

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

Scheme year ended 31 March 2024

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 2024.

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 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, focusing 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 2023, with an updated version being published as at September 2023.

The update included:

- Clarified wording on the responsibilities of the Scheme's platform provider, investment managers and investment consultant
- Updates to the investment fund range (as implemented prior to the reporting period)
- Reference to the characteristics of the Scheme's real assets
- An update to the Scheme's policy on sustainable investment and ESG related issues
- The Trustee's policy regarding investing in illiquid assets

B) Defined Benefit SIP

The Defined Benefit (DB) SIP was reviewed and updated in December 2023. This included updates to the Trustee's responsibilities regarding developing a Long Term Journey Plan (LTJP) for the Scheme, which takes into account its short and longer term objectives, as well as current and expected future circumstances. It also included the addition of the Trustee's collateral management policy. This details the process that will be followed if the Scheme's Liability Driven Investment (LDI) manager requires additional capital. For further details on this, please refer to the Scheme's DB SIP.

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

Another update was the addition of the Trustee's stewardship policy. In alignment with the identified ESG focus areas and the engagement priorities of the Scheme's investment managers, the Trustee has set the following stewardship priorities for the Scheme:

1. Climate change
2. Biodiversity
3. Gender diversity and equality
4. Labour rights, including modern slavery

The Trustee has communicated these priorities with its investment managers and expects the managers to consider them when reporting on their most significant votes. The Trustee reviews each manager's track record of voting and engagement (including whether they have acted on the Scheme's stewardship priorities) as part of its investment governance framework. On an annual basis, the Trustee also reviews each manager's stewardship capabilities and alignment with the Trustee's investment beliefs. If any areas of improvement are identified, the Trustee, typically via its Investment Consultant, will engage with managers on proposed improvement actions.

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.

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.

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

INVESTMENT STRATEGY

Over the prior Scheme years, the Trustee has reviewed and implemented changes to the investment strategy. This entailed 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 considering the megatrends, including climate change, and their potential impact on investments over the long-term.

A key change was to 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 were 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. 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 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.

SUSTAINABLE INVESTMENT

The Trustee monitors asset managers' sustainable investment practices, including the approach to ESG integration within the investment process through desk-based research. Just after the close of 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.

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 this 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.

The Trustee has 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.

During the Scheme Year, A TCFD report was produced in which the Trustee was presented with data collected against the chosen metrics. The scope 1&2 carbon footprint of the DC section's overall portfolio was confirmed to be on track to reduce its carbon footprint by 50% by 2030. As of 30 September 2023, this figure was 53 tonnes of CO₂ per million \$ invested versus a baseline of 72 as at 30 September 2021, a reduction of 26%.

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

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. The reports are prepared by the Investment Consultant and enable the Trustee to assess all funds against their respective benchmarks, identifying any areas of concern that may require further investigation.

The performance reporting format was updated over the period, with more focus on the key funds which make up the Glidepath options (including the default investment strategy) and provide some wider market context for the Diversified Growth Fund performance.

In December 2023, the Trustee advisers analysed the performance of the Drawdown Glidepath strategy against the assumptions made when constructing the strategy, considering the effects of the current and future economic outlook. This concluded that both replacement ratios for members at retirement and future projected fund values had improved since the last review. This analysis will be revisited as part of the next strategic investment review in Q4 2024.

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.

Fund	Level of portfolio turnover 01/04/23 – 31/03/24	Comments
LGIM FTSE TPI Global (ex Fossil Fuels) Equity	1.6%	The level of portfolio turnover for each fund is in line with our expectations for the given fund and asset class.
BlackRock World ESG Equity (Hedged)	54.0%	
BlackRock Emerging Markets Equity	37.0%	
LGIM Diversified Fund	38.9%	
BlackRock UK Equity Index Fund	36.9%	
BlackRock World ex-UK Index Fund	23.1%	

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 2024 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.

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

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.

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.

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 two main ESG focus areas the Trustee has identified are:

- 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.

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, and a climate-focused private markets mandate, which was implemented in late 2023. The Trustee also intends to consider excluding investments from companies or countries that demonstrate poor human rights practices or insufficient principles.

