# *Advice on the annual Implementation Statement*

## TotalEnergies UK Pension Plan

## Re-issued 19 December 2024

*This note has been prepared for the Trustee of the TotalEnergies UK Pension Plan (the "Plan") in response to your request that we provide a draft Implementation Statement ("IS") for the Plan.*

### Background and introduction

There is a requirement for most trust-based defined benefit ("DB") and defined contribution ("DC") pension schemes to produce an IS which covers the report and accounts year (which is the 12 months to 30 June for the Plan).

The Department for Work and Pensions ("DWP") issued Statutory Guidance in June 2022 which applies to any IS that trustees are required to prepare in respect of pension scheme year ends on or after 1 October 2022. The guidance gives an overview of the items which Trustees "must", "should", are "encouraged", "could" or "may" include in their IS.

"Must" items are requirements imposed by legislation. "Should" items are expected to be followed, and if not followed, trustees should describe concisely the reasons for deviating from the guidance approach. For "Could", "May" and "Encouraged" items, it is hoped that trustees will address them where possible but they are not expected to explain reasons if not followed. We have included all "must" and "should" items and some "could" items.

The guidance states that the Pensions Regulator is the primary audience for the IS, but it should be written in plain English as far as possible so that members could reasonably interpret and understand the disclosures. Trustees are encouraged to consider producing member-facing summary versions of the IS (with signposting to the full IS). Please let us know if you would like us to prepare a "member friendly" summary version of the IS.

The DWP has stated that it is important that trustees understand and consider financially material Environmental, Social and Governance ("ESG") factors and stewardship approaches in their investment decisions. Furthermore, DWP will revisit the extent to which the new guidance has been followed in the second half of 2024 when it is expected to review stewardship disclosure requirements.

The IS should set out how, and the extent to which, the Trustee has followed the Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. The Trustee should seek to demonstrate they have had regard to the Statutory Guidance.

The IS is also required to include a description of the voting behaviour by, or on behalf of, Trustees (including the most significant votes cast by trustees or on their behalf) during the Plan Year and state any use of the services of a proxy voter during that year.

The DWP's guidance states: *"where Trustees use the voting policy of the asset manager, they should briefly summarise in the IS whether the asset manager's voting behaviour was aligned with the Plan's stewardship priorities*".

### Key points

We have produced the draft IS in this note based on our understanding of the regulatory requirements and the DWP's stewardship guidance. Ultimately it is the Trustee's responsibility to produce a compliant IS and the Pensions Regulator can impose fines for non-compliance. Therefore, **you may wish to obtain legal advice to ensure that all requirements have been met.**

There is interest in the IS from the Pensions Regulator, policymakers, and the media; as such please **ensure you are comfortable with the content being in the public domain.**

In the section of the IS on voting behaviour, we have included data on the Plan's funds that held equities during the Plan year as follows:

- **Baillie Gifford** Global Alpha Growth Fund (removed in February 2024)
- **BlackRock** Diversified Growth Fund (removed in April 2024)

- **Columbia Threadneedle Investments** Responsible Global Equity Fund
- **MFS** Global Concentrated Equity Fund (removed in March 2024)
- **LGIM** All World Equity Index (removed from the default lifestyle strategy in December 2023), Hybrid Property (70:30) and Low Carbon Transition Global Equity Fund (GBP currency hedged and unhedged versions)
- **Schroders** Sustainable Future Multi-Asset Fund *(no longer held within the DB section but still invested within the DC Section and included in this Statement)*.

For the DC Section we have included only the funds with equity holdings where these are used in the default strategies given the high proportion of total DC Section assets invested in these funds. In addition, we have also included self-select funds which have a sustainable or ethical focus, recognising that members choosing to invest in these funds may be interested in this information.

We have also included commentary on the following funds provided by the Plan's asset managers who don't hold physical listed equities:

- **Columbia Threadneedle Investments** Equity Linked Bonds;
- **LaSalle** direct and indirect property mandates;
- **Barings** multi asset credit; and
- **LGIM** Bond funds.

## Next steps

We propose that you review the IS provide any comments to LCP. Once comfortable we the Trustee will need to include it within the Report & Accounts ending 30 June 2024 to comply with the relevant regulations. The Report & Accounts need to be finalised within seven months of the end of the Plan Year, ie by 30 January 2025.

**You are required to publish your IS on a website for public access as soon as reasonably practicable after the Report & Accounts are signed off.** We expect you will use the same location for the IS as last year. It remains very important that the website is readily and publicly available. A web address for the location of the published materials must be included in members' Annual Benefit Statements.

Please let us know if you have any questions.

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# *Implementation Statement, covering the Plan Year from 1 July 2023 to 30 June 2024*

The Trustee of the TotalEnergies UK Pension Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. This needs to cover information for the defined benefit ("DB") and defined contribution ("DC") Sections of the Plan, and also covers Additional Voluntary Contributions ("AVC") benefits in respect of DB members ("AVC Section"). Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2 to8 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") issued in June 2022.

The Implementation Statement is set out in an equivalent order to how the Trustee has set out its SIP.

