

Implementation Statement, covering the Plan Year from 1 July 2022 to 30 June 2023

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 2-8 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 2022 and May 2023 to reflect:

- Changes in the DB Section’s strategic asset allocations as part of the Trustee’s decision to de-risk the investment strategy;
- The increase in the DB Section’s target liability hedging ratio against interest rate movements relative to the Plan’s Technical Provisions liabilities;
- The Trustee’s climate belief statements that were agreed in June 2022; and
- New stewardship requirements, including the Trustee’s stewardship priorities and escalation policy. 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

Progress against the Trustee’s objectives and the Plan’s funding position is reviewed as part of the quarterly performance monitoring reports. The Trustee is also able to view the progress on an ongoing basis using its investment advisers’, LCP’s, online analysis tool LCP Visualise (a tool which shows key metrics and information on the Plan).

As at 30 June 2023, the Plan’s funding position was ahead of the position projected by the 2020 Actuarial Valuation.

2.2 DC investment objectives

The Trustee last reviewed the auto-select (default) investment strategies for the DC Sections (the Drawdown Lifestyle for main DC Section benefits and the Cash Lifestyle for the AVC Section) on 30 June 2020 and concluded it on 8 June 2021. The agreed changes were implemented in October 2021, with some changes being phased in over the period to December 2023.

This review also considered the range of alternative strategies and funds that members may choose from. As part of this review, the Trustee considered the DC and AVC Section membership demographics, projected pot sizes at retirement and the variety of ways that members have drawn and may draw their benefits from the Plan.

As part of the 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. The phasing of assets in the Growth Fund is expected to be completed in December 2023, post Plan Year end.

Based on the outcome of this 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. In addition to the main default arrangement, 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 Annuity Lifestyle is a self-select lifestyle strategy.

The Trustee continually 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.

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 in September 2022 and February 2023.

Key strategic changes to the DB Section's investments during the Plan Year to 30 June 2023 are set out below:

- As part of the Trustee's decision to de-risk the DB Section's strategy, the Trustee reduced the equity exposure in the equity linked bonds portfolio from 20% of uninsured assets to 15% of uninsured assets and increased interest rate hedging from 80% to 85% in October 2022;
- In May 2023, the target interest rate hedge ratio was increased to 90% on the technical provisions liability basis;
- The Trustee agreed to redeem the long lease property portfolio managed by LaSalle which was in progress at Plan year end.

Following improvement in the Plan's funding position, a revised strategic asset allocation for the DB Section was agreed by the Trustee. The SIP update in September 2022 reflects this.

3.2 DB investment strategy

The Trustee, with the help of its advisers began a review of the strategy and performance of the DC investment strategy in June 2023 by discussion key themes of what to focus on in more detail in the triennial review and comparing the performance of the default arrangement to other providers in the market. The Defined Contribution Outcomes Group are expected to undertake the next stage of the triennial review after the Plan year end in December 2023 when they will focus on the ideas raised in June 2023 and ensure that the default arrangement is adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from.

A review of the retirement data will be considered as part of the next stage of the strategy review and is monitored on a regular basis by the Defined Contribution Outcomes Group.

4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy in September 2022 and February 2023, it considered the investment risks set out in Appendix A of the SIP. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Plan (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

The DC investment strategy review was completed in June 2021 and 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 stewardship¹ 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 and longer-term periods where available (one year, three year and five year periods). 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. In September 2022, as part of a wider de-risking exercise, the Trustee agreed to increase the Plan's interest rate hedging target from 80% to 85% on a technical provisions basis. In May 2023, the Trustee further increased the interest rate hedging target from 85% to 90% relative to technical provisions liability.

With regard to collateral adequacy risk, Trustee holds investments in the LGIM Liquidity Fund, alongside the Columbia Threadneedle Equity Linked Bond portfolio (also including cash), to be used should Columbia Threadneedle require extra cash to be posted 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. This risk has been considered in setting the investment strategy.

The Trustee considered the risk of inadequate long-term returns as part of the investment strategy review of the DB Section in September 2022 and February 2023. Also considered as part of this review was the risk of the performance of the DB section's assets and liabilities diverging, as well as the Plan's exposure to credit risk.

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.*

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 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, 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 Trustee also monitors the approximate progression of the funding position on a quarterly basis, at Trustee meetings. The Trustee Directors have the ability to monitor this daily, if required, using LCP Visualise.

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

As part of the strategy review in February 2023, the Trustee implemented steps to de-risk the Plan's investment strategy. In May 2023, the Trustee submitted a full redemption from the LaSalle long-lease property portfolio which was ongoing as at Plan Year end.

