities include:

I. Reviewing the content of this Statement of Investment Principles and modifying it if deemed appropriate, in consultation with the Investment Consultant and the Sponsor.
II. Developing a work plan for the Scheme.
III. Setting terms of reference for the Trustee and appointing the members of the Trustee Board.
IV. Assessing its own performance and that of its advisors and delegates in fulfilling the requirements of the work plan.
V. Reporting to Scheme members as appropriate on the content of and compliance with this statement.
VI. Monitoring investment arrangements on an ongoing basis.
VII. Appointing and discharging the underlying investment manager(s).
VIII. Assessing the quality of the performance and processes of the investment managers by means of regular reviews of the investment results and other information, in consultation with the Investment Consultant.
IX. Monitoring and considering the appropriateness of the investment strategy, having regard to the need for diversification of investment so far as is appropriate and to the suitability of investments.
X. To monitor investment choices made by members.

Platform provider

2.3 Aegon as the investment platform provider will be responsible for:

I. Providing access to a range of funds managed by various investment managers.
II. Providing the Trustee with regular information concerning the management and performance of the assets.
III. The independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Trustee.

Investment managers

2.4 The underlying DC investment managers' responsibilities include:

I. Managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation.
II. Taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets.
III. Exercising rights (including voting rights) attaching to investments and undertaking engagement activities in respect of investments.
IV. Having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

Appendix D: DC Statement of Investment Principles continued

Investment Consultant

2.6 The Investment Consultant's responsibilities include:

I. Participating with the Trustee in reviews of this Statement of Investment Principles.
II. Undertaking project work as required including transitions and implementations, strategy reviews and reviews of the investment managers.
III. Advising the Trustee on topics such as the ones described below:
   a. How any changes within the Scheme's membership profile may affect the investment funds or Glidepath options offered.
   b. How any changes in the investment managers' organisations could affect the interests of the Scheme.
   c. How any changes in the investment environment could either present opportunities or problems for the Scheme.
IV. Undertaking trustee education on DC investment matters.
V. Providing commentary on investment performance.
VI. Providing general advice in respect of the Scheme's investment activities.
VII. Providing views of the investment managers employed by the Scheme.
VIII. Providing accurate and timely deliverables as agreed with the Trustee.
IX. Delivering advice in a clear and engaging manner to the Trustee.
X. Reflecting any Trustee-specific investment beliefs and Scheme-specific circumstances in the advice provided.
XI. Facilitating a review of the Trustees' investment governance arrangements.
XII. Negotiating a competitive fee basis for the proposed manager mandates, on the Trustee's behalf.
XIII. Ensuring that the Trustee's policy on ESG including climate change is integrated into the advice provided.

Section 3: Objective and Investment Strategy

3.1 Within the defined contribution sections members' benefits are dependent on the amount of money paid into their individual accounts, performance of investments and annuity rates at retirement.

Investment Objective

3.2 The Trustee's objective is to make available to members a programme of investment via pooled funds which seek to generate income and capital growth which, together with new contributions from members and the Sponsor, will provide a fund at retirement with which to provide retirement benefits.

Investment Strategy

3.3 The Trustee recognises that investment is essentially about decision making in an uncertain and complex environment. To help bring clarity to the decision-making process, the Trustee has established an investment beliefs framework which is in line with achieving the investment objective for the Scheme. This was last agreed in December 2021 and will be considered periodically and as part of any future investment review.

3.4 The Trustee believes that following an effective set of investment beliefs allows a coherent and consistent approach to investment that leads to a better suite of options which are tailored to members' needs.

3.5 The Scheme's investment fund options are sourced through various investment managers.

Appendix D: DC Statement of Investment Principles continued

3.6 A full list of the range of funds offered is shown in Appendix A.

3.7 The Scheme also offers three pre-determined glidepath strategies for members. The aim of the glidepath strategies is for members to achieve a reasonable level of long-term growth on the investments over the majority of their working life, with an element of risk protection as retirement approaches. All three strategies have been designed to comply with the charge cap of 0.75%.

3.8 The Default Glidepath strategy for JMEPS DC, JMEPS Investment and JMEPS Extra Account members is called the "Drawdown Glidepath strategy". It is a 'white-labelled' strategy that invests in the JMEPS Global Equity Index-Tracker Fund before switching to the JMEPS Diversified Growth Fund over a 20-year period beginning 25 years from retirement. Members then start switching into the BlackRock Cash Fund five years from retirement. At the member's target retirement age, the asset split is 75% JMEPS Diversified Growth Fund and 25% BlackRock Cash.

3.9 The "Annuity Glidepath strategy" is offered as an alternative glidepath strategy. It is a 'white-labelled' strategy that invests in the JMEPS Global Equity Index-Tracker Fund before switching to the JMEPS Diversified Growth Fund over a 20-year period beginning 25 years from retirement. Members then start switching into the BlackRock Over 15 Year Gilt Index and BlackRock Cash Fund from ten and five years before retirement respectively. At the member's target retirement age, the asset split is 85% BlackRock Over 15 Year Gilt Index Fund and 15% BlackRock Cash Fund.

3.10 There is an additional glidepath strategy called the "Cash Glidepath strategy". It is a 'white-labelled' strategy that invests in the JMEPS Global Equity Index-Tracker Fund, before switching to the JMEPS Diversified Growth Fund over a 20-year period beginning 25 years from retirement.

Members then start switching into the BlackRock Cash Fund from five years before retirement. At the member's target retirement age, the asset split is 70% BlackRock Cash and 30% JMEPS Diversified Growth Fund.

Default Options

3.11 The Trustee offers members the option to invest in the range of funds described in Appendix A entirely at their discretion. If members opt to join the Scheme and do not make a choice, they will be automatically enrolled into the Default Glidepath (noted above) with a default target retirement age of 65.

3.12 The Trustee designed the Default Glidepath strategy in conjunction with their investment advisers, with due regard for the best interests of members invested in the default option, having given in-depth consideration to the Scheme's demographic profile and the retirement outcome needs and risk tolerance of the membership. Due consideration was also given to charge cap compliance.

Appendix D: DC Statement of Investment Principles continued

3.13 In addition to the above, the Trustee has historically selected various investment options for the purposes of fund mapping exercises. In such cases, in order to consider the best interests of these groups of members, the Trustee's policy is to select suitable 'like for like' investments to most closely match the prior investments. The Trustee's aims and objectives, expected risks and returns of these 'default arrangements' are consistent with their overarching investment strategy, monitoring and risk management policies as set out in this document.

I. As a result of the AVC rationalisation exercise conducted in 2013/14, the Trustee considers the following investment options to be default arrangements as they all received member assets on a non-consent basis:
   i. BlackRock UK Equity Index Fund
   ii. BlackRock World (ex-UK) Index Fund
   iii. BlackRock Over 15 years UK Gilt Index Fund
   iv. BlackRock Over 5 Years UK Index-Linked Gilt Index Fund
   v. BlackRock Cash Fund
   vi. JMEPS Diversified Growth Fund
   vii. Cash Glidepath strategy

   The investment funds were chosen as they represented the closest equivalents to the members' prior investments in terms of broad asset class exposure, investment objective and expected risk and return.

   The Cash Glidepath strategy was chosen to receive members' with-profits assets as it offered a gradual risk reduction approach over time with increasing capital protection as members get closer to retirement.

II. The Trustee also considers the JMEPS Global Equity Index Tracker Fund and the Aegon BlackRock Corporate Bond Fund to be default arrangements as it has received member assets on a non-consent basis from members previously invested in the BlackRock Global Equity (30:70) Index Fund and the JMEPS Global Corporate Bond Fund, respectively, as a result of the investment strategy changes implemented in 2020 and 2023. The JMEPS Global Equity Index Tracker Fund aims to achieve a return consistent with a composite market capitalisation global equity index, which take account of ESG and Climate risks and opportunities through the use of exclusions and tilts to portfolio weights. The Aegon BlackRock Corporate Bond Fund aims to track the return of a UK index market composed of sterling denominated investment-grade corporate bonds.

3.14 The Trustee's other investment policies set out in Section 4 covering sustainable investing, rights attached to investments, liquidity and realisation of investments, diversification, suitability and fee basis apply to the default arrangements.

3.15 The Trustee's policies regarding its investment manager arrangement set out in Section 5 covering investment manager structure, performance objectives and fees apply to the default arrangements.

