Implementation Statement, covering the Scheme Year from 1 December 2022 to 30 November 2023 (the "Scheme Year")

The Trustees of the Asahi Glass Fluoropolymers Pension Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statement of Investment Principles ("SIP") during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below. This Statement covers the Defined Benefit ("DB") Section of the Scheme only. References in this Implementation Statement to the Scheme refer to the DB Section unless otherwise stated.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12 below.

In preparing the Statement, the Trustees have 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") in June 2022.

This Statement uses the same headings as the Scheme's SIP dated November 2022 and should be read in conjunction with the SIP.

1. Introduction

The SIP was reviewed and updated at the end of the previous Scheme Year in November 2022 to reflect, primarily:

- The updated investment allocation as at 31 October 2022, returning ~gilts + 2.0% pa %;
- The removal of the L&G UK Index-Linked Gilt portfolio; and
- The update of any reference of BMO to Columbia Threadneedle Investments ("CTI").

The Trustees have, in their opinion, followed the policies in the Scheme's SIP during the Scheme Year. The following sections provide detail and commentary about how and the extent to which they did this.

The Trustees have also, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

During the course of the current Scheme Year, the Trustees commenced a review of the Scheme's SIP to reflect the further changes being made to the Scheme's investment arrangements as described below in Sections 3, 4 and 5.

2. Investment objectives

With the help of their investment adviser, the Trustees are able to assess the Scheme's progress relative to its objectives, both shorter-term – being able to meet benefit payments as they fall due and moving towards a fully funded position on a Technical Provisions basis – and longer-term – achieving a fully funded position on a "gilts flat" basis.

While historically the Trustees' policy has been to maintain a relatively high allocation to "growth" assets in order to achieve these objectives, given the gradual improvement seen in Scheme's overall funding position, the Trustees concluded, with advice from their investment adviser, that a review of the Scheme's investment strategy was in order. The conclusions of that review are detailed in Section 3 below.

3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the sponsoring employer, reviewed the strategy in November 2022 and concluded that they should de-risk the strategy to a portfolio targeting an expected return of gilts +c.2.0% pa and to increase the amount of interest rate and inflation hedging to ~90% on the Technical Provisions basis. The transfers to implement this change in strategy were carried out in December 2022.

As part of this review, the Trustees made sure the Scheme's assets were adequately and appropriately diversified between different asset classes.

The actual asset allocation did not deviate materially from the strategic allocation over the Scheme Year and therefore the Trustees undertook no rebalancing action.

As at the effective date of this Statement, 30 November 2023, it was estimated that the Scheme was on track as agreed to be fully funded on a gilts flat basis by 30 June 2031.

Following the review, the Trustees continue to monitor the Scheme’s asset allocation on an ongoing basis.

4. Considerations in setting the investment arrangements

When the Trustees reviewed the DB investment strategy in November 2022, they considered the investment risks set out in Section 10 of this Statement. They 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 Trustees also considered the need for diversification and specific circumstances of the Scheme.

5. Implementation of the investment arrangements

The changes to the Scheme’s investment strategy described in Section 3 above, to increase interest and inflation hedging, required around 15% of the Scheme’s L&G liquidity fund holdings to be invested in its CTI liability driven investment (“LDI”) portfolio.

The Trustees made further changes to the Scheme’s investment arrangements over the course of the Scheme Year.

First, following poor performance and low service levels, Baillie Gifford’s Diversified Growth Fund mandate was terminated and L&G’s Diversified Growth Fund appointed in its place.

Second, following L&G’s decision to discontinue offering external LDI funds on its DB platform, the Trustees agreed to move the Scheme’s LDI investments from CTI to L&G.

Before appointing L&G for these mandates, the Trustees considered the investment process and philosophy and past performance for the relevant funds. The Trustees also considered L&G’s approach to responsible investment and stewardship, including the Trustees’ stewardship priorities (as set out in Section 8 of this Statement). Prior to investing in the funds, the Trustees obtained formal written advice from their investment adviser, LCP, confirming that the investment portfolio of the funds chosen were adequately and appropriately diversified. The Trustees rely on their investment adviser’s research to understand managers’ investment approaches, and to ensure they are consistent with the Trustee’s policies prior to any new appointment.

The Scheme's investment adviser monitors the Scheme’s investment managers on an ongoing basis, through regular research meetings and via other contacts. The investment adviser monitors developments at each of the Scheme’s managers and informs the Trustees promptly about any significant updates or events they become aware of with regard to the Scheme'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 Scheme invests in, or any material change in the level of diversification in the fund.