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

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.

The Trustee has set explicit stewardship priorities (outlined in section 2 of this report) that the investment managers are monitored against. The Trustee engages with the investment managers on the agreed stewardship priorities and reviews the relevant managers' track record of voting in relation to these priorities as part of its investment governance framework. The Trustee publishes this information, where available, in the annual Implementation Statement.

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 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.

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.

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

Fund	Level of portfolio turnover 01/04/23 – 31/03/24	Comments
BlackRock UK Property	0%	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)	29%	
BlackRock ETF Portfolio (£ Ultrashort Bond)	68%	
CQS Multi Asset Credit	51%	
Insight Diversified Growth	440%	
LGIM Absolute Return Bonds	32%	
LGIM Elements Buy & Maintain Credit	9%	
LGIM CARE Buy & Maintain Credit	5%	
LGIM Paris Aligned Equity	3%	
LGIM LDI Portfolio	Not applicable	
Wellington Multi Sector Credit	191%	
Partners Group Global Infrastructure 2012	Not applicable	
Partners Group Global Infrastructure 2018	Not applicable	
Schroders Climate+ Diversified Private Markets	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.

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.

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

- 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 reduce 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.
- The Trustee produces a 'deep-dive' Stewardship Report when necessary.

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.

STEWARDSHIP

In March 2024, the Trustee conducted a 'deep-dive' review of the stewardship activities conducted by the Scheme's DB investment managers to assess alignment with the Trustee's priority areas (set out in Section 2); the results of this were summarised in the Trustee's first Stewardship Report.

Stewardship is a key risk management tool that can uncover potential problems in investee companies and enable managers to take preventative measures to minimise financial loss and support decision-making. The aim of the review was to challenge the managers' stewardship activity and to encourage risk management improvement going forwards. This review goes above and beyond regulatory guidance for the monitoring of investment managers' stewardship capabilities.

To assess managers' alignment with the Trustee's priority areas, the Investment Consultant identified sub-industries that are potentially material negative contributors to each of the Trustee's priority areas. Following this, the Trustee was able to analyse what proportion of the high risk holding companies were engaged with on the relevant stewardship priority, based on data provided by the managers.

Within the review there were areas identified which the Trustee has decided to engage on with managers, to further improve engagement. The review identified a greater focus on environmental issues relative to social issues and that there were challenges for some managers in providing relevant data. The Trustee is engaging with its investment managers to encourage improvements in data reporting capabilities and the alignment with the Trustee's stewardship priorities.

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. In the main, full voting information has been provided by the Managers, however, information on size of the fund's holdings and next steps is not typically disclosed by BlackRock. The Trustee will look to obtain this information for future statements.

The Trustee believes 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.

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

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

In selecting the significant votes, the Trustee has 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. Further detail is provided on the most significant vote under each fund.

A) Defined Contribution summary

Fund	Votes cast	Significant votes
Main Section		
LGIM Diversified Fund	93,090 (99.8% of eligible votes cast) 23.1% of votes against management / 0.3% abstained	Prologis, Inc. Restaurant Brands International Inc.
LGIM FTSE TPI Global (ex Fossil Fuels) Equity	21,964 (99.8% of eligible votes cast) 20.4% of votes against management / 0.1% abstained	Amazon.com, Inc Toyota Motor Corporation
LGIM FTSE Developed Core Infrastructure Index Fund	1,855 (100.0% of eligible votes cast) 24.6% of votes against management / 0.0% abstained	The Southern Company Crown Castle Inc.
BlackRock World ESG Equity (Hedged)	7,296 (98% of eligible votes cast) 2% of votes against management / 0% abstained	The Goldman Sachs Group Shell Plc
BlackRock EM Equity Index	23,079 (98% of eligible votes cast) 12% of votes against management / 2% abstained	Zhejiang Expressway Co., Ltd. Shin Kong Financial Holding Co. Ltd.
BlackRock UK Equity Index	14,654 (96% of eligible votes cast) 3% of votes against management / 1% abstained	The Goldman Sachs Group, Inc. The Kraft Heinz Company
BlackRock World (ex-UK) Index Fund	24,856 (97% of eligible votes cast) 6% of votes against management / 0% abstained	Broadcom Inc. The Hong Kong and China Gas Company Limited