Expected Risk and Return

3.16 The investment options invest in the following assets and have the following risk and expected return characteristics:

I. Equities – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be highly volatile in the short term.

II. Real assets – expected to produce returns in line with the infrastructure sector in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.

III. Diversified assets – expected to produce returns in excess of rates of salary and price inflation in the medium to long term. Capital values may be volatile in the short term although this is expected to be less than for equities.

IV. Bonds – capital values are likely to be less volatile than equities but tend to produce lower returns in the medium to long term. The value of bonds are expected to move broadly in line with the price of annuities, providing some protection to the 'purchasing power' of a member's account near retirement (for those members electing to purchase an annuity).

V. Cash – low risk to capital and asset values are easily realisable with limited investment returns associated with the low risk nature of the assets.

Additional Voluntary Contributions ('AVCs')

3.17 The Scheme provides a facility for members to pay AVCs into the Scheme (through JMEPS Extra) to enhance their benefits at retirement. The Company offers a matched contribution up to certain levels. Members have the choice of investing their AVC in any combination of self-select or glidepath investment options. The Trustee's objective is to provide funds which will offer a suitable long-term return for members, consistent with members' investment needs as they approach retirement age.

Section 4: Other investment policies

The Trustee also faces other requirements relating to investment, be they legislative or considered best practice.

Sustainable investing

4.1 The Trustee takes account of financially material risks and opportunities in consultation with its advisers. All risks and opportunities are considered for materiality and impact within a risk management framework, which takes account of members' investment time horizons and objectives. The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.

4.2 The Trustee's policy is that day-to-day decisions relating to the investment of the Plan's assets is left to the discretion of the investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. The Trustee explores these issues with its advisers to understand how the investment managers exercise these duties in practice.

4.3 When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with their adviser, look to take account of the approach taken by investment managers with respect to sustainable investing including engagement and voting policies where relevant.

4.4 The Trustee have selected the underlying funds within the JMEPS Global Equity Index Tracker Fund that aim to track indices that incorporate ESG and/or Climate change factors. Such factors are considered through exclusions or adjustments to the index weights.

4.5 The Trustee monitors investment managers' sustainable investment practices, including the approach to ESG integration within the investment process, by meeting with investment managers periodically.

4.6 Member views on non-financial matters are not currently taken into account.

Rights attached to investments

4.7 The Trustee's policy is to delegate responsibility for the exercising of ownership rights (including engagement and voting rights) attaching to investments to the investment managers and the Trustee expects these to be exercised in an appropriate manner. The Trustee recognises the UK Stewardship Code as best practice and encourages their investment managers, via their adviser, to comply with the UK Stewardship Code or explain where they do not adhere to this policy. Furthermore, in alignment with the Trustee's ESG Policy, the Trustee have replicated their priorities in order to maintain consistency across their stewardship policy, which highlights two main areas of ESG focus:

- Climate change risk and the transition to a low carbon economy (i.e. achieving net zero emissions);
- The exclusion of investments from companies or countries that demonstrate poor human rights practices.

Liquidity and realisation of investments

4.8 The Trustee's policy is that members' accounts are held in funds that trade regularly, typically daily, which can be realised promptly to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.

4.9 The default arrangements do not include a specific allocation to illiquid assets, although there may be an allocation to illiquid assets within the JMEPS Diversified Growth Fund at the discretion of the investment manager. The Trustee's policy is to invest in assets that are sufficiently liquid to allow them to be realised readily and typically daily dealt. The Trustee does not currently have any plans to invest in illiquid assets in the future.

Diversification

4.10 The Trustee believes that the provision of the investment funds and the three glidepath strategies meet the Scheme's investment needs and that these funds provide adequate diversification of investments.

Suitability

4.11 The Trustee has taken advice from the Investment Consultant to ensure that the investment options are suitable for the Scheme. The Scheme continues to monitor, and take advice on, the various options on an ongoing basis.

Appendix D: DC Statement of Investment Principles continued

Fee basis

4.12 Members bear the investment management charges on their investment. These fees are charged by adjustment to the unit prices within the funds, calculated daily on the value that day.

4.13 The Trustee is aware of the importance of fees for members over long periods and therefore take into account the level of fees when selecting funds and seek to negotiate improved terms where possible. The Trustee will keep this under periodic review.

Section 5: Investment Manager Arrangements

Investment Manager Structure

5.1 Currently, the Scheme offers members a range of self-select and glidepath investment options as listed in Appendix A.

5.2 The Scheme has two white-labelled funds the JMEPS Diversified Growth Fund and the JMEPS Global Equity Index Tracker Fund. White-labelling refers to the process of using a generic name for each investment option offered to members. White-labelling allows for underlying components to be changed more easily. In addition, the use of white labelled investment options that are not specifically branded by reference to the manager makes it potentially easier (at a high level) for members to understand where they are investing their assets. The assets of the Scheme are invested with investment managers appointed by the Trustee.

5.3 The Trustee's policy is to obtain ongoing advice on whether these funds continue to be satisfactory as required by the Pensions Act and that the various investment managers continue to be appropriate DC investment managers.

5.4 The Trustee has delegated day-to-day management of the assets to the investment managers.

5.5 The Scheme is in a contractual insurance policy with the platform provider, which allows the Scheme to access a number of different funds and managers. The Trustee ensures that, in aggregate, its portfolio is aligned with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are aligned with its policies, where relevant to the mandate in question. These considerations also apply in the appointment process of new investment managers and arrangements.

5.6 To maintain alignment, managers are provided with the most recent version of the Scheme's Statement of Investment Principles on an annual basis to ensure they are aware of the Trustee's expectations regarding how the Scheme's assets are being managed.

5.7 The Trustee monitors the manager's investment approach to assess alignment with the Trustee's policy. This monitoring process includes, but is not limited to, specific consideration of the sustainable investment/ESG characteristics of the fund and the managers' engagement activities. Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee's policy is to engage with the manager to ascertain the reasons for this and whether closer alignment can be achieved. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the Trustee will consider alternative options available in order to consider terminating and replacing the Investment Manager. The managers have been informed of this by the Trustee's Investment Consultant to incentivise alignment.

5.8 For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity with the underlying issuers of debt or equity to drive improved performance over these periods. The Trustee may select certain investment funds where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making.

5.9 The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Performance Objectives

5.10 Whilst the Trustee is not involved in each investment managers' day to day method of operation and therefore cannot directly influence attainment of the performance target, it will regularly assess performance and review appointments in line with its SIP policies.

5.11 The investment managers set performance objectives and risk tolerances for each of the Scheme's funds. The Trustee considers these investment performance objectives to be appropriate to assess each fund's performance against.

5.12 The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Scheme or any part of it.

5.13 The Trustee receive investment manager performance reports on a quarterly basis, which present performance information over 3 month, 1 year, 3 year and 5 year time periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period).

5.14 The Trustee's focus is on long-term performance but may review a manager's appointment if:

I. There are sustained periods of underperfomance;
II. There is a change in the portfolio manager or portfolio team;
III. There is a change in the underlying objectives of the investment manager;
IV. There is a significant change in the management of the fund;
V. There is a concern at the manager's approach to ESG and climate change;
VI. The manager's investment approach does not align with the Trustee's policies.

Fees

5.15 Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee has accepted the fees of the Scheme's investment manager in line with the manager's stated fee scale.

5.16 The Trustee reviews the costs incurred in managing the Scheme's assets regularly, which includes the costs associated with portfolio turnover, including regular engagement with Investment Managers on this subject and through the receipt of cost and charges reporting. There is no broad targeted portfolio turnover (how frequently assets within a fund are bought and sold by Investment Managers) which the Trustee adheres to. The Trustee, with the help of the Investment Consultant, will monitor that the level of portfolio turnover remains appropriate in the context of the Investment Managers' strategy and the Plan's investment strategy.

5.17 The Trustee will pay fees to WTW based on time cost (or as agreed in advance for specific projects).

Section 6: Risk Management

6.1 The Scheme recognises specific investment risks which can be managed by the range of investment options provided to the members. These are:

(i) 'Inflation risk' – the risk that the investment return over members' working lives does not keep pace with inflation and does not therefore secure an adequate pension.
(ii) 'Conversion risk' – the risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the benefits secured.
(iii) 'Shortfall' or 'opportunity cost' risk – the risk that members end up with insufficient funds at retirement with which to secure a reasonable income.
(iv) 'Manager risk' – the risk that the chosen investment manager underperforms the benchmark against which the investment manager is assessed.
(v) 'Capital risk' – the risk of a fall in the value of the members' fund.