The Trustees invite all the Scheme’s investment managers to meet and present to them on an annual basis and monitor their performance on an ongoing basis. Ahead of the meeting, the investment adviser provides a report to the Trustees which covers the managers’ performance and related issues. In addition, the managers provide the Trustees with written submissions, which include, amongst other things, a description of the manager’s approach to ESG / RI. With the exception of Baillie Gifford, whose mandate as noted they decided to terminate, the Trustees were comfortable with all the Scheme’s investment manager arrangements over the Scheme Year, including their approach to ESG / RI, given the managers’ overall performance, service levels and the investment adviser’s assessment of them (see also Section 7 below).

Each manager’s overall performance is considered in the context of the manager’s benchmark and objectives.

6. Realisation of investments

The Trustees review the Scheme’s net current and future cashflow requirements on a regular basis. The Trustees' policy is to have access to sufficient liquid assets in order to meet any outflows which maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

7. Consideration of financially material and non-financial matters

As a key part of its advice on the selection and ongoing review of the investment managers, the Scheme'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.

The Trustees' approach is not to take non-financial matters into account when making investment decisions.

8. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustees take ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below. Based upon discussions with their managers and information provided by their investment adviser, the Trustees believe that their managers' RI actions during the Scheme Year are consistent with the voting and engagement policies in the Scheme's Statement of Investment Principles ("SIP").

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

Following the introduction of DWP's guidance, in November 2022 the Trustees received training on understanding the DWP's Stewardship Guidance. This covered what stewardship is, why trustees should take it seriously and what trustees are expected to do. As a result of this, the Trustees agreed to set stewardship priorities to focus their future monitoring and engagement with their investment managers on specific ESG factors. The Trustees' chosen priority was Climate Change given the Trustees' view that this is the most important and urgent ESG issue that needs to be addressed by the Scheme's managers and more generally.

Subsequently, in March 2023, the Trustees discussed and agreed communications to send to the Scheme's investment managers to inform them of the Trustees' chosen stewardship priority and the Trustees' expectations of them when investing the Scheme's assets.

The Trustees are 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 Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

9. Investment governance, responsibilities, decisions-making and fees (Appendix 1 of SIP)

As noted in Section 5, the Trustees assess the performance of the Scheme's investments on an ongoing basis as part of the regular monitoring reports they receive.

The performance of the professional advisers is considered on an ongoing basis by the Trustees. More specifically, the Trustees have put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis. The last such review took place in November 2023 and the next review is to take place in November 2024.

The Trustees actuarial and investment advisers' work is charged for by an agreed fixed fee or on a "time-cost" basis while the investment managers receive fees calculated by reference to the market value of assets under management. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustees to be reasonable when compared with those of other similar providers. Moving one of the Scheme's Diversified Growth Fund investments from Baillie Gifford to L&G and transferring the Scheme's LDI mandate from CTI to L&G both generated significant fee savings.

10. Policy towards risk (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustees also maintain a risk register, and this is discussed on an ongoing basis.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon advice of the Scheme's investment adviser or information provided to the Trustees by the Scheme's investment managers. These include the risk of inadequate returns, credit risk, equity risk, currency risk, counterparty risk, collateral adequacy risk, valuation risk (for Scheme assets not valued on a regular basis) and ESG (including climate) risks.

From time to time the Trustees monitor the Scheme's risk of inadequate returns to ensure that there is a sufficient allocation to growth assets as well as the Scheme's interest and inflation hedging levels. Over the period the Scheme's hedging levels were maintained at target levels (and subsequently increased, as described in Section 3) and the overall expected return from the Scheme's assets was sufficient to allow the Trustees to meet their funding objectives.

With regard to collateral adequacy risk, the Trustees hold investments in L&G's Sterling Liquidity Fund, Absolute Return Bond Fund and Diversified Fund alongside the Scheme's L&G's (previously CTI) Liability Driven Investment (LDI) portfolio, to be used should the LDI manager require cash to be posted for a deleverage event.

Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. On a triennial basis, the Trustees formally review the funding position allowing for membership and other experience. The Trustees consider the Scheme's funding position as part of the annual actuarial report and also informally monitor the funding position more regularly, for example at the Trustees meetings and as part of their investment reviews.

The following risks relating to the Scheme's assets are covered earlier in this 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 Sections 5, 7 and 8.

11. Investment manager arrangements (Appendix 3 of SIP)

There are no specific policies in this section of the Scheme's SIP.