## 1. Introduction

The SIP was updated during the Plan year in September 2023 and June 2024 to reflect:

- The agreed changes to the DB Section's investment strategy as the Plan insured outstanding DB liabilities via the purchase of a buy-in policy;
- changes to section 8 on realisation of investments and responsible investments that allow for the purchase of the buy-in;
- changes to Appendix A given the completion of the buy-in; and
- the Trustee's policy in relation to investment in illiquid assets within the DC section (as agreed by Defined Contribution Outcomes and Governance ("DCOG") in June 2023).

As part of the SIP update, the Employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed all of the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

## 2. Investment objectives

### 2.1 DB investment objectives

The Trustee's key objective for the DB section is that it should be able to meet benefit payments as they fall due. The Trustee has achieved this by purchasing buy-in policies for all of the DB Section benefits with Pension Insurance Corporation ("PIC"). Following the purchase, DB Section assets comprise the buy-in policy, cash and a legacy property mandate which is due to be wound up in Q4 2024.

### 2.2 DC investment objectives

As part of the performance and strategy review of the DC default arrangement which commenced in June 2023 and concluded in December 2023 the Trustee considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan.

As part of the review, the Trustees agreed to change the structure of the lifestyle strategies to a phased approach, launch four new white-labelled funds and adding a few new underlying funds The transition to the phased approach was completed in September 2024 and the new underlying funds will be gradually introduced over the fourth quarter of 2024, post Plan Year end.

Based on the outcome of the strategy review analysis, the Trustee concluded that the relevant default strategies continue to be appropriate to meet the long and short-term investment requirements of the majority of DC and AVC Section members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. The Trustee has made available two alternative lifestyle strategies and a self-select fund range to members covering all major assets classes as set out in the SIP. The Trustee monitors the take up of these funds.

The Drawdown Lifestyle is the default arrangement for the DC Section, while the Cash Lifestyle is the default arrangement for the DB AVC Section.

The Trustee regularly reminds members to review their investment holdings and check they are suitable for their risk tolerances and retirement planning. The Trustee, via the Defined Contribution Outcomes Group, reviews changes in member choices, behaviour and trends each year using administration reports and information provided by the internal pension team at TotalEnergies. Over the Plan year there were no material changes.

As part of the previous review of the auto-select arrangement concluded on 8 June 2021, the Trustee agreed to review the phasing of assets within the Growth Fund after a year, at the midway point, in November 2022. Following this review the Trustee agreed to proceed with the increase to the allocation to the L&G Low Carbon Transition Fund from 50% to 100% within the Growth Fund. In addition, the Trustees agreed to 50% of the Growth Fund being allocated to the hedged share class of the L&G Low Carbon Transition Fund. This change was completed in December 2023, during the Plan Year.

## 3. Investment strategy

### 3.1 DB investment strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the DB Section's investment strategy multiple times throughout the Plan year.

Key strategic changes to the DB Section's investments during the Plan Year to 30 June 2024 are set out below:

- In August 2023, the Trustee made a full redemption from the Barings Multi Asset Credit fund with proceeds invested in the Columbia Threadneedle Bespoke Portfolio. The Trustee reduced the Plan's synthetic equity exposure (from 15% to 7.5% of non-insured Plan assets). The Trustee increased the level of interest rate and inflation hedging as part of ongoing de-risking measures to the DB Section strategy.
- In February 2024, the Trustee made a full redemption from the Baillie Gifford Global Alpha Growth Fund with the proceeds invested in the Columbia Threadneedle Bespoke Portfolio. The Trustee increased interest rate and inflation hedging as part of further de-risking measures to the DB Section strategy.
- In March 2024, the Trustee made a full redemption from the BlackRock Dynamic Diversified Growth Fund and MFS Global Concentrated Equity Fund. The proceeds were transferred to the Columbia Threadneedle Bespoke Portfolio and the Trustee closed out the synthetic equity positions.
- In May 2024, as part of the buy-in transaction, the Trustee instructed Columbia Threadneedle (CT) to restructure the gilt holdings to match the PIC price lock portfolio. In June 2024, the Trustee made the premium payment to PIC
- In June 2024: The SIP was updated to reflect the recent purchase of a bulk annuity agreement with PIC.
- Over the Plan year, the Plan's property mandates with LaSalle continued to wind down.

### 3.2 DC investment strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy and performance of the default arrangements over the Plan Year as described in Section 2 above. The Trustee has decided to introduce a three-phased approach to the lifestyles to include a growth phase, transition phase and at-retirement phase. The Trustee decided to shorten the de-risking period from 25 years to 15 years to maintain a higher risk portfolio for longer and have a higher allocation invested in the Growth Fund during the de-risking phase. The Trustee has also agreed to amend the Diversified Multi Asset Fund to improve the asset allocation which will increase the risk and return portfolio for members. Furthermore, the Trustee has decided to increase risk at-retirement for the Default Drawdown Lifestyle Strategy by amending the asset class allocation.

As part of this review the Trustee made sure the Scheme's default arrangements were adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from.

The Trustee also reviewed retirement data as part of the December 2023 strategy review of the DC default arrangements, looking at how members chose to access their benefits as well as at what age they accessed them versus when they said they would. The Trustee found that 70% of members typically take their benefits before their Target Retirement Age.

## 4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy multiple times throughout the Plan year as part of its preparation for completing the buy-in of the DB liabilities, it considered the investment risks set out in Appendix A of the SIP.