6.2 The funds offered through the Scheme have been chosen, in part, to help members mitigate these risks.

Appendix D: DC Statement of Investment Principles continued

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme:

1. **Manager risk:**
   I. is measured by the expected deviation of the prospective risk and return, as set out in the managers' objectives, relative to the investment policy.
   II. is managed by monitoring the actual deviation of returns relative to the objective and factors supporting the managers' investment processes.

2. **Liquidity risk:**
   I. is measured by the amount of a pooled fund investment that can be redeemed by members over a specified period.
   II. is managed by typically offering members pooled funds that are readily redeemable in normal circumstances at reasonable prices.

3. **Political risk:**
   I. is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention.
   II. is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.

4. **Diversification risk:**
   I. is measured by observing the relative and absolute volatility of the investment options.
   II. is managed through the selection of broad-based funds that show internal diversification, as well as by offering the membership a fund range which provides for reasonable diversification.

5. **Currency risk:**
   I. is measured by observing the difference between hedged and unhedged returns.
   II. is managed by providing the membership with a number of GBP based investment options and communicating those funds which invest overseas.

6. **ESG and Climate Change Risk:**
   I. is measured through engagement and reporting from the managers to understand the level of ESG and climate change risks present in the investment funds.
   II. is managed by monitoring managers' sustainable investment practices, including the approach to ESG integration within the investment process, to ensure alignment with the Trustee's policies and beliefs.
   III. the Trustee has created a specific ESG policy to facilitate effective management of this risk. The purpose of the ESG Policy is to sit alongside the Scheme's Statement of Investment Principles ("SIP") and Climate Delegation Framework, formalising the Trustee's ESG beliefs and its policy on how ESG factors should be integrated into investment decision making.

Appendix D: DC Statement of Investment Principles continued

Section 7: Compliance with and Review of this Statement

Compliance with this Statement

7.1 The Trustee will monitor compliance with this Statement annually.

Review of this Statement

7.2 The Trustee will review this Statement in response to any material changes to any aspects of the Scheme, its membership profile and the attitude to risk of the Trustee, which it judges to have a bearing on the stated investment policy.

7.3 This review will occur no less frequently than every three years or at the time of any changes to the fund range. Any such review will be based on written expert investment advice and the Sponsor will be consulted.

Appendix D: DC Statement of Investment Principles continued

Appendix A: Fund range

UK Equity	BlackRock UK Equity Index Fund
JMEPS Diversified Growth	LGIM Diversified Fund
JMEPS Real Assets	LGIM Infrastructure Index Fund
Overseas Equity	BlackRock World (ex-UK) Index Fund
JMEPS Global Equity Index Tracker	50% LGIM FTSE TPI Global (ex Fossil Fuels) Equity Index: 45% BlackRock World ESG Equity Tracker: 5% BlackRock EM Equity Index
Corporate Bonds	BlackRock Corporate Bond All Stocks Index Fund
Government Bonds	BlackRock Over 15 Years UK Gilt Index Fund BlackRock Over 5 Years UK Index-Linked Gilt Index Fund
Emerging Markets Equity	BlackRock Emerging Markets Equity Index
Cash	BlackRock Cash Fund

Funds in the Glidepath Strategies	
Drawdown Glidepath Strategy (Default)	JMEPS Global Equity Index Tracker Fund JMEPS Diversified Growth Fund BlackRock Cash Fund
Annuity Glidepath Strategy	JMEPS Global Equity Index Tracker Fund JMEPS Diversified Growth Fund BlackRock Over 15 Years UK Gilt Index Fund BlackRock Cash Fund
Cash Glidepath Strategy	JMEPS Global Equity Index Tracker Fund JMEPS Diversified Growth Fund BlackRock Cash Fund

Appendix E: Annual Implementation Statement (forming part of the Trustee Report)

Scheme year ended 31 March 2023

Section 1: Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the Johnson Matthey Employees Pension Scheme ("the Scheme") covering the Scheme year ("the year") to 31 March 2023.

The purpose of this statement is to:

- Detail any reviews of the Defined Benefit and Defined Contribution Statements of Investment Principles ("SIPs") that the Trustee has undertaken, and reasons for any changes made to the SIPs over the year as a result of the reviews
- Set out the extent to which, in the opinion of the Trustee, the Scheme's SIPs have been followed during the Scheme year
- Describe the engagement and voting behaviour on behalf of the Trustee over the year.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIPs are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

A copy of this implementation statement has been made available on the following website:
https://elements.matthey.com/#/public-jmeps-trustee-governance-statement

Section 2: Review and changes to the SIPs

A) Defined Contribution SIP

The SIP was last reviewed and updated during 2020, with an updated version being published as at September 2020.

A formal review of the SIP was not carried out during the Scheme year relevant to this Statement. The SIP in place as at 31 March 2023 has been reviewed and updated.

B) Defined Benefit SIP

The Defined Benefit (DB) SIP was reviewed and updated in February 2023. This included updates to the Scheme's Responsible Investment policy, in line with the separate ESG Policy and Climate Delegation Framework document, as well as revised benchmark allocations for the Main and Elements Section.

The update to the Responsible Investment policy included the addition of two main ESG focus areas, which were identified by the Trustee:

- Climate change risk and the transition to a low carbon economy (i.e., achieving net zero emissions);
- The exclusion of investments from companies or countries that demonstrate poor human rights practices.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

The updates also included the following additions to the Trustee's responsibilities:
- Reviewing the content of the Scheme's ESG Policy and Climate Delegation Framework, which sit alongside the Statement of Investment Principles.
- Producing an annual Task Force on Climate-related Financial Disclosures ("TCFD") report.

The Investment Managers' and Investment Consultant's responsibilities were also updated to provide updates to the Trustee on any relevant ESG or climate-related matters and to assist the Trustee in the production of their annual TCFD Report.

In addition, the benchmark allocation for the Main and the Elements Sections were revised. The strategic benchmark allocation for the Main Section was revised to 76.0% in Matching assets and 24.0% in Growth assets and the interest rate and inflation hedge ratio was set at 93% of the liability risk (measured on a gilts+0.5% p.a. basis). Changes to the benchmark allocations for the Elements Section included a 25% allocation to LDI and 10% to Diversified Private Markets.

The DB SIP was further updated in February 2023 to reflect the latest Stewardship Regulations published by the Department for Work and Pensions (DWP). The Trustee acknowledged responsibility for the engagement and voting policies that are implemented by the Scheme's investment managers on their behalf, and as such will engage with investment managers, via their Investment Consultant, about relevant matters at least annually. The Trustee will also consider investment managers' stewardship policies and activities during their selection and appointment. On an annual basis, the Trustee also assesses the engagement activity of its investment managers. The results of this analysis feeds into the Trustee's decision making.

Section 3: Adherence to the SIP

The Trustee believes the policies outlined in the DC and DB SIPs have been followed during the Scheme year and the justification for this is set out in the remainder of this section. Please note that this statement only covers sections of the SIPs deemed to represent the Trustee's policies, and not introductory or background comments, or statements of fact.

A) Defined Contribution

OBJECTIVE AND INVESTMENT STRATEGY

The Trustee has met its objective of making available to members a programme of investment expected to provide a fund at retirement with which to provide retirement benefits through the provision of three Glidepath strategies and a range of self-select fund options.

The Trustee's general investment aims are as follows:

To offer a suitable default strategy appropriate for the profile of the defaulting members that takes into account their expected risk tolerances and potential target retirement outcomes; and

To supplement the default strategy with a range of self-select investment options which offer sufficient investment choice to satisfy members' differing risk appetites and risk profiles, and retirement objectives.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

The Glidepath strategies aim to provide a reasonable level of long-term growth, with both the equity and diversified growth elements delivering positive returns over the long-term. An element of risk management is provided for members approaching their designated retirement age through increasing diversification and reducing investment risk.

INVESTMENT STRATEGY

During the current and previous Scheme year, the Trustee reviewed the investment strategy. The Trustee undertook a review of the memberships to understand risk tolerance and likely levels of engagement and retirement choice; a review of investment beliefs, establishing an ESG policy, and considered the megatrends, including climate change, and their potential impact on investments over the long-term.