12. Description of voting behaviour during the Scheme Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year.

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 Scheme's funds that hold equities as follows:

- L&G UK Equity Index Fund
- L&G North America Equity Index Fund
- L&G Europe (ex-UK) Equity Index Fund
- L&G Europe (ex-UK) Equity Index Fund (Hedged)
- L&G Asia Pacific (ex-Japan) Developed Equity Index Fund
- L&G Asia Pacific (ex-Japan) Developed Equity Index Fund (Hedged)
- L&G Global Emerging Markets Equity Index Fund
- L&G World Emerging Markets Equity Index Fund
- Baillie Gifford Multi Asset Growth Fund
- Newton BNY Mellon Real Return Fund

In addition to the above, the Trustees contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the period. Commentary provided from these managers is set out in Section 12.4.

12.1 Description of the voting processes

Baillie Gifford

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

Baillie Gifford's strong preference is to be given the responsibility to vote on behalf of its clients. The Governance and Sustainability team oversees voting analysis and execution in conjunction with the investment managers. Baillie Gifford endeavours to vote every one of its clients' holdings in all markets.

Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford does make use of specialist proxy advisers in the Chinese and Indian markets in order to gather more nuanced market specific information.

Legal & General

L&G's voting and engagement activities are driven by ESG professionals and are reviewed annually, taking into account feedback from its clients. Every year, L&G holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as L&G develops its voting and engagement policies.

All decisions are made by L&G's Investment Stewardship team and are in accordance with the 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.

The Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and it does not outsource any part of its strategic decisions. L&G uses ISS recommendations but purely to augment its 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 L&G receives from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions that apply to all markets globally. L&G retains the ability in all markets to override any vote decisions, which are based on its custom voting policy.

Newton

Overall, Newton prefers to retain discretion in relation to exercising clients' voting rights and has established policies and procedures to ensure the exercise of global voting rights. Newton believes the value of clients' portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Newton considers the activities to be an integral and important part of its investment process. For this reason, Newton prefers to retain discretion in relation to exercising its clients' voting rights and has established policies and procedures to ensure the exercise of global voting rights. Newton's approach has been designed as an investment-led approach that is aligned with its wider investment activities. Newton's long-term approach to investing aligns well with its stewardship intentions by seeking to understand and influence the long-term sustainability of the investments and investment landscape and, ultimately, the long-term investment requirements for which its clients are seeking solutions and which are a key reason why the clients entrust the Newton Investment Management Group (Newton) to manage their assets.

Newton has established overarching stewardship principles which guide its ultimate voting decision, based on guidance established by internationally recognised governance principles including the OECD Corporate Governance Principles, the ICGN Global Governance Principles, the UK Investment Association's Principles of Remuneration and the UK Corporate Governance Code, in addition to other local governance codes. All voting decisions are taken on a case-by-case basis, reflecting Newton's investment rationale, engagement activity and the company's approach to relevant codes, market practices and regulations. These are applied to the company's unique situation, while also taking into account any explanations offered for why the company has adopted a certain position or policy. It is only in the event that Newton recognises a material conflict of interest that it applies the vote recommendations of its third-party voting administrator.

Newton also employs a variety of research providers that aid it in the vote decision-making process, including proxy advisors such as ISS. The manager utilises ISS for the purpose of administering proxy voting, as well as its research reports on individual company meetings.

Voting decisions are approved by either the deputy chief investment officer or a senior investment team member (such as the head of global research). For the avoidance of doubt, all voting decisions are made by Newton.

It is only in the event of a material potential conflict of interest between Newton, the investee company and/or a client that the recommendations of the voting service used (ie Institutional Shareholder Services, or the ISS) will take precedence.