The DC investment strategy review which commenced in June 2023 and concluded in December 2023 was carried out against the background of the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee invests for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, one year and three years. Performance is considered in the context of the manager's benchmark and objectives.

The Trustee also periodically monitors its managers' responsible investment capabilities in conjunction with its investment adviser, including as part of its annual TCFD (Task Force on Climate-related Financial Disclosures) report. This report contains carbon emissions data of the Plan's investments within the Plan Year.

### 4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee also maintains a risk register and this is discussed at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include credit risk, equity risk, currency risk and counterparty risk. The Trustee's implementation of its policy for these risks during the year is summarised below.

The DB Section's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report.

With regard to collateral adequacy risk, over the Plan year, the Trustee held sufficient investments in the Columbia Threadneedle Equity Linked Bond portfolio, to be used as collateral for the synthetic equity positions.

There is also a risk that the performance of the Plan's assets and liabilities diverge in certain financial and economic conditions in the short term. Following the buy-in of the Plan's remaining liabilities, the Trustee considers these risks to broadly be mitigated for the Plan's DB members.

With regard to the risk of inadequate returns for DC members, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the two default options (the Drawdown Lifestyle for main DC Section members and the Cash

[1] The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Lifestyle for AVC Section members) and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The risk of the DB Section's buy-in insurer failing to pay benefits has been mitigated by the selection of a reputable insurer, ongoing monitoring of the provider by LCP as the investment adviser, and the negotiation of a collateral arrangement with the insurer.

The Trustee considers overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate.

Together, the investment and non-investment risks set out in Appendix A of the SIP give rise generally to funding risk for the DB Section. The Trustee reviews the Plan's funding position as part of its annual actuarial report and in more detail triennially in the Actuarial Valuation, which reflects changes in the membership, financial conditions, and other experience.

The following risks are covered elsewhere in this Implementation Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

## 5. Implementation of the investment arrangements

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. It monitors any developments at managers and informs the Trustee promptly about any significant updates or events it becomes aware of with regard to the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes:

- any significant change to the investment process or key staff for any of the funds the Plan invests in;
- any material change in the level of diversification in the portfolio; and
- any change in ownership, particularly if this could lead to a change in the manager's investment process.

The Trustee generally looks to invite the Plan's investment managers to present at Investment Committee meetings, seeing each manager approximately once a year. However, given the move to a full buy-in for the DB Section the Investment Committee met with Columbia Threadneedle over the Plan year.

The Trustee was comfortable with all of its investment manager arrangements over the Plan Year.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using LCP's quarterly performance monitoring reports. The reports show performance over a variety of short- and longer-term periods up to 5 years. Performance is considered in the context of the manager's performance benchmark and investment objectives.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives.

After the Plan period, the Trustee undertook a "value for members" assessment in November 2024 for the Plan Year to 30 June 2024 which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against Plans with similar sizes of mandates.

## 6. Realisation of investments

The Trustee reviews the DB Section's net current and future cashflow requirements at regular Investment Committee meetings. The Trustee's policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

To assist with cash flow management, over the Plan year, the Trustee had a holding in LGIM's liquidity fund, which is topped up from time to time and is an efficient way for the Trustee to disinvest when it requires cash to meet benefit outgo from time to time.

The cashflow requirements for the DB members were covered by the insurance policies as at the end of the Plan year.

It is the Trustee’s policy is to invest in DC funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section’s funds which the Trustee offered during the Plan Year are daily traded, enabling members to realise and change their investments effectively.

## 7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

Within the DB Section, the Trustee explicitly considered ESG issues as part of its consideration for the chosen bulk annuity provider.

Within the DC Section, the Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available the Ethical Equity Fund as a self-select investment option to members.

As set out in Section 2.2, the Trustee agreed to proceed with the agreed changes to the Growth Fund to use underlying funds that favour companies with proven lower carbon emissions. The changes were completed in December 2023, during the Plan Year.

## 8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- **Baillie Gifford**: Baillie Gifford Stewardship Approach
- **MFS:** MFS Proxy Voting Policies and Procedures
- **LGIM:** LGIM’s Engagement Policy
- **BlackRock:** BlackRock Investment Stewardship
- **Schroders:** Schroders Engagement Blueprint
- **Columbia Threadneedle Investments:** Columbia Threadneedle’s Proxy Voting Policy

However, the Trustee takes ownership of the Plan’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

The Trustee also received quarterly updates on ESG and Stewardship related issues from its investment adviser.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed stewardship priorities for the Plan which were:

- Climate Change;
- Human Rights; and
- Business Ethics.

These priorities were selected because the Trustee views them as key market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Plan’s members. The Trustee has communicated these priorities to its managers.

The Trustee agreed to maintain these stewardship priorities over the Plan year to 30 June 2024.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

## 9. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that held equities over the Plan year as follows:

- **BlackRock** Diversified Growth Fund.
- **Columbia Threadneedle** Responsible Global Equity Fund.
- **LGIM** All World Equity Index, Hybrid Property (70:30) and Low Carbon Transition Global Equity Index Fund (GBP currency hedged and unhedged versions).
- **MFS** Global Concentrated Equity Fund.
- **Schroders** Sustainable Future Multi Asset Fund (formerly the Dynamic Multi Asset Fund).
- **Baillie Gifford** Global Alpha Growth Fund.

