Implementation Statement, covering the Scheme Year from 1 December 2023 to 30 November 2024 (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, the Trustees (including the most significant votes cast by the 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 is based on the latest SIP which was in place during the Scheme Year – dated November 2023 – and should be read in conjunction with the SIP which can be found here: Statement of Investment Principles Nov 2023

1. Introduction

The SIP was reviewed and updated at the end of the previous Scheme Year in November 2023 to reflect, primarily:

- The updated investment allocation as at 30 September 2023, to reflect the implementation of the Scheme's de-risked investment strategy.
- The full redemption from the L&G UK Index-Linked Gilt portfolio;
- The full redemption from the Baillie Gifford Multi-Asset Growth Fund and subsequent investment in the L&G Diversified Fund;
- The switch of the Fund's LDI investments from Columbia Threadneedle Investments ("CTI") to L&G, following L&G's decision to discontinue offering external LDI funds on its DB platform;
- DWP's new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship; and
- Further smaller changes to reflect, for example, updated target benchmarks for the M&G Credit Opportunity IV and the Newton Real Return Fund to take account of the discontinuation of LIBOR as of 31 December 2021.

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

No further review of the SIP was undertaken during the Scheme Year.

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

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. This is monitored via quarterly performance dashboards from the Scheme's investment adviser, LCP.

The Trustees remain comfortable that the level of risk and expected returns remains appropriate.

3. Investment strategy

The Trustees received a strategy update in November 2023 from its investment adviser, LCP, just before the Scheme Year ended, which concluded that the current investment strategy remained reasonable to achieve the Scheme's objectives.

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

The Trustees monitored the asset allocation on a quarterly basis and compared this to the strategic asset allocation.

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

In June 2024, the Trustees made a £131,000 disinvestment from the Scheme's investment in the Newton Real Return Fund for cashflow purposes.

In November 2024, the Scheme invested £730,000 of excess cash from the Trustee bank account, in a daily dealing version of the Sterling Liquidity Fund with L&G. This fund became the first port of call as part of the Scheme's LDI collateral waterfall.

As at the effective date of this Statement, 30 November 2024, it was estimated that the Scheme was on track as agreed to be fully funded on a gilts flat basis by 30 June 2031. The Trustees will formally review this target once the 2024 actuarial valuation results are agreed.

The Trustees continue to monitor the Scheme's asset allocation on an ongoing basis.

4. Considerations in setting the investment arrangements

During the 2022 and subsequent 2023 investment strategy review the Trustees considered the investment risks set out in Section 10 of this Statement. They also considered a wide range of asset classes for investment, taking account of 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 (eg the investment objectives, funding position).

The Trustees last formally reviewed its investment beliefs in November 2023 as part of the latest SIP update, making no material changes.

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

The Scheme's investment adviser, LCP, 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 monitor the overall performance of the Scheme's investment managers on a quarterly basis, using a performance monitoring dashboard prepared by the investment adviser, LCP. The report shows the performance of the Scheme over each quarter. Performance is considered in the context of the manager's benchmark and objectives. The Trustees also informally monitor its managers' responsible investment capabilities through updates from its investment adviser.

[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.

5. Implementation of the investment arrangements

The changes to the Scheme's investment strategy are described in Section 3 above. Notably, the Scheme Trustees decided to invest in the daily dealing version of the Sterling Liquidity Fund with L&G (having previously been invested in a weekly dealing version of the Fund). Before this change, the Trustees received formal written advice from its investor adviser, LCP, confirming that the investment portfolio of the fund chosen was adequately and appropriately diversified.

Otherwise, The Trustees made no further changes to the Scheme's investment arrangements over the course of the Scheme Year.

The Trustees evaluate manager performance over both shorter and longer periods, encouraging managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives.

The Trustees' policy is to meet with the Scheme's investment managers as required and monitor their performance on an ongoing basis. Ahead of these meetings, the investment adviser generally provides a report to the Trustees which covers the managers' performance and related issues. 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).

Overall, the Trustees believe the investment managers provide reasonable value for money.

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 while maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

As noted above in Section 3, in June 2024, the Trustees made a £131,000 disinvestment from the Scheme's holding in the Newton Real Return Fund, with proceeds being transferred to the Trustees' bank account, for cashflow purposes.

7. Financially material considerations, 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.

Due to the small size of the Scheme assets and the type of investments held the Trustee has recognised that the Scheme's influence on the investment managers' asset selection and voting rights is extremely limited. As a result, the Trustee has a policy of not taking into account non-financial matters when considering the selection, retention and realisation of assets.