12.2 Summary of voting behaviour

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

Voting behaviour									
Manager name	**L&G**							**Baillie Gifford**	**Newton**
Fund name	UK Equity Index Fund	North America Equity Index Fund	Europe (ex-UK) Equity Index Fund	Asia Pacific (ex-Japan) Developed Equity Index Fund	Global Emerging Markets Equity Index Fund	World Emerging Markets Equity Index Fund	Diversified Fund	Multi Asset Growth Fund	BNY Mellon Real Return Fund
Total size of fund at end of reporting period	£11,322.8m	£21,878.9m	£8,951.5m	£3,526.0m	£120.5m	£3,637.9m	£11,284.4m	£755.8m	£3,020.9m
Value of Scheme assets at end of reporting period	£2,838,415	£1,299,761	£914,585	£733,169	£442,162	£1,135,415	£3,598,766	-	£3,735,151
Number of holdings at end of reporting period	528	615	402	526	2,577	1,790	6,908	50	70
Number of meetings eligible to vote	680	648	567	479	4,957	4,196	9,077	50	71
Number of resolutions eligible to vote	10,517	8,760	9,955	3,283	39,319	34,029	94,290	528	1139
% of resolutions voted	99.8%	99.7%	99.9%	100.0%	99.9%	99.9%	99.8%	92.2%	99.3%
Of the resolutions on which voted, % voted with management	94.2%	65.5%	80.3%	73.7%	79.2%	80.5%	76.4%	97.1%	92.0%
Of the resolutions on which voted, % voted against management	5.8%	34.5%	19.3%	26.3%	19.7%	18.6%	23.4%	2.5%	8.0%
Of the resolutions on which voted, % abstained from voting	0.0%	0.0%	0.4%	0.0%	1.1%	0.9%	0.3%	0.4%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	42.0%	97.7%	82.0%	74.1%	58.3%	54.2%	75.4%	16%	34.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.6%	29.0%	10.9%	16.3%	8.5%	7.3%	14.6%	n/a	5.1%

Source: L&G, Baillie Gifford & Newton.
Figures may not sum due to rounding.
All voting data has been provided for the period 1 January 2023 to 31 December 2023.
The Scheme's hedged equity funds have the same underlying holdings as their unhedged equivalents, and therefore the same voting data. The fund size and Scheme assets for the hedged and unhedged funds have been aggregated.
Items denoted with "n/a" have not been provided by the manager.

12.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below. We have interpreted "most significant votes" to mean those provided by the investment managers, following the PLSA guidance provided and, in several instances, where these align with the Trustees' chosen stewardship priority of Climate Change.

Baillie Gifford

Diversified Growth Fund

The Trustees have not reported on any significant votes for Baillie Gifford as the Scheme fully disinvested from the Fund on 19 January 2023, and Baillie Gifford was not able to comment on any significant votes between 1 December 2022 and 19 January 2023.

L&G

Equity Index Funds

L&G determines the voting situations it deems to be significant to include but not be limited to: high profile votes which have such a degree of controversy that there is high client and/or public scrutiny; votes where there is significant client interest for a vote which has been directly communicated by clients to the Investment Stewardship team; sanction votes as a result of a direct or collaborative engagement; and votes linked to an L&G engagement campaign in line with L&G's 5-year ESG priority engagement themes.

UK Equity Index Fund

- **Shell Plc, 23 May 2023**

  Summary of resolution: Approve the Shell energy transition progress.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 7.0%.

  Why this vote is considered to be most significant: L&G is publicly supportive of so called "Say on Climate" votes. L&G expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile of such votes, L&G deem such votes to be significant, particularly when L&G votes against the transition plan.

  Company management recommendation: For **Fund manager vote:** Against

  Rationale: A vote against was applied, though not without reservations. L&G acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcomed the company's leadership in pursuing low carbon products. However, L&G remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations, as L&G believes both of these are key areas to demonstrate alignment with the 1.5°C trajectory.

  Outcome and next steps: The resolution was passed and L&G continues to undertake extensive engagement with Shell on its climate transition plans.

- **Glencore Plc, 26 May 2023**

  Summary of resolution: Shareholder resolution – resolution in respect of the next climate action transition plan.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 2.4%.

  Why this vote is considered to be most significant: L&G considers this vote to be significant as L&G co-filed this shareholder resolution as an escalation of its engagement activity, targeting some of the world's largest companies on their strategic management of climate change.

Company management recommendation: Against   **Fund manager vote:** For

Rationale: In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, L&G co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following L&G's multi-year discussions with the company since 2016 on its approach to the energy transition.

Outcome and next steps: The resolution was not passed and L&G will continue to engage with the company and monitor progress.

North America Equity Index Fund

- **Amazon.com, Inc., 24 May 2023**

  Summary of resolution: Report on median and adjusted gender and racial pay gaps.

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

  Why this vote is considered to be most significant: L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

  Company management recommendation: Against   **Fund manager vote:** For

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

  Outcome and next steps: The resolution was not passed and L&G will continue to engage with the company and monitor progress.

- **JP Morgan Chase & Co., 16 May 2023**

  Summary of resolution: Report on climate transition plan describing efforts to align financing activities with GHG targets.

  Relevant stewardship priority: Climate change.