For the DC Section we have included only the funds with equity holdings used in the default strategies given the high proportion of DC Section assets invested in these funds. In addition, we have also included self-select funds which incorporate ESG or ethical factors, recognising that members choosing to invest in these funds may be interested in this information.

In addition to the above, the Trustee contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. Commentary provided from these managers is set out in Section 9.4.

### 9.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies in November 2022, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views.

### BlackRock

"*The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our 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. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets.*

*We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary.*

*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 synthesize corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritize 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.*

*We periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements."*

### Columbia Threadneedle Investments

*"Generally, we feel that voting consistently across our clients' holdings gives them greater influence to effect positive change. We think carefully about how we vote, be that through execution of our Corporate Governance guidelines, or in discussion with portfolio managers on higher profile or more complex resolutions.*

*We can, however, accommodate clients' requests to vote on resolutions in a manner different to our policies, when they are invested in a segregated mandate.*

*Clients who wish to monitor voting decisions outside the normal reporting cycle can receive a preview of voting intentions for their portfolio. Alternatively, clients can be granted access to our voting platform on a read-only basis. For high-profile issues, we can pro-actively advise our clients on our intention to vote well in advance of the meeting. Our clients then have the option to state their preference and vote differently.*

*To ensure transparency, clients receive detailed vote reports including comments on resolutions where we do not support management. Vote reports are publicly available online the day after each shareholder meeting. Finally, annual vote statistics, case studies and other highlights are published on our website in our Stewardship Report.*

*We continue to investigate technology solutions to enable clients in pooled funds to express their voting intentions.*

*Our expectations of corporate governance standards at investee companies are embodied in our Global Corporate Governance Guidelines, which have been thoughtfully designed by our Corporate Governance Team, who specialise by market and/or region. These guidelines are translated into detailed proxy voting policies, including 25 market/regional variations that take into consideration local legal and regulatory environments as well as local codes of best practice and domestic investor expectations. We partner with ISS to consistently implement our bespoke voting approach. The policies are underpinned by the following principles of good corporate governance:*

- *an empowered and effective board and management team*
- *appropriate checks and balances in company management structures*
- *effective systems of internal control and risk management covering all significant issues, including corporate responsibility*
- *a commitment to promoting a culture of transparency and accountability throughout the company that is grounded in sound business ethics; and*
- *remuneration policies that reward the creation of long-term shareholder value through the achievement of corporate objectives.*

*In certain cases, vote decisions are arrived at through consultation with our investment teams. Controversial or high-profile meetings may be escalated to the Proxy Working Group, which contains representatives from each part of Columbia Threadneedle's business.*

*Our engagement activities and voting process consistently reinforce each other, and may include:*

• *Active engagement with key companies ahead of the vote*

• *After voting, we actively inform companies of the reasons for voting against or abstentions*

• *Consultation with companies on voting other ESG matters outside of shareholder meetings*

*We deploy our specialist corporate governance team on the most complex and sensitive cases, while voting on more routine, straightforward votes are cast using the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) who also provide recordkeeping and vote disclosure services.*

*We have also retained Glass, Lewis & Co., IVIS (in the UK) and ISS to provide proxy research services, similar to sell-side or broker research, to ensure quality and objectivity in connection with voting client securities. Other internal and external research is used to support vote decisions as appropriate."*

## LGIM

*"All decisions are made by LGIM's Investment Stewardship team and in accordance with our 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 our 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.*

*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 we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own 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 we receive from ISS for UK companies when making specific voting decisions.*

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

*We retain the ability in all markets to override any vote decisions, which are based on our 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 us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.*

*For more information, please refer to our policy document on the topic: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf* "

## MFS

*"MFS maintains its own publicly available proxy voting policies and procedures (the MFS Proxy Policies), which guide all of our proxy voting decisions and provide a framework for voting decisions at approximately 2,000 meetings in over 50 markets each year. The exercise of voting rights is overseen by the MFS Proxy Voting Committee, which consists of eight senior members of MFS' Investment, Legal and Global Investment Support departments.*

*The day-to-day management of our proxy voting and engagement activity is performed by our stewardship team. While many voting issues fall within the scope of our policies, many votes require a case-by-case analysis by the stewardship team. As an active manager, we are able to combine the collective expertise of our stewardship team with the unique perspectives and experience of our global team of investment professionals. This process enables us to formulate viewpoints with multiple inputs, which we believe leads to well-informed voting decisions. This process also provides the investment team with an opportunity to better understand the stewardship team's viewpoint on a variety of topics, which enables our analysts and portfolio managers to integrate those viewpoints into their research process. As a result, when considering certain types of votes for which the MFS Proxy Voting Policies and Procedures do not provide explicit guidance, the proxy voting team and the investment team typically collaborate in assessing the voting matter.*

*Our stewardship team will engage in a dialogue or written communication with a company or other stakeholders when we believe that the discussion will enhance our understanding of certain matters on the company's proxy* *statement that are of concern to shareholders or regarding certain thematic topics of focus for our proxy voting committee. Some of the issues we discuss with company management teams, board members and/or other company representatives include executive compensation, director accountability, as well as various environmental, social and governance issues. When engaging with companies, the proxy voting team aims to: (i) explain the rationale behind our proxy votes; (ii) exchange views on relevant ESG issues; and (iii) potentially effect positive change with respect to such issues.*