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

Overall, the Trustees have, in their opinion, followed the Scheme's policies in relation to financially material considerations over the Scheme Year.

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.

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.

This stewardship priority remained the same for the Scheme Year to 30 November 2024.

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 4 and 5, the Trustees assess the performance of the Scheme's investments on an ongoing basis as part of the regular quarterly performance monitoring dashboards 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 reviews the adviser's performance against these objectives on a regular basis. The last such review was completed shortly after Scheme Year end, in January 2025, and the next review is to take place before January 2026.

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.

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 part of the strategy review in November 2023, the estimated required return of the Scheme to be fully funded on the gilts flat basis by 30 June 2031 was gilts + 0.5% pa based on data as at 30 September 2023. The best estimate expected return on the Scheme's strategic asset allocation was gilts + 1.3% pa. Therefore, the expected return on the Scheme's assets was expected to be sufficient to produce the return needed over the long-term.

The Trustees also monitor the Scheme's interest and inflation hedging levels on an ongoing basis in the quarterly performance monitoring dashboard. Over the period the Scheme's hedging levels were broadly maintained at target levels.

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 Liability Driven Investment (LDI) portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. As at Scheme year end, the Scheme held more than enough liquid assets to meet the next capital call on the LDI funds should it be required.

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 more informally monitor the funding position through quarterly performance monitoring dashboards, at the Trustees' meetings and as part of their investment strategy reviews. In addition, the Trustees monitor the overall one year 95% Value at Risk of the funding position on a quarterly basis. The next update will take place in 2025, to review the actuarial valuation results as at 30 November 2024

The following risks relating to the Scheme's assets are covered earlier in this Statement: diversification risk in Sections 3, 4 and 5, investment manager risk and excessive charges in Section 6, illiquidity/marketability risk in Section 6 and ESG risks in Sections 5, 7 and 8.

The quarterly performance dashboards reviewed during the year showed that the Scheme's managers have produced performance broadly in line with expectations over the long-term.

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. However, the Trustees monitor managers' voting and engagement behaviour and challenge managers where their activity has not been in line with the Trustees' 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 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 (Hedged & Unhedged)
- L&G Asia Pacific (ex-Japan) Developed Equity Index Fund (Hedged & Unhedged)
- L&G Global Emerging Markets Equity Index Fund
- L&G World Emerging Markets Equity Index Fund
- L&G Diversified 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

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. L&G also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

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. 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.

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 seeks to make proxy voting decisions that are in the best long-term financial interests of its clients and which seek to support investor value by promoting sound economic, environmental, social and governance policies, procedures and practices through the support of proposals that are consistent with following four key objectives:

- To support the alignment of the interests of a company's management and board of directors with those of the company's investors;
- To promote the accountability of a company's management to its board of directors, as well as the accountability of the board of directors to the company's investors;
- To uphold the rights of a company's investors to effect change by voting on those matters submitted for approval; and
- To promote adequate disclosure about a company's business operations and financial performance in a timely manner.

The Responsible Investment team reviews all resolutions for matters of concern. Any such contentious issues identified may be referred to the appropriate global fundamental equity analyst or portfolio manager for comment. Where an issue remains contentious, Newton may also decide to confer or engage with the company or other relevant stakeholders.

Where a potential material conflict of interest exists between Newton, BNY Mellon, the underlying company and/or a client, the voting recommendations of an independent third-party proxy service provider will be applied

Newton utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that Newton recognises a potential material conflict of interest (as described below) that the recommendation of its external voting service provider will be applied.

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**							**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	BNY Mellon Real Return Fund
Total size of fund as at 31 December 2024	£10,154.7m	£21,002.9m	£5,916.1m	£2,320.9m	£105.8m	£2,863.3m	£12,569.6m	£2,385.9m
Value of Scheme assets at end of reporting period (30 November 2024)	£3.1m	£1.7m	£1.0m	£0.8m	£0.5m	£1.3m	£3.9m	£3.8m
Number of equity holdings at end of reporting period	507	572	391	500	2,541	1,802	7,317	72
Number of meetings eligible to vote	722	628	504	448	5,195	4,437	10,851	72
Number of resolutions eligible to vote	10,188	8,318	8,700	3,246	40,940	35,559	108,048	1,035
% of resolutions voted	100.0%	99.1%	99.7%	100.0%	100.0%	99.9%	99.8%	99.2%
Of the resolutions on which voted, % voted with management	94.0%	63.8%	81.5%	74.9%	79.8%	80.4%	76.7%	94.4%
Of the resolutions on which voted, % voted against management	6.0%	35.7%	18.0%	25.0%	18.0%	17.6%	22.4%	5.6%
Of the resolutions on which voted, % abstained from voting	0.0%	0.6%	0.5%	0.2%	2.2%	2.0%	0.9%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	40.3%	98.1%	80.3%	73.4%	54.8%	51.6%	70.1%	35.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	5.2%	30.3%	9.1%	14.8%	7.8%	6.4%	13.8%	4.9%