A key area of focus identified was the JMEPS Global Equity Index Tracker Fund. The Trustee with the help of its Investment Consultant agreed to integrate environmental, social and governance (ESG) factors as well as climate considerations into this Fund's portfolio construction processes via the introduction of market cap-based fund solutions. This was implemented via investment in the LGIM FTSE TPI (ex-Fossil Fuels) Global Equity Index and the BlackRock ACS World ESG Equity Tracker GBP hedged funds. The Emerging Markets Equity Index fund weight was reduced to 5% to maintain a similar overall allocation to this region.

These changes are in line with the Trustee's desire to reduce its investments' carbon footprint with an aim of reaching net zero by 2050 and avoiding investment in companies that have a record of poor human rights practices.

The Trustee also considered changes to the range of self-select options offered to members. This resulted in the addition of the JMEPS Real Assets Fund and the closure of the JMEPS Sustainability Fund, the JMEPS Global Bond Fund and the JMEPS Global Equity Fund during the Scheme Year. It was agreed that opportunities for further integration of ESG across wider fund ranges remained limited.

Each investment manager that invests in equities has been provided with a copy of the SIP and have been asked to confirm whether they believe that the management of the assets is consistent with those policies in the SIP that are relevant to the fund in question.

SUSTAINABLE INVESTMENT

The Trustee monitors asset managers' sustainable investment practices, including the approach to ESG integration within the investment process through desk-based research. During the Scheme year, the Scheme's Investment Consultant presented the Trustee with an annual Sustainable Investment review which summarised how the Scheme's managers incorporate sustainable investing into their approach and also assessed the Scheme's Diversified Growth Fund.

The Trustee also considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of a broader risk management framework. All risks and opportunities are considered for materiality and impact within a risk management framework, which takes account of members' investment time horizons and objectives.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

During the year the Trustee provided members with one fund that is managed with reference to social, environmental or ethical considerations within the self-select fund range, namely the JMEPS Sustainability Fund. Following the investment strategy review ESG and Climate considerations were embedded more centrally into the Trustee strategy with changes made to the Global Equity Index Tracker Fund. As a result, the Trustee decided the JMEPS Sustainability Fund was no longer required as a fund choice for members.

The Trustee has created an ESG Policy Statement. The purpose of this policy is to sit alongside the Scheme's SIP and Climate Delegation Framework, formalising the Trustee's ESG beliefs and its policy on how ESG factors should be integrated into investment decision making. The policy will be made available to members upon request.

MONITORING PERFORMANCE, MANAGERS & COSTS

The Trustee regularly reviews the underlying performance of the funds within the default strategy and the self-select fund range. Over the reporting period, the Trustee reviewed performance information quarterly, prepared by either the Group Reward & Benefits (the in-house Pensions Team) or the Investment Consultant which enables the Trustee to review performance of the funds against their benchmarks and identify any areas of concern that may require further investigation. As part of the investment performance monitoring, upper and lower performance triggers are used to evaluate the performance of the funds. No material issues were identified during the Scheme year.

The Trustee met with two of the Scheme's investment managers, LGIM and BlackRock, in December 2022. These managers have responsibility for the management and stewardship of the vast majority of the Scheme's DC section assets. This allowed the Trustee to review the performance of the funds against their objectives; hear from the managers what action they had taken to manage ESG and Climate risks and opportunities, and to review the stewardship activities of the managers. In particular, the Trustee discussed the new funds it was planning to invest in and to challenge the managers on some of the issues highlighted by its investment consultant. It also provided a forum for sharing the Trustee's stewardship priorities with the managers.

MONITORING PORTFOLIO TURNOVER

The Trustee monitors the costs associated with portfolio turnover, as part of their annual assessment of the costs and charges incurred within the Scheme. As an additional monitoring item, fund managers were asked to confirm the actual level of portfolio turnover during the Scheme year. This enables the Trustee to consider whether the levels are consistent and proportionate to the type of fund and the way it is managed.

The Trustee is satisfied that over the reporting period, the performance of the investment funds has been consistent with their aims and objectives as set out in the SIP.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Fund	Level of portfolio turnover 01/04/22 – 31/03/23	Comments
Baillie Gifford Long Term Global Growth Fund	21%	The level of portfolio turnover for each fund is in line with our expectations for the given fund and asset class.
Jupiter Ecology Fund	13.3%	
River & Mercantile Global High Alpha	30.8%	
BlackRock Emerging Markets Equity Index Fund	6.4%	
BlackRock UK Equity Index Fund	1.8%	
BlackRock World ex-UK Index Fund	4.4%	
BlackRock MSCI World Index Fund (Hedged and Unhedged)	10.2%	

Notes
1 A number of funds invested in by the Scheme are not listed in this table as turnover is not appropriate to monitor on an annual basis.
2 Observed turnover for the year ending 31 March 2023 has been provided by the investment managers.
3 WTW expected ranges are produced by the WTW Manager Research Team. These ranges are to act as guidance and may vary year-on-year depending on specifics such as the manager's investment process and market environment. For some funds, a WTW expected range is not applied due to the fund type.

RISK MANAGEMENT

The DC committee met four times during the year. At these meetings, the Trustee considered both short and long-term risks associated with the investment strategies. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee was supported in these considerations by reports prepared by its Investment Consultant.

B) Defined Benefit

OBJECTIVE AND INVESTMENT STRATEGY

The Trustee's objective is to invest the Main Section's assets in the best interests of the members and beneficiaries, and to pay for current benefits out of investment income as far as practical, provide for future accrual of benefits through capital growth and future contributions and reduce any funding deficit. This is done by setting a strategy that relies on a balance between contributions from the Sponsor and investment returns to achieve this goal, with due regard to risk.

The Trustee has agreed to a strategy which is expected to achieve full funding on a gilts+0.5% p.a. basis.

The Trustee's investment objective (at the Company's request) for the Elements Section is to invest in assets that best match the liabilities, pay for benefits out of investment income, provide for future accrual of benefits through capital growth and future contributions and reduce any funding deficits.

Full details of the investment managers and funds are contained in the DB SIP.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

RESPONSIBLE INVESTMENT AND CORPORATE GOVERNANCE

The Trustee defines Responsible Investment ("RI") in line with the UN-backed Principles for Responsible Investing, which states that RI is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns. The Trustee has a separate ESG Policy and Climate Delegation Framework which sets out its ESG beliefs and responsibilities. The two main ESG focus areas the Trustee has identified are outlined in Section 2 of this report.

As part of the Trustee's fiduciary duty, which includes a comprehensive approach to risk management, it has been recognised that ESG factors, including, but not limited to, climate change, can be financially material. The Trustee recognises that there is a need for the Scheme to be a long-term, responsible steward of its assets and consider, in a manner consistent with its fiduciary obligations, the wider impacts of its investment decisions on the environment and society, as well as the potential financial returns.

The Trustee will ensure its investment strategy is aligned with being net zero by 2050. The aim is to achieve this as soon as possible whilst maintaining appropriate levels of diversification. The Scheme is currently invested in an ESG-aligned equity mandate. The Trustee also intends to consider excluding investments from companies or countries that demonstrate poor human rights practices or insufficient principles.

The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in appointing, monitoring, and withdrawing from investment managers. Monitoring is undertaken on a regular basis, and this makes use of the investment consultant's ESG ratings.

Towards the end of the Scheme year, the Trustee agreed to set explicit stewardship priorities that the investment managers will be monitored against going forwards. The Trustee will engage with the investment managers on the agreed stewardship priorities and review the relevant managers' track record of voting in relation to these priorities as part of our investment governance framework. The Trustee will publish this information in the annual Implementation Statement from the scheme year ending 2024.

The Trustee agreed the following stewardship priorities: climate change, biodiversity, gender diversity and equality, and labour rights (including modern slavery), following consultation with the investment consultant. The rationale for choosing these priorities being that they align with the Trustee's agreed focus areas (climate change and human rights), as well as the capabilities of the relevant investment managers.

MONITORING PERFORMANCE, MANAGERS & COSTS

The governance of the pension scheme is well documented in the SIP and includes the division of responsibilities between the Trustee, Investment Managers, Investment sub-Committee, Investment Consultant and Custodians.

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over 3-month, 1-year, 3-year and 5-year time periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period). The Trustee's focus is primarily on long-term performance, but short-term performance is also reviewed.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

The Trustee has a meeting with each manager during the year to receive a presentation on their performance, discuss other investment matters (such as integration of ESG and climate change into the investment process and voting and engagement activities) and raise questions where actions appear to be out of line with the Scheme's policies.