*All proxy voting decisions are made in what we believe to be the best long-term economic interests of our clients."*

**Schroders**

*"We aim to take a consistent approach to voting globally, subject to regulatory restrictions, that is in line with our Proxy Voting Policy.*

*The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we are not afraid to vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.*

*We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context. Glass Lewis (GL) act as our one service provider to implement our own bespoke policy.*

*We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.*

*We believe that all resolutions when we vote against the board's recommendations should be classified as a significant vote, for example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders"*

**Ballie Gifford**

*"Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients.*

*The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our ESG team oversees our voting analysis and execution in conjunction with our investment managers.*

*Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our ESG Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets."*

### 9.2 Summary of voting behaviour

A summary of voting behaviour over the Plan Year is provided in the table below.

| | Fund 1 | Fund 2 | Fund 3 | Fund 4 |
|---|---|---|---|---|
| **Manager name** | BlackRock | Columbia Threadneedle | LGIM | LGIM |
| **Fund name** | Diversified Growth Fund | Responsible Global Equity Fund | All World Equity Index Fund | Low Carbon Transition Global Equity Index Fund (GBP currency hedged and unhedged versions) |

| | | | | |
|---|---|---|---|---|
| **Total size of fund at end of the Plan Year** | £493.9m | £1,350.0m | £4,611.2m | £5,050.3m |
| **Value of Plan assets at end of the Plan Year*** | - (DB)<br>- (DC) | £1.6m (DC) | £39.0m (DC) | £226.2m (DC) |
| **Number of equity holdings at end of the Plan Year** | 2,311 | 47 | 4,263 | 2,829 |
| **Number of meetings eligible to vote** | 556 | 49 | 6,679 | 4,782 |
| **Number of resolutions eligible to vote** | 6,992 | 724 | 65,048 | 47,600 |
| **% of resolutions voted** | 94.0% | 100.0% | 99.8% | 99.8% |
| **Of the resolutions on which voted, % voted with management** | 95.0% | 94.3% | 79.0%[1] | 78.9%[1] |
| **Of the resolutions on which voted, % voted against management** | 4.0% | 4.7% | 20.1%[1] | 20.5%[1] |
| **Of the resolutions on which voted, % abstained from voting** | 1.0% | 1.0% | 0.9%[1] | 0.7%[1] |
| **Of the meetings in which the manager voted, % with at least one vote against management** | 26.0% | 34.7% | 63.8% | 65.0% |
| **Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor** | 0.0% | N/A** | 10.8% | 11.2% |

*DC assets includes DB AVC assets.

**CTI do not report this as they apply their own custom policy for all their voting and do not consider deviation between their policy and the proxy adviser as a vote against recommendation.

[1]Figures may not sum to 100% due to rounding.

| | Fund 5 | Fund 6 | Fund 7 | Fund 8 |
|---|---|---|---|---|
| **Manager name** | LGIM | MFS | Schroders | Baillie Gifford |
| **Fund name** | Hybrid Property (70:30) Fund | Global Concentrated Equity Fund | Sustainable Future Multi Asset Fund | Global Alpha Growth Fund |
| **Total size of fund at end of the Plan Year** | £2,687.7m | £231.3m | £1,006.0m | £2,718.0m |
| **Value of Plan assets at end of the Plan Year** | £6.8m (DC) | - (DB) | £68.1m (DC) | - (DB) |
| **Number of equity holdings at end of the Plan Year** | 356 | 26 | 783 | 92 |
| **Number of meetings eligible to vote** | 399 | 24 | 711 | 90 |
| **Number of resolutions eligible to vote** | 4,134 | 507 | 8,884 | 1,189 |

| | | | | |
|---|---|---|---|---|
| **% of resolutions voted** | 100.0% | 100.0% | 94.8% | 96.7% |
| **Of the resolutions on which voted, % voted with management** | 79.2%[1] | 86.6%[2] | 88.2%[3] | 93.5% |
| **Of the resolutions on which voted, % voted against management** | 20.6%[1] | 3.2%[2] | 11.9%[3] | 6.1% |
| **Of the resolutions on which voted, % abstained from voting** | 0.2%[1] | 0.4%[2] | 0.3%[3] | 0.4% |
| **Of the meetings in which the manager voted, % with at least one vote against management** | 68.9% | 29.2% | 54.4% | 35.6% |
| **Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor** | 16.5% | N/A | 9.6% | N/A |

[1]Figures may not sum to 100% due to rounding.
[3]abstain votes are counted as votes against management when management has issued a recommendation on a proposal. If management has not issued a recommendation, all vote instructions (including abstentions) are counted as being with management. As such, if % abstain is greater than 0%, Rows may not add up to 100%.
[2]Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

### 9.3 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[2] for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that align with the Trustee's stewardship priorities.

The Trustee has reported on one significant vote per diversified fund and three of these significant votes per equity fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

#### BlackRock Diversified Growth Fund

BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as our active participation in market-wide policy debates, help inform these themes. The themes identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

BlackRock periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on our Global Principles and Engagement Priorities,

[2] Vote reporting template for pension Plan implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

material to a company's sustainable long-term financial performance. These bulletins are intended to explain BlackRock's vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to their clients and other stakeholders, and potentially represent a material risk to the investment they undertake on behalf of clients.