Source: L&G & Newton.
Figures may not sum due to rounding.
Fund level valuations are as at 31 December 2024
All voting data has been provided for the period 1 January 2024 to 31 December 2024.
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. Each manager has provided its own interpretation of its "most significant votes" – based on this subset of votes provided, where possible, we have included votes that align with the Trustees' chosen stewardship priority of Climate Change. These are the votes that the Trustees deem to be "significant".

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.

For the votes below, please note L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is L&G's policy not to engage with investee companies in the three weeks prior to an AGM as L&G's engagement is not limited to shareholder meeting topics.

Where managers have not provided a clear company management recommendation, or outcome, we have outlined this below.

UK Equity Index Fund

Unilever PLC, 1 May 2024

Summary of resolution: Approve Climate Transition Action Plan

Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 4.2%.

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

Rationale: A vote for was applied for the Climate Transition Action Plan. The Plan includes the disclosure of scope 1, 2 and material scope 3 GHG emissions as well as short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the Science Based Targets initiative ("SBTi") recently removing their approval of the company's long-term scope 3 target, L&G notes that the company has recently submitted near term 1.5°C aligned scope 3 targets to the SBTi for validation and therefore at this stage believes the company's ambition level to be adequate. L&G therefore remains supportive of the net zero trajectory of the company at this stage.

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

SSE Plc, 18 July 2024

Summary of resolution: Approve Net Zero Transition Report

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 is publicly supportive of so called "Say on Climate" votes. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature 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:** For

Rationale: L&G is voting in favour of the SSE Net Zero Transition Report. L&G commends the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting short and medium-term targets, in particular absolute scope 3 targets over the mid-term.

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

North America Equity Index Fund

Canadian Pacific Kansas City ("CPKC") Limited, 24 April 2024

Summary of resolution: Management Advisory Vote on Climate Change.

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. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature 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:** For

Rationale: 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. As CPKC set GHG emissions targets validated by SBTi and expects to see a clear transition plan.

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

Nu Holdings Ltd., 13 August 2024

Summary of resolution: Elect Director David Velez Osorno.

Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 0.1%.

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 voting policy on the topic of the combination of the board chair and CEO.

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. L&G also expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. L&G expects all companies to establish a nominations committee to ensure that there is an orderly succession plan in place for all key roles.

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

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

Ferrovial SE, 11 April 2024

Summary of resolution: Approve Climate Strategy Report

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. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature 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: L&G commended the company's in putting its climate strategy to a vote. A vote against was applied as L&G expects net zero commitments, rather than carbon neutrality commitments; it expects further clarity and ambition on short, medium and long-term targets. L&G looks forward to the release of Ferrovial's updated climate plan.

Outcome and next steps: Not provided. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Holcim Ltd., 8 May 2024

Summary of resolution: Approve Climate Report

Relevant stewardship priority: Climate change.

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 is publicly supportive of so called "Say on Climate" votes. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature 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:** For

Rationale: A vote for the approval of Holcim's climate report was warranted. L&G is supportive of the progress made by the company during the year and improvements made to the report, namely expanding the scope of the 2050 net zero target to include all categories of scope 3 emissions, and the upgrading of 2030 scope 1 and 2 targets.

Outcome and next steps: Not provided. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

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

BHP Group Limited, 30 October 2024

Summary of resolution: Approve Climate Transition Action Plan

Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 5.1%

Why this vote is considered to be most significant: This shareholder resolution is considered significant due to the relatively high level of support received.

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

Rationale: The critical minerals that mining companies provide are essential to the energy transition. L&G believes it is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner, and has demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with L&G's framework for assessing mining company transition plans. Therefore, L&G will be supporting BHP's CTAP. Going forwards, L&G will assess the disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of steelmaking. L&G will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.

Outcome and next steps: Not provided. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Woodside Energy Group Ltd., 24 April 2024

Summary of resolution: Elect Richard Goyder as Director

Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 1.3%.