The Trustee regularly invites the Plan's investment managers to present at Investment Committee meetings, seeing each manager approximately once a year. Over the period, the Investment Committee met with BlackRock, Schroders, Barings and Baillie Gifford.

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 December 2023 for the Plan Year to 30 June 2023 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.

During the Plan Year, the Trustee assessed the DB Section's investment managers' fees considering LCP's fee survey. Overall, the Trustee believes the investment managers provide reasonable value for money.

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, the Trustee has 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. Over the year, the Trustee also used cashflow to help rebalance the Plan's DB assets towards the strategic asset allocation, as described in Section 3.

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. Through the Pension Schemes Act 2021, the UK Government has introduced mandatory TCFD (Taskforce on Climate-related Financial Disclosures) reporting for large pension schemes such as the Plan. As part of the new regulatory requirements, during the Plan Year, the Trustee has:

- received training on climate change, net zero as well as climate-related metrics;
- updated its risk-register to integrate climate related risks into the Plan's overall risk management;
- conducted climate scenario analysis to assess climate risks and opportunities over the short, medium and long term;
- produced a climate governance statement to establish effective oversight of climate-related risks and opportunities;
- selected four climate-related metrics to monitor on an ongoing basis, collected data from the investment managers and calculated the metrics, as well as set a target for one of these metrics.

Further details of the actions taken in respect of TCFD are set out in the Plan's TCFD report.

In February 2023, the Trustee engaged further with its investment managers on the topic of Climate Change. The Trustee asked the managers regarding their climate risk integration, how the managers engage with issuers that have high carbon emissions and asked for further clarity on how they encourage these high emitting parties/industries to put appropriate plans in place. Overall, the Trustee is satisfied with the responses it received. The Trustee also reviewed reports from their managers on voting and engagement activities undertaken on its behalf.

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 are due to be completed by the end of December 2023.

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's Engagement Policy](#)
- **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. At the Q4 2022 meeting, 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 communicated these priorities to its managers in January 2023. The SIP was also updated to reflect the discussion on stewardship priorities.

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.

BlackRock and Schroders both presented to the Trustee in March 2023 on a number of topics including stewardship matters. The Trustee asked both managers to present on the following questions to check their voting and engagement practices align with its own preferences:

- How the manager's voting and engagement policies align with the Trustee's priorities, providing clear examples.
- How is progress against engagement objectives assessed? How does the manager gain confidence that material change has indeed been delivered?
- Provide examples of successful and unsuccessful engagements within each of the three stewardship priorities outlined above.
- Discuss your approach to escalation where an engagement has not been effective initially. What is the decision-making process and how do you decide between different forms of escalation (such as collaborative engagement or going public with concerns)?

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 hold equities as follows:

- **BlackRock** Diversified Growth Fund.
- **Columbia Threadneedle** (formerly BMO) Responsible Global Ethical Equity Fund.
- **LGIM** All World Equity Index, Hybrid Property (70:30), UK Equity Index Fund (removed from the default strategies on 24 October 2022) and Low Carbon Transition Global Equity Index Fund
- **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. 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.

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

"Our specialist governance team has an average industry experience of 13 years. Workflow is structured on a regional rather than sectoral basis, reflecting how governance standards are routed in local company law and best practice codes.

We deploy our specialist governance team on the most complex and sensitive cases, and partner with ISS to deliver voting on the more simple, routine votes through the careful and consistent application of detailed in-house voting policies. In certain cases, vote decisions are arrived at through consultation with the internal investment teams. In addition, controversial high-profile meetings can be escalated to the Proxy Working Group, which contains representatives from each part of Columbia Threadneedle Investments.

We deploy our specialist governance team on the most complex and sensitive cases, while voting on the more simple, routine votes is executed by ISS's custom policy team under our voting policy.

ISS supplies us with custom research based on our own in-house corporate governance guidelines (which are updated annually based on country-specific best practice standards) and with an electronic voting platform for proxy execution. We also subscribe to research on FTSE All-Share companies provided by the Investment Association's Institutional Voting Information Service (IVIS)."

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/landq-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. 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 proxy voting 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.

MFS has entered into an agreement with Institutional Shareholder Services, Inc. (ISS) to perform various proxy voting-related administrative services, such as vote processing and recordkeeping. While we also receive research reports and vote recommendations from ISS and Glass, Lewis & Co., Inc., MFS analyzes all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS’ voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research we receive from our proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms. 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 published ESG 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.

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.