BlackRock make this information public shortly after the shareholder meeting, so clients and others can be aware of their vote determination when it is most relevant to them. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements. One of the votes they have indicated as significant is detailed below:

**National Australia Bank Limited, December 2023**

- **Summary of resolution:** Approve Transition Plan Assessments
- **Relevant stewardship priority:** Climate change
- **Approx size of the holding at the date of the vote:** BlackRock did not provide this information
- **How they voted:** Against
- **Outcome of the vote:** The proposal was not approved.
- **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 control of a key decision, core to the company's ability to deliver their strategy and balance the interests of all stakeholders, to a third-party.

### Columbia Threadneedle ("CT") Responsible Global Equity Fund

CT selects significant votes based on one or more criteria, including:

- Materiality of issues and the impact on shareholder value;
- Votes against the recommendation of the Board;
- Value/size of the shareholding relative to the total portfolio;
- The materiality of the vote to engagement outcomes
- Size of holdings in the company;

**Mastercard Incorporated, June 2024**

- **Summary of resolution:** Report on Lobbying Payments and Policy
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding at the date of the vote:** 3.9%
- **Fund manager vote:** For
- **Outcome of the vote:** The proposal was not approved. Active stewardship (engagement and voting) continues to form an integral part of CT's research and investment process.
- **Rationale:** Enhanced controls over and disclosure of company and trade association lobbying is a growing good practice. Transparency around the company's primary lobbying issues and positions, as well as its key relationships with trade associations that engage on lobbying on its behalf, is advisable.

**Alphabet Inc, June 2024**

- **Summary of resolution:** Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies
- **Relevant stewardship priority:** Human rights
- **Approx size of the holding at the date of the vote:** 4.5%
- **Fund manager vote:** For
- **Outcome of the vote:** The proposal was not approved. Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.
- **Rationale:** The company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.

**DexCom, Inc, May 2024**

- **Summary of resolution:** Political Contributions Disclosure.
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding at the date of the vote:** 1.5%
- **Fund manager vote:** For
- **Outcome of the vote**: The proposal was not approved. Active stewardship (engagement and voting) continues to form an integral part of our research and investment process.
- **Rationale:** Comprehensive, aggregate disclosure on political spending is best practice. Disclosure should include all state and local donations including support for organizations and ballot initiatives. In addition, the company should identify key relationships with trade associations that engage in lobbying on the corporation's behalf, as well as describe its policies and processes for giving. LGIM ask that the board provide ultimate oversight for political donations.

## LGIM

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny.
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote.
- Sanction vote as a result of a direct or collaborative engagement.
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

They provide information on significant votes in the format of detailed case studies in LGIM's quarterly ESG impact and annual active ownership publications. LGIM provided details of "significant votes" in response to our request, which are detailed here:

### LGIM All World Equity Index

**Apple, Inc., February 2024**

- **Summary of resolution:** Report on Risks of Omitting Viewpoint and Ideological Diversity from Equal Employment Opportunity Policy.
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding at the date of the vote:** 4.0%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale:** A vote against is applied as LGIM as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in Equal Employment Opportunity policies does not appear to be a standard industry practice.

**Alphabet Inc., June 2024**

- **Summary of resolution:** Elect John L. Hennessy as Director.
- **Relevant stewardship priority:** Human Rights / Business Ethics.
- **Approx size of the holding at the date of the vote:** 1.4%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to engage with the company and monitor progress
- **Rationale:** A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. A vote against is applied as LGIM expects a company to have at least one-third women on the board. Also, a vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. LGIM supports the equitable structure of one-share-one-vote and expect companies to move to a one-share-one-vote

structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

**Nestle SA, April 2024**

- **Summary of resolution:** Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 0.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: N/A. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** LGIM is one of the co-filers of this resolution. LGIM call for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which LGIM believe will have negative impacts on the economy. As the largest food company in the world LGIM believe Nestle sets an example for the rest of the industry in terms of driving positive change and raising market standards.

### LGIM Hybrid Property (70:30) Fund

**Simon Property Group, Inc., May 2024**

- **Summary of resolution:** Elect Glyn F. Aeppel as Director.
- **Relevant stewardship priority:** Human Rights / Business Ethics.
- **Approx size of the holding at the date of the vote:** 0.9%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
- **Rationale:** A vote against is applied as LGIM expects a company to have at least one-third women on the board. Also, a vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

### LGIM Low Carbon Transition Global Equity Index Fund

**NIKE, Inc., September 2023**

- **Summary of resolution:** Report on Median Gender/Racial Pay Gap.
- **Relevant stewardship priority:** Human Rights.
- **Approx size of the holding at the date of the vote:** 0.2%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
- **Rationale:** 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.

**Canadian National Railway Company, April 2024**

- **Summary of resolution:** Management Advisory Vote on Climate Change.
- **Relevant stewardship priority:** Climate Change.
- **Approx size of the holding at the date of the vote:** 0.13%
- **How the Fund manager voted:** For.
- **Outcome of the vote** : The proposal was approved.
- **Rationale:** A vote FOR 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. Canadian National Railway Company's climate transition plan includes clear and approved science-based targets, specific actions, and governance framework.