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

  Why this vote is considered to be most significant: L&G considers this vote to be significant as it pre-declared its intention to support. L&G continues to consider that decarbonisation of the banking sector and its clients as key to ensuring that the goals of the Paris Agreement are met.

  Company management recommendation: Against   **Fund manager vote:** For

  Rationale: L&G believes detailed information on how a company intends to achieve the 2030 targets it has 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.

  Outcome of the vote and next steps: The resolution was not passed and L&G will continue to engage with the company and monitor progress.

Europe (ex-UK) Equity Index Fund (Hedged and Unhedged)

- **Novartis AG, 7 March 2023**

  Summary of resolution: Re-elect Joerg Reinhardt as Director and Board Chair.

Approximate size of the fund's holding at the date of the vote: 2.7%

Why this vote is considered to be most significant: L&G views gender diversity as a financially material issue for its clients, with implications for the assets L&G manages on their behalf.

Company management recommendation: For **Fund manager vote:** Against

Rationale: A vote against was applied as L&G expects a company to have a diverse board, with at least one-third of board members being women. L&G expects companies to increase female participation both on the board and in leadership positions over time.

Outcome and next steps: The resolution was passed, and L&G will continue to engage with their investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

- **TotalEnergies SE, 26 May 2023**

  Summary of resolution: Approve the company's sustainable development and energy transition plan.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 1.7%

  Why this vote is considered to be most significant: L&G is publicly supportive of so called "Say on Climate" votes. L&G expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario.

  Company management recommendation: For **Fund manager vote:** Against

  Rationale: L&G recognises the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, L&G remains concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.

  Outcome and next steps: The resolution was passed, and L&G will continue to engage with the company, publicly advocate its position on the issue and monitor company and market-level progress.

Asia Pacific (ex-Japan) Development Equity Index Fund (Hedged and Unhedged)

- **Woodside Energy Group Ltd, 28 April 2023**

  Summary of resolution: Re-elect Mr Ian Macfarlane as a director.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 1.5%

  Why this vote is considered to be most significant: L&G considered this vote to be significant as it is applied under the Climate Impact Pledge, L&G's flagship engagement programme.

  Company management recommendation: For **Fund manager vote:** Against

  Rationale: The rationale for L&G's decision to vote against the most senior director up for re-election, Mr Ian Macfarlane, reflects L&G's concerns around the company's lack of commitment to aligning with the Paris objectives and net zero, and the insufficient reaction to the significant proportion of shareholder votes against their climate report (49%) in the 2022 AGM.

  Outcome and next steps: The resolution was passed, L&G will continue to engage with the company and monitor progress.

- **Incitec Pivot Limited, 16 February 2023**

  Summary of resolution: Approve progress on climate change transition.

  Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 0.2%.

Why this vote is considered to be most significant: L&G is publicly supportive of so called "Say on Climate" votes. L&G expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&G deems such votes to be significant, particularly when L&G votes against the transition plan.

Company management recommendation: For **Fund manager vote:** Against

Rationale: A vote against was applied as L&G expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

Outcome and next steps: The resolution was passed and L&G will continue to engage to strengthen corporate transition plans and call for alignment with a 1.5°C scenario.

Global Emerging Markets Equity Index Fund

- **Tencent Holdings Limited, 17 May 2023**

  Summary of resolution: Elect Jacobus Petrus (Koos) Bekker as Director.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 3.2%.

  Why this vote is considered to be most significant: L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, L&G's flagship engagement programme targeting companies in climate-critical sectors.

  Company management recommendation: For **Fund manager vote:** Against

  Rationale: A vote against was applied as the company is deemed to not meet minimum standards with regard to climate risk management.

  Outcome and next steps: The resolution was passed, and L&G will continue to engage with the company and monitor progress.

- **China Construction Bank Corporation, 29 June 2023**

  Summary of resolution: Elect Tian Guoli as Director.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 0.8%.

  Why this vote is considered to be most significant: L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, L&G's flagship engagement programme targeting companies in climate-critical sectors.

  Company management recommendation: For **Fund manager vote:** Against

  Rationale: A vote against was applied as the company is deemed to not meet minimum standards with regard to climate risk management.

  Outcome and next steps: The resolution was passed, and L&G will continue to engage with the company and monitor progress.

World Emerging Markets Equity Index Fund

- **Reliance Industries Ltd., 28 August 2023**

Summary of resolution: Approve re-appointment and remuneration of Mukesh D. Ambani as Managing Director.