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

B) Defined Benefit

Fund	Votes cast	Significant votes
Main Section		
Insight Diversified Growth	164 (100% of eligible votes) 0% against management / 0% abstained Non-proxy agent votes: 0 Proxy agent votes: 164	Ecofin US Renewables Infrastructure Trust plc Aquila European Renewables Income Fund plc
Elements Section		
LGIM ESG Paris Aligned World Equity Fund	17,451 (99.77% of eligible votes) 21.72% against management / 0.21% abstained Non-proxy agent votes: 2,845 Proxy agent votes: 14,606	NVIDIA Corporation Schneider Electric SE Tyson Foods, Inc. Activision Blizzard, Inc.

Votes in line with stewardship priority areas

Insight Diversified Growth Fund – Insight were unable to provide this level of granularity in voting statistics.

LGIM ESG Paris Aligned World Equity Fund

Stewardship priority area	Votes cast
Climate Change	78 (100% of eligible votes) 69% against management / 0% abstained Non-proxy agent votes: 36 Proxy agent votes: 42
Biodiversity	4 (100% of eligible votes) 100% against management / 0% abstained Non-proxy agent votes: 1 Proxy agent votes: 3
Gender Diversity and Equality	42 (100% of eligible votes) 86% against management / 0% abstained Non-proxy agent votes: 16 Proxy agent votes: 26
Labour Rights and Modern Slavery	37 (100% of eligible votes) 57% against management / 0% abstained Non-proxy agent votes: 9 Proxy agent votes: 28

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

For DC assets, BlackRock have summarised voting data for the Scheme's assets. LGIM were unable to provide this level of granularity in voting statistics.

Stewardship priority area	Votes cast
Climate Change	190 (100% of eligible votes) 5% against management / 0% abstained Non-proxy agent votes: 190 Proxy agent votes: 0
Biodiversity	1 (100% of eligible votes) 0% against management / 0% abstained Non-proxy agent votes: 1 Proxy agent votes: 0
Gender Diversity and Equality	70 (99% of eligible votes) 4% against management / 0% abstained Non-proxy agent votes: 70 Proxy agent votes: 0
Labour Rights and Modern Slavery	59 (100% of eligible votes) 3% against management / 0% abstained Non-proxy agent votes: 59 Proxy agent votes: 0

Voting activity

1. Introduction

This document is supplementary to 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 2024. It provides additional detail on the key voting and engagement activities for the managers of the Scheme during the year.

A) Defined Contribution

BLACKROCK – EM EQUITY INDEX, UK EQUITY INDEX, WORLD (EX-UK) INDEX, WORLD ESG EQUITY INDEX

Voting Activities:

EM Equity Index

- There were 23,079 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 98% of its votes over the year
- 12% of votes were against management and 2% were abstained

World ESG Equity Index (Hedged)

- There were 7,296 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 98% of its votes over the year
- 2% of votes were against management and 0% were abstained

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

UK Equity Index

- There were 14,654 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 96% of its votes over the year
- 3% of votes were against management and 1% were abstained

World (ex-UK) Index

- There were 24,856 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 97% 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 our 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 our view of what supports sustainable long-term value creation, we will engage with a company and/or use our vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides us with the opportunity to improve our understanding of the business and ESG risks and opportunities that are material to the companies in which our clients invest. As long-term investors on behalf of clients, they 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. We primarily engage through direct dialogue but may use other tools such as written correspondence to share their perspectives. Engagement also informs voting decisions.

Appendix F: 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 our more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe their philosophy on stewardship (including how we monitor and engage with companies), our policy on voting, our 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's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations:

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients' assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed
- We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial
- We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis
- We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision
- The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting

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

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.

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 our reputation and business relationships, and to meeting the requirements of our 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 our 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 our clients' interests first and to identify and manage any conflicts of interest that may arise in the course of our 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.

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

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

Zhejiang Expressway Co., Ltd.