In addition, the Trustee receives an annual assessment report from its Investment Consultant that assesses each of the investment managers with regard to their level of ESG integration, with a focus on climate-related risks, for each mandate in the Main and Elements Section. The report identifies areas for improvement and ensures engagement efforts are focused towards these areas. The Trustee monitors progress annually and expects the managers' capabilities to improve over time.

MONITORING PORTFOLIO TURNOVER

As an additional monitoring item, fund managers were asked to confirm the actual level of portfolio turnover during the Scheme year. This enables the Trustee to consider whether the levels are consistent and proportionate to the type of fund and the way it is managed.

Fund	Level of portfolio turnover 01/04/22 – 31/03/23	Comments
BlackRock UK Property	2%	The level of portfolio turnover for each fund is in line with our expectations for the given fund and asset class.
BlackRock Diversified Private Debt	Not applicable	
BlackRock ETF Portfolio (Global High Yield Corp Bond)	22%	
BlackRock ETF Portfolio (£ Ultrashort Bond)	45%	
CQS Multi Asset Credit	39%	
Insight Diversified Growth	478%	
LGIM Absolute Return Bonds	94%	
LGIM Buy & Maintain Credit	202%	
LGIM LDI Portfolio	Not applicable	
LGIM World Developed Equity Index	10%	
LGIM World Developed Equity Index GBP Hedged	41%	
LGIM Paris Aligned Equity	19%	
LGIM Corporate Bonds Over 15y	29%	
Wellington Multi Sector Credit	233%	
Partners Group Global Infrastructure 2012	Not applicable	
Partners Group Global Infrastructure 2018	Not applicable	

The Trustee takes regular advice from their investment consultant about the suitability of the funds and the investment managers, so that they can be satisfied that they are consistent with their investment policies.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Each investment manager has been provided with a copy of the SIP and has been asked to confirm whether they believe that the management of the assets is consistent with those policies in the SIP that are relevant to the fund in question.

RISK MANAGEMENT

The Trustee manages investment risks associated with the Scheme in several ways, for example:

- A proportion of the Main Section's assets are in a Matching portfolio which aims to hedge a proportion of the liabilities to decrease the likelihood of inflation and interest rate risk.
- The Trustee has regard for the strength of the Company's covenant and engages in regular dialogue with them to assess sponsor risk. The Trustee also receives a confidential review of the financials of the business at least once a year.
- The Trustee diversifies the investment across different asset classes and geographical markets to reduce market risk, credit risk and volatility risk.
- As part of the quarterly monitoring, the Trustee monitors the actual deviation of returns relative to the manager's objective and investment processes to reduce the likelihood of manager risk.
- To manage liquidity risk, the Trustee invests in assets of sufficient liquidity so that benefits can be paid as they fall due but, given the Scheme's long-term horizon, also in illiquid assets such as property and infrastructure to receive an illiquidity premium.
- The Trustee assesses the creditworthiness of the custodian bank, the ability of the organisation to settle trades on time and provide secure safekeeping of the assets under custody to measure custodian risk.
- The Trustee regularly reviews the actual investments relative to the policy and regularly assesses the diversification within the existing policy to measure the level of concentration of any one market and assess the impact of potential regulatory changes on investment values.
- The Trustee reviews the investment managers' Environmental, Social and Governance (ESG) policies before appointment and on an annual basis to manage ESG risks.
- The Trustee produces an annual TCFD Report

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The investment strategy reviews take account of the overall balance of these risks.

Section 4: Voting Data

The Scheme's equity holdings are held within pooled investment vehicles and the Trustee delegates voting rights and the execution of those rights to the underlying managers for the securities they hold. The Scheme's Investment Consultant engages managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

The Trustee believe that it should be a responsible steward of its assets and consider, in a manner consistent with its fiduciary obligations, the wider impacts of its investment decisions on the environment and society, as well as the potential financial returns.

In its ESG policy, the Trustee agreed its stewardship priorities were:

- Climate change risk and the transition to a low carbon economy
- Labour rights and modern slavery
- Gender diversity and equality
- Biodiversity

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

In selecting the significant votes, the Trustee have had regards to its voting priorities, potential impact, the size of the holding and whether it was controversial.

Further information on the voting and engagement activities of the managers is provided in the summary table below. A supplementary document containing information on the managers' key voting activities will be published on the Scheme's website.

Having reviewed the information summarised in this Implementation Statement, the Trustee is satisfied with the way in which the managers are exercising voting rights.

A) Defined Contribution

Fund	Votes cast	Significant votes
Main Section		
LGIM Diversified Fund	99,252 (99.8% of eligible votes cast) 21.9% of votes against management / 0.7% abstained	Royal Dutch Shell Plc Total Energies SE
BlackRock MSCI World Index	14,092 (88% of eligible votes cast) 6% of votes against management / 0% abstained	Rio Tinto Plc Santos Limited
BlackRock MSCI Currency Hedged World Index	14,092 (88% of eligible votes cast) 6% of votes against management / 0% abstained	Rio Tinto Plc Santos Limited
BlackRock EM Equity Index	25,350 (98% of eligible votes cast) 11% of votes against management / 3% abstained	Petroleo Brasileiro SA Grupo Financiero Banorte SAB de CV
BlackRock UK Equity Index	10,135 (99% of eligible votes cast) 3% of votes against management / 0% abstained	Rio Tinto Plc Barclays Plc
BlackRock World (ex-UK) Index Fund	25,196 (95% of eligible votes cast) 6% of votes against management / 0% abstained	Bank of Montreal Marathon Petroleum Corporation
River & Mercantile Global High Alpha	2,889 (99.3% of eligible votes cast) 23.0% of votes against management / 0.5% abstained	Alphabet Citigroup Inc
Baillie Gifford Long-Term Global Growth	483 (100% of eligible votes cast) 3.5% of votes against management / 0.6% abstained	Amazon.com, Inc. TESLA, Inc.
Jupiter Ecology Fund	821 (100% of eligible votes cast) 2.0% of votes against management / 0% abstained	A.O. Smith Corporation

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

B) Defined Benefit

Fund	Votes cast	Significant votes
Main Section		
LGIM World Developed Equity Index GBP Hedged	32,028 (99.82% of eligible votes) 21.33% against management / 0.17% abstained Non-proxy agent votes: 4,641 Proxy agent votes: 27,387	Berkshire Hathaway Inc. Exxon Mobil Corporation
Insight Diversified Growth	152 (100% of eligible votes) 0% against management / 0% abstained Insight is not able to provide a breakdown of proxy agent votes	No information provided
Elements Section		
LGIM ESG Paris Aligned World Equity Fund	17,498 (99.70% of eligible votes) 21.06% against management / 0.17% abstained Non-proxy agent votes: 2,583 Proxy agent votes: 14,915	Amazon.com, Inc. NVIDIA Corporation
LGIM World Developed Equity Index	32,028 (99.82% of eligible votes) 21.33% against management / 0.17% abstained Non-proxy agent votes: 4,641 Proxy agent votes: 27,387	Berkshire Hathaway Inc. Exxon Mobil Corporation

Voting activity

1. Introduction

This document forms part of the Annual Implementation Statement ("the statement") prepared by the Trustee of the Johnson Matthey Employees Pension Scheme ("the Scheme") covering the Scheme year ("the year") to 31 March 2023. It provides additional detail on the key voting and engagement activities for the managers of the Scheme during the year.

A) Defined Contribution

BAILLIE GIFFORD – LONG-TERM GLOBAL GROWTH

Voting Activities:

- There were 483 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 100% of its votes over the year
- 3.52% of votes were against management and 0.62% were abstained

What is Baillie Gifford's policy on consulting with clients before voting?

All voting decisions are made by the ESG team in conjunction with investment managers. Baillie Gifford does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then they will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Please describe whether Baillie Gifford has made use of any proxy voter services
Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information.

Please provide an overview of Baillie Gifford's process undertaken for deciding how to vote
Baillie Gifford believe that voting should be investment led, because how they vote is an important part of the long-term investment process, which is why their strong preference is to be given this responsibility by their clients. The ability to vote on their clients' shares also strengthens their position when engaging with investee companies. Baillie Gifford's ESG team oversees their voting analysis and execution in conjunction with their investment managers. Baillie Gifford do not outsource any part of the responsibility for voting to third-party suppliers. They utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their ESG Principles and Guidelines and they endeavour to vote every one of our clients' holdings.

