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

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.

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

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

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

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

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.