Approximate size of the fund's holding at the date of the vote: 1.6%.

Why this vote is considered to be most significant: L&G considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO.

Fund manager vote: Against.

Rationale: A vote against was applied as L&G expects the roles of Board Chair and CEO to be separate. These two roles are substantially different, and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.

Outcome and next steps: The resolution was passed and L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

- **Ping An Insurance (Group) Co. of China Ltd., 12 May 2023**

  Summary of resolution: Approve report of the board of directors.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 0.7%.

  Why this vote is considered to be most significant: L&G considers this vote to be significant as it is applied under the Climate Impact Pledge, L&G's flagship engagement programme targeting companies in climate-critical sectors.

  Company management recommendation: For **Fund manager vote:** Against

  Rationale: A vote against was applied as the company was deemed to not meet minimum standards with regard to climate risk management.

  Outcome and next steps: The resolution was passed, and L&G will continue to engage with the company and monitor progress.

Diversified Fund

- **Prologis, Inc., 4 May 2023**

  Summary of resolution: Elect Director Jeffrey L. Skelton.

  Approximate size of the fund's holding at the date of the vote: 0.4%.

  Why this vote is considered to be most significant: L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

  Company management recommendation: For **Fund manager vote:** Against

  Rationale: L&G expects a company to have at least one-third women on the board. L&G expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. L&G also 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. The company has an all-male Executive Committee.

  Outcome and next steps: The resolution was passed, and L&G will continue to engage with the company.

- **American Tower Corporation, 24 May 2023**

  Summary of resolution: Elect Director Robert D. Hormats.

  Approximate size of the fund's holding at the date of the vote: 0.2%.

Why this vote is considered to be most significant: L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

Company management recommendation: For **Fund manager vote:** Against

Rationale: Lack of gender diversity at executive officer level. L&G expects executive officers to include at least one female.

Outcome and next steps: The resolution was passed and L&G will continue to engage with the company.

Newton

BNY Mellon Real Return Fund

Newton outlined a range of voting situations that it would consider to be significant. These include but are not limited to: situations where Newton had a material impact on the outcome of the meeting; voting relating to egregious remuneration, significant audit failings, or controversial equity issuance; or where Newton opposed mergers and acquisitions, financial statements, or the election of a director.

Two examples of these significant votes over the Scheme Year are outlined below:

- **Shell Plc, 23 May 2023**

  Summary of resolution: Request Shell to align its existing 20230 reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (scope 3) with the goal of the Paris Climate Agreement.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 2.0%.

  Why this vote is considered to be most significant: As a significant GHG emitter, Newton believes it is critical for Shell to have a credible transition plan. Abstaining on this resolution would convey to the company, in addition to Newton's engagement, the need to add credibility to its transition planning.

  Company management recommendation: Against **Fund manager vote:** Abstain

  Rationale: Newton abstained on the proposal requesting an alignment of the 2030 Scope 3 reduction target to the Paris agreement. Newton abstained in line with its views that the current transition plan merits more robust 2030 goals in order to gain credibility.

  Outcome: The resolution was passed.

- **Lockheed Martin Corporation, 27 April 2023**

  Summary of resolution: Report on efforts to reduce full value chain GHG emissions in alignment with Paris Agreement Goal.

  Relevant stewardship priority: Climate change.

  Approximate size of the fund's holding at the date of the vote: 1.0%.

  Why this vote is considered to be most significant: Based on the rarity of a shareholder proposal receiving significant support.

  Company management recommendation: Not provided **Fund manager vote:** For

  Rationale: Newton supported a shareholder proposal asking for a report on efforts to reduce full value chain GHG emissions in alignment with Paris Agreement as in their view, more information on the company's plans to transition towards a low carbon economy would help shareholders better assess this risk.

  Outcome: The resolution was not passed.

12.4 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers who don't hold listed equities, but invest in assets that may have had voting opportunities during the period:

M&G – Credit Opportunities Fund IV (High Grade)

M&G did not have any significant votes for this fund over the Scheme year. M&G aims to vote on all resolutions at general meetings of companies held in M&G's actively managed portfolios. M&G will vote against proposals that compromise its clients' interests. It may not vote in favour of resolutions where it is unable to make an informed decision on the resolution because of poor quality disclosure, or due to an unsatisfactory response raised on specific issues.

M&G considers it unnecessary to inform investee companies ahead of meetings of routine capital management resolutions that it typically opposes. M&G discloses its voting records on its website on a quarterly basis.