Is Baillie Gifford currently affected by any of the five conflicts listed by the PLSA or any other conflicts across any of its holdings?

1. The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;

   Baillie Gifford provides services to a wide variety of clients including those that may be issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In addition to their clients, some of their service providers and/or suppliers are issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In both cases it is Baillie Gifford's general policy not to take into account that an issuer is their client, service provider or supplier when making investment decisions. Baillie Gifford believes it would not be in the interests of clients generally to exclude such issuers from a client portfolio unless the client instructs Baillie Gifford to the contrary.

2. Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings.

   At Schibsted ASA, Kinnevik AB, Adevinta ASA and VNV Global, Kieran Murray, Lawrence Burns, Chris Davies and Stephen Paice respectively, Baillie Gifford partners and/or fund managers are members of the Nomination Committee. It is market practice in Scandinavia for representatives of a company's largest shareholders to make up the committee; the Nomination Committee is not a board committee.

   Within Baillie Gifford, any decisions with material relevance are made in conjunction with multiple members of the portfolio construction group ensuring robust discussion and debate. As the Nomination Committee is not a board committee, members do not have a vote on substantive company policies or actions. Baillie Gifford support the opportunity to be more closely involved in the governance and stewardship of one of their clients' holdings.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

3. The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding

   None disclosed to Compliance.

4. Clients sign up to individual strategies' philosophies which may result in different voting decisions. Therefore, voting according to each strategy's philosophy is in line with our clients' expectations, so this is not deemed a conflict of interest.

5. Baillie Gifford's preference is for clients to give them full discretion to vote in line with Baillie Gifford's Governance and Sustainability Principles and Guidelines. Where clients request them to adhere to their own stewardship policies, these are reviewed and discussed with the client, noting deviations from their own Governance and Sustainability Principles and Guidelines and can be implemented, where appropriate.

Please include here any additional comments which are relevant to Baillie Gifford's voting activities or processes
N/A

Most significant vote – Vote 1: Amazon.com, Inc.

Resolution: Shareholder Resolution – Social

Date of Vote: 25/05/2022

Approximate size of the fund's holding as at the date of the vote: 6.00%

Why the vote is considered significant: This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Action: For

Outcome: Fail
Baillie Gifford supported a shareholder proposal on freedom of association. In light of several recent high profile controversies, Baillie Gifford believe that shareholders would benefit from a more thorough examination of the compliance of the company's policies and practices with international fundamental rights.

Baillie Gifford took the decision to oppose the remuneration report due to the committee's decision to make in-flight adjustments to the 2018 LTIP. Baillie Gifford understand that for FY2021, the committee adjusted target EPS to be negative, a change that led to the 2021 tranche achieving 150% of target. Baillie Gifford believe that further discretion should have been exercised when determining this tranche of the award given the negative EPS performance during the year.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Additionally, it is noted that under the relative TSR metric in the LTIP, threshold vesting occurs at 25% below index average. While we believe the metric itself to be sensible, Baillie Gifford do not believe incentive pay should start paying out at below median performance as this gives potential for reward for underperformance. Baillie Gifford encouraged the board to revise this condition to ensure that no vesting occurs below median performance.

Most significant vote – Vote 2: Tesla, Inc.

Resolution: Shareholder Resolution – Environmental

Date of vote: 04/08/2022

Approximate size of the fund's holding as at the date of the vote: 6.99%

Why the vote is considered significant: This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Action: Against
Baillie Gifford opposed the resolution requesting a report on the company's water risk exposure. The company already provides detailed disclosure and has stated its intention to continue to increase the level of disclosure in future Impact Reports.

Outcome: Fail
Baillie Gifford did not support this proposal because they are satisfied by Tesla's ongoing efforts to address their exposure to water risk as detailed in their annual Impact Report.

BLACKROCK – EM EQUITY INDEX, MSCI CURRENCY HEDGED WORLD INDEX, MSCI WORLD INDEX, UK EQUITY INDEX, WORLD (EX-UK) INDEX

Voting Activities:

EM Equity Index
- There were 25,350 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 98% of its votes over the year
- 11% of votes were against management and 3% were abstained

MSCI Currency Hedged World Index & MSCI World Index
- There were 14,092 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 88% of its votes over the year
- 6% of votes were against management and 0% were abstained

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

UK Equity Index

- There were 10,135 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99% of its votes over the year
- 3% of votes were against management and 0% were abstained

World (ex-UK) Index

- There were 25,196 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 95% of its votes over the year
- 6% of votes were against management and 0% were abstained

What is BlackRock's policy on consulting with clients before voting?

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believes that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, BlackRock has a responsibility to monitor and provide feedback to companies, in their role as stewards of their clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given authority, through voting proxies in the best long-term economic interests of clients. BlackRock participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with clients' interests as long-term shareholders.

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with BlackRock's view of what supports sustainable long-term value creation, BlackRock will engage with a company and/or use their vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides them with the opportunity to improve their understanding of the business and ESG risks and opportunities that are material to the companies in which clients invest. As long-term investors on behalf of clients, BlackRock seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where BlackRock believe they could be enhanced. BlackRock primarily engage through direct dialogue but may use other tools such as written correspondence to share their perspectives. Engagement also informs voting decisions.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. These high-level Principles are the framework for their more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe their philosophy on stewardship (including how they monitor and engage with companies), their policy on voting, their integrated approach to stewardship matters and how they deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews their Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

Please describe whether BlackRock has made use of any proxy voter services
BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis.

BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.

Please provide an overview of BlackRock's process undertaken for deciding how to vote
The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. BlackRock inform their vote decisions through research and engage as necessary. Their engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update their regional engagement priorities based on issues that they believe could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcome discussions with clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in their Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. They inform their vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Is BlackRock currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
As an investment manager, BlackRock has a duty of care to its clients. BlackRock's duty extends to all of its employees and is critical to their reputation and business relationships, and to meeting the requirements of their various regulators worldwide. Employees are held responsible by BlackRock to seek to avoid any activity that might create potential or actual conflicts with the interests of clients.

BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through their employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training.

Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place their clients' interests first and to identify and manage any conflicts of interest that may arise in the course of their business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:

- Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;
- Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;
- Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect our clients' interests; and
- Where appropriate, disclose conflicts of interest to clients prior to proceeding with a proposed arrangement

BlackRock Legal & Compliance conducts mandatory annual compliance training, which includes a discussion of the Global Conflicts of Interest Policy.

Please include here any additional comments which are relevant to BlackRock's voting activities or processes
No response provided

Most significant vote – EM Equity Index

Petroleo Brasileiro SA

Date of Vote: 13/04/2022

Resolution: Percentage of Votes to Be Assigned – Elect Marcio Andrade Weber as Independent Director

Approximate size of the fund's holding as at the date of the vote: N/A

Why the vote is considered significant: Significant Vote Proposal

Action: For

Outcome: Passed

Most significant vote – MSCI Currency Hedged World Index, MSCI World Index & UK Equity Index

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Rio Tinto Plc

Date of Vote: 08/04/2022

Resolution: Approve Climate Action Plan

Approximate size of the fund's holding as at the date of the vote: N/A

Why the vote is considered significant: Significant Vote Proposal

Action: For

Outcome: Passed

Most significant vote – World (ex-UK) Index

Bank of Montreal

Date of Vote: 13/04/2022

Resolution: Adopt a Policy to Ensure the Bank's Financing is Consistent with IEA's Net Zero Emissions by 2050 Scenario

Approximate size of the fund's holding as at the date of the vote: N/A

Why the vote is considered significant: Significant Vote Proposal

Action: Against

Outcome: Fail

Most significant vote – UK Equity Index

Barclays Plc

Date of Vote: 04/05/2022

Resolution: Approve Barclays' Climate Strategy, Targets and Progress 2022

Approximate size of the fund's holding as at the date of the vote: N/A

Why the vote is considered significant: Significant Vote Proposal

Action: For

Outcome: Passed

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

JUPITER ASSET MANAGEMENT – JUPITER ECOLOGY FUND

Voting Activities

- There were 821 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 100% of its votes over the year
- 2.00% of votes were against management and 0% were abstained

What is Jupiter's policy on consulting with clients before voting?

Jupiter is open to and welcomes dialogue with clients on stewardship matters, including voting decisions. Such dialogue is typically coordinated by their in-house Governance and Sustainability team, who work with their fund managers on proxy voting and company engagement and the development of our Stewardship Policy. Understanding client priorities, engaging in collective action with other investors, using third party data and remaining close to investor organisations and industry bodies informs their overall stewardship strategy, including voting.