Date of Vote: 04/05/2023

Resolution: To Amend the Articles of Association. On balance, BlackRock find that shareholders' rights are likely to be diminished in material ways under the new Charter/Articles/Bylaws.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Not directly aligned with the Trustee's specific voting priorities but considered significant given it seeks to protection of shareholder voting rights and interests

Action: Against

Outcome: Motion withdrawn

Most significant vote: World ESG Equity Index (Hedged)

The Goldman Sachs Group

Date of Vote: 26/04/2023

Resolution: Disclose 2030 Absolute GHG Reduction Targets Associated with Lending and Underwriting.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Falls within Trustee's climate change priority

Rationale: The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.

Action: Against

Outcome: Fail

Most significant vote: World (ex-UK) Index

Broadcom Inc.

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

Date of Vote: 03/04/2023

Resolution: Elect Director Check Kian Low. This was a vote against compensation committee members because pay is not properly aligned with performance and/or peers.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Not directly aligned with the Trustee's specific voting priorities but considered significant given it seeks to protection of shareholder interests. This was one of several similar resolutions, increasing significance.

Action: Against

Outcome: Pass

Most significant vote: UK Equity Index

The Kraft Heinz Company

Date of Vote: 04/05/2023

Resolution: Report on Supply Chain Water Risk Exposure. BlackRock believes that the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.

Approximate size of the fund's holding as at the date of the vote: Not provided by BlackRock

Why the vote is considered significant: Falls broadly within Trustee's climate change priority

Action: Against

Outcome: Fail

LEGAL AND GENERAL INVESTMENT MANAGEMENT (LGIM) – DIVERSIFIED FUND, FTSE TPI GLOBAL (EX FOSSIL FUELS) EQUITY, FTSE DEVELOPED CORE INFRASTRUCTURE INDEX FUND

Voting Activities:

Diversified Fund

- There were 93,090 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 99.8% of its votes over the year
- 23.1% of votes were against management and 0.3% were abstained

FTSE TPI Global (ex Fossil Fuels) Equity

- There were 21,964 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 99.8% of its votes over the year
- 20.4% of votes were against management and 0.1% were abstained

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

FTSE Developed Core Infrastructure Index Fund

- There were 1,855 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 100.0% of its votes over the year
- 24.6% of votes were against management and 0% 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.

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

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. 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: Diversified Fund: Restaurant Brands International Inc.

Date of Vote: 23/05/2023

Resolution: Report on Efforts to Reduce Plastic Use

How LGIM voted: For (Against Management Recommendation)

Approximate size of the fund's holding as at the date of the vote: 0.003%

Why the vote is considered significant: This shareholder resolution is considered significant as it aligns with the Trustee's biodiversity priority and due to the relatively high level of support received.

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

Action: For – A vote in favour is applied as LGIM believes that improving the recyclability of products will have a positive impact on climate change and biodiversity.

Outcome: 36.8% 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: LGIM FTSE TPI Global (ex Fossil Fuels) Equity: Amazon.com, Inc.

Resolution: Report on Median and Adjusted Gender/Racial Pay Gaps

How LGIM voted: For (Against Management Recommendation)

Date of Vote: 24/05/2023

Approximate size of the fund's holding as at the date of the vote: 2.5%

Why the vote is considered significant: This aligns with the Trustee's gender and diversity priority and aligns with LGIM's view that gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Action: For – A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

Outcome: 29.0% of shareholders supported the resolution (Fail).

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

Most significant vote: LGIM FTSE Developed Core Infrastructure Index Fund: The Southern Company

Resolution: Elect Director Anthony F. "Tony" Earley, Jr.

How LGIM voted: Against (Against Management Recommendation)

Date of Vote: 24/05/2023

Approximate size of the fund's holding as at the date of the vote: 3.4%

Why the vote is considered significant: This aligns with the Trustee's gender and diversity priority and aligns with LGIM's view that gender diversity is a financially material issue for our clients, with implications for the assets we manage on their behalf.

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

Action: Against – A vote against is applied as LGIM expects a company to have at least one-third women on the board.