Institutional Shareholder Services (ISS) act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition, we receive ISS’s Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

We believe that all votes against management should be classified as a significant vote. However, we believe resolutions related to certain topics carry particular significance. We therefore rank the significance of our votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding.”

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	LGIM	LGIM
Fund name	Diversified Growth Fund	Responsible Global Ethical	All World Equity Index Fund	Low Carbon Transition Global Equity
Total size of fund at end of the Plan Year	£583.3m	£1,475m	£3,766.9m	£3,432.6m
Value of Plan assets at end of the Plan Year*	£81.7m (DB) £28.0m (DC)	£1.6m (DC)	£133.0m (DC)	£104.4m (DC)
Number of equity holdings at end of the Plan Year	2,406	50	4,577	2,811
Number of meetings eligible to vote	636	49	6,351	4,546
Number of resolutions eligible to vote	8,012	771	62,920	45,501
% of resolutions voted	92.0%	95.6%	99.9%	99.9%
Of the resolutions on which voted, % voted with management	94.0%	90.5%	79.7%	79.6%
Of the resolutions on which voted, % voted against management	5.0%	9.0%	19.6%	19.8%
Of the resolutions on which voted, % abstained from voting	1.0%	0.5%	0.7%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	26.0%	61.2%	62.1%	64.4%
Of the meetings in which the manager voted, % voted contrary to recommendation of proxy advisor	0.0%	N/A **	11.1%	11.7%

DC assets includes DB AVC assets.

**CTI does not report this as it applies its own custom policy for all its voting and does not consider deviation between its policy and any as a vote against recommendation.

	Fund 5	Fund 6	Fund 7	Fund 8	Fund 9
Manager name	LGIM	LGIM	MFS	Schroders	Baillie Gifford
Fund name	UK Equity Index Fund	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	£13,342.5m	£1,992.0m	£347.9m	£895.1m	£2,633.5m
Value of Plan assets at end of the Plan Year	£5.7m (DC)	£5.6m (DC)	£77.6m (DB)	£28.0m (DC)	£76.7m (DB)
Number of equity holdings at end of the Plan Year	538	368	27	640	94
Number of meetings eligible to vote	691	389	28	756	97
Number of resolutions eligible to vote	10,510	4,311	493	9,205	1,263
% of resolutions voted	99.9%	99.5%	100.0%	94.0%	94.4%
Of the resolutions on which voted, % voted with management	94.4%	78.8%	90.9%	89.0%	95.2%
Of the resolutions on which voted, % voted against management	5.6%	21.2%	9.1%	10.0%	3.3%
Of the resolutions on which voted, % abstained from voting	0.0%	0.0%	0.0%	1.0%	1.5%
Of the meetings in which the manager voted, % with at least one vote against management	39.2%	72.2%	39.3%	50.0%	25.8%
Of the meetings in which the manager voted, % voted contrary to recommendation of	4.3%	16.7%	N/A ***	1.0%	N/A ****

*** MFS does not track this information. MFS analyses all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms.

**** Baillie Gifford does not report this as it applies its own custom policy for all its voting.

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 criteria² 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

During the period 1 July 2022 to 30 June 2023, BlackRock Investment Stewardship (referred to as "BIS" below) periodically published detailed explanations of specific key votes in "vote bulletins". These bulletins are intended to explain the vote decision, including the analysis underpinning it and relevant engagement history when applicable, on certain high-profile proposals at company shareholder meetings. BlackRock makes 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 considers these vote bulletins to contain explanations of the most significant votes for the purpose of the Shareholder Rights Directive II. BlackRock provided details of thirteen "significant votes" in response to our request. One of the votes they have indicated as significant is detailed below:

J Sainsbury Plc, July 2022

- **Summary of resolution:** Shareholder Resolution on Living Wage Accreditation
- **Relevant stewardship priority:** Human Rights
- **Approx size of the holding within the Fund at the date of the vote:** 0.01%
- **How they voted:** Against
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** BlackRock supports companies paying their workers a wage equal to or above current real living wage rates, and BlackRock engages with boards and management on their approach to ensuring their company is best placed to recruit and retain the workers on which they depend for their success.

However, BlackRock did not support the shareholder proposal. In their view, worker pay policies and rates should be determined by company management, with reference to relevant regulations and board oversight. BIS do not believe it is consistent with their clients' long-term interests to legally bind J Sainsbury plc (Sainsbury's) to peg their pay levels to those set by the Living Wage Foundation, as the passing of the shareholder proposal would require. This decision reflects BlackRock's view is that it is not the role of shareholders to direct company management to cede 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.