Please describe whether Jupiter has made use of any proxy voter services

In order to assist in the assessment of corporate governance and sustainability issues, Jupiter subscribes to external corporate governance and sustainability research and data providers. Such external resources contribute to forming a balanced view on voting matters. However, while Jupiter takes the proxy adviser's recommendations into account, stewardship activities are not delegated or outsourced to third parties and recommendations are not automatically followed when deciding how to vote. Jupiter's primary proxy research providers are Institutional Shareholder Services (ISS).

Please provide an overview of Jupiter's process undertaken for deciding how to vote

Jupiter seek to vote through all eligible proxies, taking account of local market practice such as powers of attorney or share blocking. Their investment managers are accountable for exercising their shareholder votes, supported by the Stewardship team, which is responsible for proxy voting operations, monitoring meeting ballots, and providing an initial assessment of each meeting's agenda, including an assessment of independent proxy advisory research. Jupiter do not outsource their voting decisions to an external service provider, nor do they automatically vote in line with third-party recommendations, with the exception of their systematic quant-driven strategy. Jupiter intend to update their proxy voting guidelines during 2023.

Jupiter's Responsible Investment Policy sets out their approach to stewardship and active ownership. Jupiter's proxy voting is publicly disclosed and available on their website.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Together with ISS, Jupiter endeavour to assess each voting decision based on a culmination of the following characteristics:

- Deviations from best practice
- Disclosures made by the company, or lack of
- Engagement activity including dialogue Jupiter has had with the company, commitments made, or irrevocable undertakings
- Jupiter's commitment to responsible investment codes and other ESG initiatives
- Client initiatives

Is Jupiter currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
Jupiter's investment management business is conducted at arm's length from its parent company (Jupiter Fund Management PLC). Conflicts of interest between the parent and subsidiary are rare and appropriately managed.

Conflicts of interest may arise when clients are also companies in which Jupiter's funds invest. In these circumstances, potential conflicts are discussed with the relevant fund managers and the asset class heads. In addition, there is close engagement with the investee company, including where the issue may relate to a voting matter. In this instance Jupiter vote in the best interest of clients, using the principles of Treating Customers Fairly (TCF). Where applicable, they obtain advance approval from the client prior to voting.

The following considerations are made to ensure they best mitigate conflicts of interest surrounding proxy voting:
Jupiter's funds may not invest in the shares of Jupiter Fund Management PLC.

- Where they manage money for a corporate pension scheme and hold equities in that company across our portfolios, their Stewardship team will formulate a voting recommendation based on a best practice evaluation, which will then be approved by the Investment Oversight Committee for additional assurance.
- Where they manage a segregated mandate that is part invested in a Jupiter-run listed vehicle, the proxy voting ballot will be transferred to the client rather than being voted by Jupiter employees.
- Where a Jupiter Unit trust invests in a Jupiter-run listed vehicle, the ballot will be reviewed by the Stewardship Team with reference to this policy and best practice provisions and a voting outcome will be resolved with a recommendation to Head of Equities and/or the Investment Review Forum.

Please include here any additional comments which are relevant to Jupiter's voting activities or processes
N/A

Most significant vote – Vote 1: A.O. Smith Corporation

Date of Vote: 11/04/2022

Resolution: Advisory Vote to Ratify Named Executive Officers' Compensation

Approximate size of the fund's holding as at the date of the vote: 2.09%

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Why the vote is considered significant: The potential impact on financial outcome

Action: Against

Jupiter voted against the executive compensation because only 1/3 of the long-term incentive awards were tied to challenging performance conditions. Jupiter don't consider the 5% ROE hurdle for the RSUs to be stretching at all. Furthermore the options vest over a short time period of less than three years, which doesn't feel in the spirit of a long-term incentive, and it is not clear why the ROIC/WACC tested aspect vests in cash rather than equity when we would like to see the exec chair own more shares.

Outcome: Passed

Jupiter expressed concerns around the performance-alignment of the remuneration policy in a post-results call with company IR, communicated after the vote and before the meeting date on 4th May. The company confirmed they will pass on Jupiter's comments to the Board and revert back to shareholders in due course. Regarding the Board, via analysis and in engagement with the company Jupiter are monitoring the ongoing CEO succession process, at this time they believe the company would benefit most from stability and thus have decided to vote in favour of board elections. The resolution passed and Jupiter remain invested in the company. Jupiter will continue to monitor remuneration practices at the company.

LEGAL AND GENERAL INVESTMENT MANAGEMENT (LGIM) – DIVERSIFIED FUND

Voting Activities:
- There were 99,252 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99.82% of its votes over the year
- 21.94% of votes were against management and 0.70% were abstained

What is LGIM's policy on consulting with clients before voting?
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Their voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

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

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

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

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

Is LGIM currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
N/A

Please include here any additional comments which are relevant to LGIM's voting activities or processes
It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out LGIM's expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

Most significant vote – Vote 1: Royal Dutch Shell Plc

Date of Vote: 24/05/2022

Resolution: Approve the Shell Energy Transition Progress Update

Approximate size of the fund's holding as at the date of the vote: 28.5%

Why the vote is considered significant: LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Action: Against
A vote against is applied. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned about the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

Outcome: 79.9% of shareholders supported the resolution. LGIM will continue to engage with investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Most significant vote – Vote 2: TotalEnergies SE

Resolution: Approve Company's Sustainability and Climate Transition Plan

Date of Vote: 25/05/2022

Approximate size of the fund's holding as at the date of the vote: 10.1%

Why the vote is considered significant: LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Action: Against

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

Outcome: 88.9% of shareholders supported the resolution.
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

RIVER AND MECANTILE ASSET MANAGEMENT (R&M) – GLOBAL HIGH ALPHA FUND

Voting Activities:

- There were 2,889 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 99.34% of its votes over the year
- 23.02% of votes were against management and 0.49% were abstained

What is R&M's policy on consulting with clients before voting?
As an active equity manager, they believe that they are not only the stewards of the assets entrusted to us by their clients, but that they also have a fiduciary responsibility to improve the management of companies for all stakeholders, whilst not compromising their objective of achieving strong financial returns. R&M further believe the best process for improving the management of companies is through engagement and investor peer group pressure.

They therefore encourage active dialogue on engagement issues with their clients. R&M look to incorporate these discussions as part of their standard review meetings but are delighted to hold dedicated discussions with clients as and when requested. However, at present they do not consult directly with clients before voting but for segregated mandates R&M will follow client voting requests if they share their voting policies with R&M. They implement these client specific policies through their proxy voting provider, Institutional Shareholder Services (ISS).

Please describe whether R&M has made use of any proxy voter services
R&M use a third party, Institutional Shareholder Services (ISS), to implement their voting policy which largely follows the UK Corporate Governance Code. Gary Dowsett and Lucy Cheng, Head of Sustainability and Sustainability Equity Analyst respectively, make the voting decisions internally in discussion with the rest of the investment team when necessary. The recommendations of proxy voting service ISS and the default response under their voting policy is not always followed as each voting decision is actively considered in the context of the company and R&M's ongoing stewardship programme with them.

Please provide an overview of R&M's process undertaken for deciding how to vote
Sustainability considerations are embedded into their investment process therefore portfolio managers are responsible for Sustainability considerations. Additionally, the parent of R&M (AssetCo) has a group "Sustainability & Stewardship" Committee led by an independent chair and feeds down to R&M from a governance perspective and also is a forum for sharing best practice and working collaboratively across the business.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

R&M regard voting at company general meetings as an important aspect in improving the stewardship of a company in the interests of all stakeholders. They view voting as a crucial aspect of responsible ownership and a valuable tool to encourage better standards of corporate governance and management of Sustainability risks and opportunities.

R&M's Voting Policy incorporates their General Principles on standards for good corporate governance and management of environmental and social issues. The Institutional Shareholder Services (ISS) voting platform is used to implement their Voting Policy. R&M discourage passive box ticking and aim to take an informed and pragmatic approach to voting. They give consideration to the specific circumstances and facts available to investors before voting.

For UK companies they support a "comply or explain" approach to corporate governance and endorse the UK Corporate Governance Code. R&M expect UK companies to explain and justify any reasons for non-compliance, and to outline their plans for compliance in future. In the case of non-compliance, they reserve the right to accept or reject the explanation. For non-UK companies, they are supportive of similar Codes.