Outcome: Fail

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

B) Defined Benefit

INSIGHT – DIVERSIFIED GROWTH FUND

Voting Activities:

- There were 164 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 164 of its votes over the year
- 0% of votes were against management and 0% were abstained
- 100% of resolutions were voted on in line with the recommendation of Insight's proxy adviser.

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.

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 our client and their beneficiaries.

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

In the reporting period, these issues are 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 vote: Vote 1: Ecofin US Renewables Infrastructure Trust plc

Resolution: To re-elect as a director, Patrick O'Donnell Bourke.

Date of vote: 25/05/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.2%

Why the vote is considered significant: While the vote does not relate to any of the Trustee's stewardship priorities, Insight consider it significant as it relates to Financial Conduct Authority board diversity targets. Insight are unable to provide reporting relating specifically to the Trustee's stewardship priority areas.

Action: Insight voted for the resolution

All board members stand for annual re-election at each AGM. A vote for was applied because any potential change to the board could have added further uncertainty during an already volatile period and may not have been in the best interest of the shareholders.

Outcome: 87% voted for the resolution

The 2022 Annual Report indicated that the board would endeavour to address this in future recruitment whilst ensuring appointments are made on merit and subject to a formal, rigorous and transparent procedure.

Most significant vote: Vote 2: Aquila European Renewables Income Fund plc

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

Resolution: To approve the continuation of the company as an investment trust.

Date of vote: 05/06/2023

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 possible reconstruction, reorganisation or liquidation of the company could have an adverse impact on shareholders.

Action: Insight voted for the resolution

Over the course of 2023, the company introduced a number of initiatives including asset life extensions, in some instances which contributed to increase in NAV per share; accretive share buybacks; debt refinancing which would enable further investment and/or return additional capital to shareholders and additional listing on a European exchange which could improve the company's marketability and liquidity on the secondary market.

Insight voted in favour of the resolution for a continuation of the company as this would allow time to evaluate the success of initiatives outlined above. Shareholders will have a further opportunity to vote on the continuation of the company in Q3 2024 which has been brought forward from 2027.

Outcome: 74.1% voted for the resolution

Insight continue to evaluate the effectiveness of initiatives and reassess this proposal at the next opportunity in Q3 2024.

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

Voting Activities:

- There were 17,491 eligible votes for the fund over the 12 months to 31 March 2024
- The manager exercised 17,451 votes over the year
- 21.72% of votes were against management and 0.21% were abstained
- Non-proxy agent votes: 2,845
- Proxy agent votes: 14,606

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.

Appendix F: 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 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 the 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](#).

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.

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

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: Schneider Electric SE

Resolution: To approve company's climate transition plan.

Date of vote: 04/05/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.31%

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

Action: LGIM voted against the resolution (against management recommendation)

A vote against is applied as 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: 97.7% voted against the resolution

LGM will continue to engage with their 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 Stephen C. Neal

Date of vote: 22/06/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 2.9%

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 (Against Management Recommendation)

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

A vote against was applied as LGIM expects a company to have at least one-third women on the board. 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: 89.2% of shareholders supported the resolution.

Most significant vote: Vote 3: Tyson Foods, Inc.

Resolution: To report on opportunities to support circular economy for packaging.

Date of vote: 08/02/2024

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.03%

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

Action: LGIM voted for the resolution (against management recommendation)

A vote for was applied because LGIM believe the company should accelerate efforts to transition to a circular economy approach as they deem this a material risk. The circular economy is a key component of LGIM's approach to nature, and LGIM believe solving plastic pollution is critical in a just transition to net zero and nature-positive economies.

Outcome: 4.0% voted for the resolution

Most significant vote: Vote 4: Activision Blizzard, Inc.

Resolution: To adopt policy on freedom of association and collective bargaining

Date of vote: 21/06/2023

Approximate size of fund's holding as at the date of the vote (as % of portfolio): 0.05%

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

Action: LGIM voted for the resolution (against management recommendation)

A vote in favour was applied as LGIM supports proposals that are set to improve human rights standards or policies because they consider this issue to be a material risk to companies.

Outcome: 33.9% voted for the resolution

LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.