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.**

Columbia Threadneedle (“CT”) Responsible Global Ethical 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;

CT provided details on their most significant votes, three of which are detailed here:

Apple Inc, March 2023

- **Summary of resolution:** Report on Operations in Communist China
- **Relevant stewardship priority:** Human Rights
- **Approx size of the holding within the Fund at the date of the vote:** c.7.9%
- **Fund manager vote:** Against
- **Rationale:** The company appears to provide shareholders with sufficient disclosure to assess its management of risks related to its operations in China and to have policies in place that seem to address human rights concerns raised by the proponent.
- **Outcome of the vote:** The proposal was not approved.

Schneider Electric SE, May 2023

- **Summary of resolution:** Approve Company's Climate Transition Plan
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding within the Fund at the date of the vote:** c.2.5%
- **Fund manager vote:** For
- **Rationale:** The plan is an improvement setting targets by 2030 and 2050 validated by SBTi. Engagement is to be held with the company regarding climate during the year.
- **Outcome of the vote:** The proposal was approved.

Linde Plc, July 2022

- **Summary of resolution:** Elect Director Robert L. Wood
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding within the Fund at the date of the vote:** c.3.9%
- **Fund manager vote:** Against
- **Rationale:** This nominee is the lead independent director and former nominating committee chair. The board is only 20% gender diverse and CTI expect companies of this size to be at least 25% gender diverse. While the director retirement policy has led 5 members to retire on March 1st, it was clear the company had ample time to prioritise recruitment and maintain gender diversity on the board, including the appointment of two men to the board in November of 2021. Accordingly, CTI will hold Robert Wood accountable for insufficient board diversity.
- **Outcome of the vote:** The proposal was approved.

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

Amazon.com, Inc., May 2023

- **Summary of resolution:** Report on Median and Adjusted Gender/Racial Pay Gaps.
- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding within the Fund at the date of the vote:** 1.5%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved. LGIM will continue to engage with the company and monitor progress.
- **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. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives.

JPMorgan Chase & Co., May 2023

- **Summary of resolution:** Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.7%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders.

Toyota Motor Corp., June 2023

- **Summary of resolution:** Amend articles to report on corporate climate lobbying aligned with Paris Agreement.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 0.3%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment.

LGIM Hybrid Property (70:30) Fund

Public Storage, May 2023

- **Summary of resolution:** Report on GHG emissions reduction targets aligned with the Paris Agreement goal.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.9%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not 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 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.

LGIM Low Carbon Transition Global Equity Index Fund

Tencent Holdings Limited, May 2023

- **Summary of resolution:** Elect Jacobus Petrus (Koos) Bekker as Director.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.5%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.

The Coca-Cola Company, April 2023

- **Summary of resolution:** Report on Congruency of Political Spending with Company Values and Priorities.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 0.5%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. LGIM will continue to engage with the company and monitor progress.

- **Rationale:** LGIM expects companies to be transparent in their disclosures of their lobbying activities and internal review processes involved. While LGIM appreciates the level of transparency Coca-Cola provides in terms of its lobbying practices, it is unclear whether the company systematically reviews any areas of misalignment between its lobbying practices and its publicly stated values. LGIM believes that the company is potentially leaving itself exposed to reputational risks related to funding organisations that take positions that are contradictory to those of the company's stated values, and potentially attracting negative attention that could harm the company's public image and brand.

McDonald's Corporation, May 2023

- **Summary of resolution:** To Adopt Policy to Phase Out Use of Medically-Important Antibiotics in Beef and Pork Supply Chain.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 0.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and LGIM consider AMR to be a systemic risk. The resolution asks McDonald's to adopt a company-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains and to set targets with timelines, metrics for measuring implementation, and third-party verification.

LGIM UK Equity Index Fund

InterContinental Hotels Group Plc, May 2023

- **Summary of resolution:** Re-elect Graham Allan as Director.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.4%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
- **Rationale:** A vote against is applied as the company is deemed to not meet minimum standards with regard to LGIM's deforestation policy.

Shell Plc, May 2023

- **Summary of resolution:** Approve the Shell Energy Transition Progress.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 7.0%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
- **Rationale:** A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products.

However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.

BP plc, April 2023

- **Summary of resolution:** Re-elect Helge Lund as Director
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 3.8%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM notes concerns around the governance processes leading to the decision to implement such amendments.