Is R&M currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?

1. The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to the company in which they also have an equity or bond holding
2. Senior staff at the asset management firm hold roles at a company, e.g. as a member of the Board, in which the asset management firm has an equity or bond holding
3. The asset management firm's stewardship staff have a personal relationship with relevant individuals at a company in which there is also an equity or bond holding
4. There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer
5. There are differences between the stewardship policies of managers and their client(s).

Of the 5 conflicts of interest listed above, R&M is affected by all conflict of interests.

Please include here any additional comments which are relevant to R&M's voting activities or processes

General Voting Activity

In the last four years, their voting compared to management and ISS recommendation has remained fairly flat with an average of 16% and 11% respectively. This is reflective of their custom voting policy and that they analyse each individual vote as described above.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Shareholder Resolutions

Generally, they are supportive of environmental shareholder resolutions. R&M supported all 26 environmental shareholder resolutions that were votable in the 2022 voting season. The types of environmental shareholder resolutions we supported this year included:

- Setting and Reporting on Emission Reduction Targets
- Adopt a Financing Policy Consistent with IEA's Net Zero Emissions by 2050 Scenario
- Report on Climate Change Risks and Opportunities
- Report on Water Related Risks and Opportunities
- Establishing Environmental Sustainability Board Committee
- Report on Climate Lobbying.

Generally, R&M are also supportive of social shareholder resolutions. They supported 99 social shareholder resolutions out of the 106 that were votable in the 2022 voting season. The types of social shareholder resolutions they voted on this year included:

- Report on Diversity and Inclusion at the Company
- Report on Prevention of Harassment and Discrimination in the Workplace
- Report on Third-Party Racial Equity Audit/ Workplace Non-Discrimination Audit
- Report on Median Gender/Racial Pay Gap
- Report on Charitable Contributions/Lobbying Payments and Policy
- Report on Employee Health and Safety

Most significant vote – Vote 1: Alphabet

Resolution: Establish an Environmental Sustainability Board Committee

Date of Vote: 01/06/2022

Approximate size of the fund's holding as at the date of the vote: 1.8%

Why the vote is considered significant: R&M deemed this vote as significant due to their large holding in portfolio and importance of environmental issues at AGM.

Action: For

There were several shareholder proposals at the AGM requesting greater disclosure and accountability on environmental matters. R&A will monitor Alphabet's response on this.

Outcome: Only 17.73% of shareholders voted for the proposal.

Most significant vote – Vote 2: Citigroup Inc.

Resolution: Human rights: Report on civil rights and non-discrimination audit

Date of Vote: 26/04/2022

Approximate size of the fund's holding as at the date of the vote: 1.1%

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Why the vote is considered significant: R&M deemed this vote as significant due to their large holding in the portfolio and importance of social issues.

Action: For
R&M support Racial Equality – report on racial equity audit.

Outcome: Only 2.9% of shareholders voted for the proposal.
R&M support Racial Equality and will continue to support shareholder resolutions requesting a racial equity audit.

B) Defined Benefit
INSIGHT – DIVERSIFIED GROWTH FUND

Voting Activities:
- There were 152 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 152 of its votes over the year
- 0% of votes were against management and 0% were abstained
- Insight uses a proxy agent, but no breakdown of votes was provided.

What is Insight's policy on consulting with clients before voting?
Insight does not consult clients prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of clients.

Please describe whether Insight has made use of any proxy voter services
Insight uses Minerva Analytics to analyse resolutions against Insight-specific voting policy templates to determine the direction of the vote, where applicable. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation.

Please provide an overview of Insight's process undertaken for deciding how to vote
Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Is Insight currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
Insight engages with clients frequently on a range of potential conflicts related to responsible investment. Among these, they describe two frequently occurring areas:

- To address potential conflicts that arise because of divergences between Insight's responsible investment policies and the responsible investment policies of the client.
- To address potential divergence between the interests of their client and their beneficiaries.

In the reporting period, these issues are negotiations relevant to Insight's efforts to represent client interests, as opposed to conflicts between Insight's interests and those of clients and beneficiaries. To date, issues highlighted have been identified and addressed effectively through direct engagement between their investment team, client solutions team and the client to agree specifically how to proceed. These discussions happen in the context of the investment approach being pursued and need to balance financial and non-financial considerations and establish the correct approach to measure, monitor and report. In all cases during the reporting period, Insight identified and resolved issues in partnership with their clients, formally documenting the agreed approach in the investment guidelines for the mandate.

As Insight seeks to evolve its approach, they believe that conflicts are more likely to arise in this area as a result of legal changes; net-zero emissions goals; or the introduction of additional firmwide ESG or stewardship-related policies that need to be implemented, such as firm-wide exclusions lists. Because these have different implications in different jurisdictions or for different types of clients, they will need to be addressed on a case-by-case basis and Insight envisages that the identification and escalation of these types of conflict will be represented more frequently in their conflicts register, and that we will see increased monitoring and potentially escalation of issues through their governance structure.

Please include here any additional comments which are relevant to Insight's voting activities or processes
No response provided.

Most significant votes: Insight did not provide any significant votes.

LEGAL & GENERAL INVESTMENT MANAGEMENT (LGIM) – ESG PARIS ALIGNED WORLD EQUITY FUND

Voting Activities:

- There were 17,551 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 17,498 votes over the year
- 21.06% of votes were against management and 0.17% were abstained
- Non-proxy agent votes: 2,583
- Proxy agent votes: 14,915

What is LGIM's policy on consulting with clients before voting?
LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all of their clients. LGIM's voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

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

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

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

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

Is LGIM currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?
Please refer to the LGIM investment stewardship conflict of interest document here.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Please include here any additional comments which are relevant to LGIM's voting activities or processes
It is vital that the proxy voting service is regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out their expectations, an analysis of any issues they have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of LGIM's formal RMS processes, the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

Most significant vote – Vote 1: Amazon.com, Inc.

Resolution: To elect Director Daniel P. Huttenlocher who is a long-standing member of the Leadership Development & Compensation Committee.

Date of vote: 25/05/2022

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 2.0%

Why the vote is considered significant: The vote relates to the Trustee's stewardship priority of labour rights.

Action: LGIM voted against the resolution
A vote against was applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

Outcome: 93.3% voted against the resolution
LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Most significant vote – Vote 2: NVIDIA Corporation.

Resolution: To elect Director Harvey C. Jones, a long-standing male director.

Date of vote: 02/06/2022

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 1.8%

Why the vote is considered significant: The vote relates to the trustee's stewardship priority of gender diversity. LGIM also views diversity as a financially material issue for all their clients, with implications for the assets they manage on their behalf.

Action: LGIM voted against the resolution
A vote against was applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue of diversity. A vote against was 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.

Outcome: 83.8% of shareholders supported the resolution.

LEGAL & GENERAL INVESTMENT MANAGEMENT (LGIM) – WORLD DEVELOPED EQUITY INDEX FUND GBP HEDGED AND WORLD DEVELOPED EQUITY INDEX FUND UNHEDGED

Voting Activities:
- There were 32,086 eligible votes for the fund over the 12 months to 31 March 2023
- The manager exercised 32,028 votes over the year
- 21.33% of votes were against management and 0.17% were abstained
- Non-proxy agent votes: 4,641
- Proxy agent votes: 27,387

Most significant vote – Vote 1: Berkshire Hathaway Inc.

Resolution: To elect Director Susan L. Decker, a lead independent director.

Date of vote: 30/04/2022

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.7%

Why the vote is considered significant: The vote relates to the Trustee's stewardship priority of climate change. LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

Action: LGIM withheld their vote
A withhold vote is warranted for lead independent director Susan Decker, given her role as a lead independent director for a company which does not adequately disclose climate change-related risks and opportunities and LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

Appendix E: Annual Implementation Statement (forming part of the Trustee Report) continued

Outcome: 86.6% voted for the resolution
LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Most significant vote – Vote 2: Exxon Mobil Corporation
Resolution: To set GHG emissions reduction targets consistent with Paris Agreement Goal

Date of vote: 25/05/2022

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.6%

Why the vote is considered significant: The vote relates to the Trustee's stewardship priority of climate change. LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

Action: LGIM voted for the resolution
A vote for was applied in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5 C goal.

Outcome: 27.1% voted for the resolution
LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.