**Tesla, Inc., June 2023**

- **Summary of resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation.
  **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 1.3%
- **How the Fund manager voted:** Against.
- **Outcome of the vote**: The proposal was approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. While most NEOs received modest or no compensation for FY2, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.

### MFS Global Concentrated Equity Fund

MFS sets out to cast proxy votes in the best long-term, economic interest of clients. MFS does not, at this time, define a vote significant to particular strategies. They therefore post a complete record of firm-wide proxy voting reports. For compiling this report, "significant votes" may have the following characteristics, among others: vote is linked to certain engagement priorities; vote considered engagement with the issuer; and votes relating to certain thematic or industry trends. MFS provided details of ten "significant votes" in response to our request.

The three votes with the largest holdings that they have indicated as significant are detailed here:

**Visa Inc, January 2024**

- **Summary of resolution:** Submit Severance Agreement (Change-in Control) to Shareholder Vote.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 6.1%
- **How they voted:** Against.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale**: MFS voted "Against" this proposal, as the company has a policy which limits cash severance to a reasonable basis absent shareholder approval, and no significant concerns are identified with respect to the company's broad-based equity award treatment.

**Accenture Plc, January 2024**

- **Summary of resolution:** Renew the Board's Authority to Issue Shares Under Irish Law.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 4.9%.
- **How they voted:** For.
- **Outcome of the vote**: The proposal was approved.
- **Rationale**: MFS voted "For" this proposal, as the company is seeking approval representing only up to 20% of issued share capital, and the proposed amounts and the durations attached to the request are within recommended market best practice.

**The Goldman Sachs Group, Inc., April 2024**

- **Summary of resolution:** Report on Lobbying Payments and Policy.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding at the date of the vote:** 4.4%.
- **How they voted:** For.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale**: MFS voted "For" this proposal, as additional disclosure of the company's direct and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

### Schroders Sustainable Future Multi Asset Fund

Schroders believe that all resolutions where they vote against the board's recommendations should be classified as a "significant vote". For example, votes against the re-election of directors, on executive remuneration, on material changes to the business (such as capital structure or M&A), on climate matters and on other environmental or social issues may all be more or less significant to different client stakeholders.

The details for three votes on which Schroders voted against management are detailed here:

**Microsoft Corporation, December 2023**

- **Summary of resolution:** SHP Regarding Report/Action on Climate Change
- **Relevant stewardship priority:** Climate change
- **Approx size of the holding at the date of the vote:** 1.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale:** We welcome the company providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options.

**A.P. Moller - Maersk AS, March 2024**

- **Summary of resolution:** SHP Regarding Reporting on Company's Compliance with International Human Rights Standards
- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding at the date of the vote:** <0.1%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** Following the failure of legislation progression of this topic area, Schroders are supportive of this proposal.

**Apple Inc, February 2024**

- **Summary of resolution:** SHP Regarding Race and/or Gender Pay Equity Report
- **Relevant stewardship priority:** Human Rights / Business Ethics.
- **Approx size of the holding at the date of the vote:** 0.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote**: The proposal was not approved.
- **Rationale:** Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report.

## Ballie Gifford Global Alpha Growth Fund

Baillie Gifford view the following situations as criteria in determining which votes are "most significant" over the Plan Year:

- Baillie Gifford's holding had a material impact on the outcome of the meeting
- The resolution received 20% or more opposition and Baillie Gifford opposed
- Egregious remuneration
- Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
- Where there has been a significant audit failing
- When the vote involves mergers and acquisitions
- Where Baillie Gifford have opposed the financial statements/annual report
- Where Baillie Gifford have the election of directors and executives; and
- Where Baillie Gifford identify material 'E' 'S' or 'G' issues that result in Baillie Gifford opposing management

Baillie Gifford provided details of ten "significant votes" in response to our request. The three votes with the largest holdings that they have indicated as significant are detailed here:

**Meta Platforms, Inc., May 2024**

- **Summary of resolution:** Shareholder resolution on equal voting rights.
- **Relevant stewardship priority:** Business ethics.

- **Approx size of the holding at the date of the vote:** 3.96%
- **How they voted:** For.
- **Outcome of the vote**: The proposal was not approved. Baillie Gifford supported the shareholder resolution on equal voting rights and communicated their decision to the Company. They explained that they would like them to consider equalising the economic value to the voting power in future. Upon their call several years ago, when they started supporting the proposal, they explained that this may be also considered as part of the succession planning for the founder, but they agree that the time scale may need to be long term.
- **Rationale**: Baillie Gifford supported the resolution on equal voting rights. Baillie Gifford believe that this is in the best interests of long-term shareholders.