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:

The Walt Disney Company, April 2023

- **Summary of resolution:** Report on Political Expenditures.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 2.7%
- **How they voted:** For.
- **Outcome of the vote:** the proposal was not approved.
- **Rationale:** MFS believes a vote "For" this proposal is warranted, as a report on the company's congruence of political expenditures with stated values would enable shareholders to have a more comprehensive understanding of how the company oversees and manages risks related to its political partnerships.

The Goldman Sachs Group, Inc., April 2023

- **Summary of resolution:** Report on Lobbying Payments and Policy.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 3.8%.
- **How they voted:** For.
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** MFS believes a vote "For" this proposal is warranted, 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.

United Parcel Service, Inc., May 2023

- **Summary of resolution:** Adopt independently verified science-based greenhouse gas emissions reduction targets in line with the Paris Climate Agreement.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 2.6%.
- **How they voted:** For.
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** MFS voted "For" the proposal as it felt shareholders would benefit from additional information on how the company plans to manage its GHG emissions as well as climate related risks and align its operations with the Paris Agreement goals.

Schroders Sustainable Future Multi Asset Fund

Schroders considers "most significant" votes as those against company management. Where there have been ongoing and significant areas of concerns with a company's performance Schroders may choose to vote against individuals on the board, particularly when they feel a lacking long-term vision.

On a monthly basis, Schroders produce a voting report which details how votes were cast, including votes against management and abstentions, and this report is publicly available on their website. The details for three votes on which Schroders voted against management are detailed here:

General Mills, Inc., September 2022

- **Summary of resolution:** Report on Absolute Plastic Packaging Use Reduction.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.01%.
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal passed. Schroders monitor voting outcomes and pays closer attention to those where Schroders are large shareholders or if Schroders have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, Schroders may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
- **Rationale:** Schroders believe shareholders would benefit from additional information on how the company is managing risks related to its use of plastic packaging.

Costco Wholesale Corporation, January 2023

- **Summary of resolution:** Report on risk due to restrictions on reproductive rights.
- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding within the Fund at the date of the vote:** 0.07%.
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. Schroders monitor voting outcomes and pays closer attention to those where Schroders are large shareholders or if Schroders have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, Schroders may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.

- **Rationale:** Schroders recognise the company's existing policies and disclosures, however, Schroders believe that shareholders would benefit from this additional information given that current policies exclude most abortions because it only covers "medically necessary" abortions, while most abortions are considered elective.

The Toronto-Dominion Bank, April 2023

- **Summary of resolution:** Advisory Vote on Environmental Policies.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.46%.
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. Schroders monitor voting outcomes and pays closer attention to those where Schroders are large shareholders or if Schroders have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, Schroders may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
- **Rationale:** Schroders welcome additional mechanisms for shareholders to hold the board accountable for its management of climate risk and contribution to a low carbon economy. As such, Schroders support this proposal.

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
- Where Baillie Gifford have opposed 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:

Tesla, Inc., August 2022

- **Summary of resolution:** Shareholder Resolution – Social.
- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding within the Fund at the date of the vote:** 1.8%
- **How they voted:** For.
- **Outcome of the vote and next steps:** The proposal was not approved.
- **Rationale:** Baillie Gifford supported the resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. Baillie Gifford believe quantitative disclosure would help us understand and monitor the company's efforts.

Microsoft Corporation, December 2022

- **Summary of resolution:** Shareholder Resolution – Governance
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 2.9%
- **How they voted:** Against.
- **Outcome of the vote and next steps:** The proposal was not approved.
- **Rationale:** Baillie Gifford opposed a shareholder resolution requesting a tax transparency report. Baillie Gifford believe the company's current disclosures are in line with peers and provide shareholders with adequate disclosure.

Woodside Energy Group Ltd, April 2023

- **Summary of resolution:** Elect Directors.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.3%
- **How they voted:** Against.
- **Outcome of the vote and next steps:** The proposal was approved.
- **Rationale:** Baillie Gifford opposed the election of three directors as the company lags behind Baillie Gifford's expectations regarding setting emissions reductions targets and has insufficient climate-related financial disclosure, and these three directors sit on the sustainability committee.

Baillie Gifford believe that climate risk poses a material financial risk for the long-term business development of the company and long term shareholder value creation. Improved disclosure and stronger reduction targets are in the best long term interest of Baillie Gifford's clients.

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 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 explicitly 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 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. Otherwise, the vast majority of themes and issues in which we engage on, including climate change, remuneration, gender diversity, human capital, audit, cyber security etc. are capital structure agnostic. Board composition, although influenced by equity holders and shareholder rights, is also relevant to bondholders in ensuring that the board has the necessary expertise and independence to oversee the management and strategy of the organization”

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.”