**Amazon.com, Inc., May 2024**

- **Summary of resolution:** Shareholder resolution on gender/racial pay gap reporting.
- **Relevant stewardship priority:** Business ethics and human rights.
- **Approx size of the holding at the date of the vote:** 3.8%
- **How they voted:** For.
- **Outcome of the vote**: The proposal was not approved. This proposal received 29.4% votes against. This was the fifth time this proposal has been filed and Baillie Gifford have consistently supported. The company has not enhanced its reporting and Baillie Gifford's position remains unchanged. The company provides demographic data on its website and outlines good pay parity across employees in the same jobs using statistically-adjusted pay numbers. However, women and minorities are underrepresented in leadership positions compared with the broader workforce. Reporting the unadjusted median gap would help to assess structural bias regarding job opportunity and pay. Baillie Gifford fed their views back to the company both during a pre-AGM call and following the vote.
- **Rationale**: Baillie Gifford supported a shareholder resolution on gender/racial pay gap reporting. Baillie Gifford believe that women and minorities are underrepresented in leadership positions compared with the broader workforce, and reporting the unadjusted median gap would help to assess the structural bias regarding job opportunity and pay. Baillie Gifford believe a diverse workforce supports future business growth.

**NVIDIA Corporation, June 2024**

- **Summary of resolution:** Shareholder resolution on simple majority voting.
- **Relevant stewardship priority:** Business Ethics.
- **Approx size of the holding at the date of the vote:** 2.7%
- **How they voted:** For.
- **Outcome of the vote**: The proposal was approved. Baillie Gifford note that the board did not recommend voting against this shareholder proposal, suggesting an openness to considering changes to relevant bylaws in the future. Baillie Gifford plan on outlining our rationale for supporting this shareholder proposal when they next engage with the company.
- **Rationale**: Baillie Gifford supported the shareholder proposal on simple majority voting. Baillie Gifford believe that supermajority voting requirements can lead to entrenchment and make it difficult to implement positive corporate government reforms.

For the votes where the manager decided to vote against the company, the managers' policy for communicating ahead of the vote are listed below:

- **BlackRock** endeavours to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **LGIM** publicly communicates its vote instructions on its website with the rationale for all votes against management.
- **Columbia Threadneedle** did not communicate their vote in advance where they did vote against management.
- **MFS** may engage with issuers ahead of their vote at a shareholder meeting, however, they may not disclose their final vote decisions that are considered on a case-by-case basis.
- **Schroders** and **Baillie Gifford** did not disclose this information.

### 9.4 Votes in relation to assets other than listed equity

The following comments were provided by the Plan's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Plan Year:

The Trustee notes the following statements made by **Columbia Threadneedle Investment**, who manage the Plan's equity-linked bond mandate which holds equity derivative contracts and, as such, does not confer voting rights to the Plan**:**

"*The TotalEnergies UK Pension Plan is invested in a LDI Private-Sub Fund ("the Fund") with Columbia Threadneedle Investments which holds the following investments:*

- *Gilts*
- *Equity Futures*
- *Cash*
- *Columbia Threadneedle Sterling Liquidity Fund*

*However, we see responsible investing and broader investment stewardship as part of our duty as an investor acting in the best interests of our clients and key to managing risk and supporting long term returns. Consequently we engage where we can with investee companies and financial counterparties and this includes LDI counterparties and counterparties and investee companies in our liquidity fund range in which the Private sub-fund is invested*."

The Trustee notes that as at 30 June 2024, the Plan had fully divested from the LDI Private-Sub Fund to the insurer and so in practice, this wording will no longer apply going forward**.**

The Trustee notes the following statements made by **LaSalle**, who manage segregated and indirect UK property mandates for the Plan (direct property mandate), which did not have any votes during the period, describing its general voting process:

*"LaSalle actively engages with the Companies by exercising voting rights and other rights attached to shares. Their voting activities are conducted in accordance with LaSalle's proxy voting policy. LaSalle monitor the Companies' approach towards matters such as business strategy, financial and non-financial performance and risk, capital structure, and relevant social, environmental and governance "ESG" metrics. The extent and manner of such monitoring activities will be determined having regard to the investment strategy, the size of the exposure, feasibility of effective monitoring and other relevant issues."*

The Trustee notes the following statements made by **LGIM** in respect of their funds invested in bonds, which do not convey voting rights:

*"Our Active Ownership approach does not materially differ on the basis of the type of exposure. We engage on behalf of all our clients' assets, and the Investment Stewardship team consider both our debt and equity exposures. We represent all clients in carrying out voting, engagement and advocacy activities in order to protect and enhance asset values over the long term and speak with one voice in our discussions with companies. From a bond-investor point of view, the only material difference versus equities is perhaps fewer concerns around shareholder rights. Our stewardship engagement is focussed on our global themes: climate, nature, people, governance, health and digitisation. We believe these themes are financially material to our clients' portfolios, often pose systemic risks and opportunities, and cover areas where we believe LGIM as an asset manager can influence change.*

*Votes are cast according to our instructions, guided by LGIM's voting policies and effected through an electronic voting platform called 'ProxyExchange', which is managed by Institutional Shareholder Services (ISS). We do not automatically follow the recommendations of proxy advisers. Over many years we have developed a granular custom voting policy with specific voting instructions driven by LGIM's expectations. These instructions apply to all markets globally, with minimum best practice standards that we believe all companies should observe, irrespective of local regulations or practices."*

The Trustee notes the following statements made by **Barings** in respect of their fund invested in bonds, which do not convey voting rights:

*"Proxy Voting is not applicable to Barings Global High Yield Credit Strategies Fund. Where the Fund holds equity, this is as a result of restructurings, often this equity will be private and usual proxy voting mechanisms are not applicable."*