Why this vote is considered to be most significant: This shareholder resolution was considered significant as the vote against the re-election of Richard Goyder (Resolution 2a) was applied in line with L&G's Climate Impact Pledge engagement escalation, whereby L&G votes against the (re-)election of the Chair of the Board at companies lagging L&G's minimum expectations on climate change for the oil and gas sector; these expectations are set out in L&G's net-zero sector guide.

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. Additionally, despite the significant proportion of shareholder votes against the company's climate report at the 2022 AGM, L&G noted that no material changes had been incorporated in the most recent climate transition plan, which it views as insufficiently robust, both in terms of disclosure and climate-related targets.

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

Global Emerging Markets Equity Index Fund

China Construction Bank Corporation (CPKC), 27 June 2024

Summary of resolution: Elect William Coen as Director

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, its 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: Not provided. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Petroleo Brasileiro SA., 25 April 2024

Summary of resolution: Elect Pietro Adamo Sampaio Mendes as Board Chairman

Relevant stewardship priority: Climate change.

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 considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting companies in climate-critical sectors.

Company management recommendation: None **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, among a number of other further reasons.

Outcome and next steps: Not provided. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

<u>**World Emerging Markets Equity Index Fund**</u>

Sasol Ltd., 19 January 2024

Summary of resolution: Approve Climate Change Report

Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 0.1%

Why this vote is considered to be most significant: L&G is publicly supportive of so called "Say on Climate" votes. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature 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 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. The Sasol plan did not meet these expectations.

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

Pidilite Industries Limited, 7 August 2024

Summary of resolution: Re-elect A B Parekh as Director

Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 0.1%.

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, its flagship engagement programme targeting companies in climate-critical sectors.

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

Rationale: A vote against has been applied because L&G expects the Committee to comprise independent directors, and the company is deemed to not meet minimum standards with regard to climate risk management.

Outcome and next steps: Not provided. L&G will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

<u>**Diversified Fund**</u>

National Grid Plc, 10 July 2024

Summary of resolution: Approve Climate Transition Plan

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. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature 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:** For

Rationale: L&G voted in favour of the National Grid Climate Transition plan, commending the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5°C-aligned near-term SBTi. It also appreciated the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.

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

Realty Income Corporation, 30 May 2024

Summary of resolution: Elect Director Michael D. McKee.

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 considers this vote to be significant as it is applied under the Climate Impact Pledge, its 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. Furthermore, L&G expects the Chair of the Board to have served on the board for no more than 15 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

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

Newton

Newton's significant holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. The significant votes are drawn from this universe and are defined as votes that are likely to generate significant scrutiny from end clients or other stakeholders. They may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholders.

BNY Mellon Real Return Fund

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

Shell Plc, 21 May 2024

Summary of resolution: Advise Shell to Align its Medium-Term Emissions Reduction Targets 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: 1.8%.

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.

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

Rationale: Newton did not support a shareholder proposal for a report on GHG (greenhouse gas) emission-reduction targets aligned with the Paris Agreement as it believed the company has disclosed enough information for shareholders to assess the related risks. Moreover, the company had disclosed a partial Scope 3 target which was considered an appropriate response to the proponent's asks.

Outcome and next steps: The resolution was not passed. While Newton did find some merits to the proponent's asks and legitimate concerns, aligning Scope 3 targets at Shell to a 1.5°C scenario would mean a significant loss of customers to competitors. Newton believes such a decision is best in the hands of management, and the disclosure of a partial Scope 3 target shows some responsiveness from the company to Newton's concerns, tackling mainly the emissions over which it has direct control. Shareholders have signalled a significant buy-in to management's strategy.

The Goldman Sachs Group, 24 April 2024

Summary of resolution: Report on Clean Energy Supply Financing Ratio.

Relevant stewardship priority: Climate change.

Approximate size of the fund's holding at the date of the vote: 0.9%.

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

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

Rationale: Newton supported a shareholder proposal asking for a report on clean energy supply financing ratio (which measures the proportion of financing that banks direct towards low-carbon energy projects compared to fossil fuel projects) as it believes the ratio will help shareholders assess how the bank is capitalizing on clean energy opportunities and aligning itself with the net zero by 2050 pathway.

Outcome: The resolution was not passed. Newton will continue to engage with the bank to try and make their climate transition plan more robust.

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 stated that is does vote on ABS corporate actions in a manner to reflect the best interest of clients; however, these are not published on its website. M&G has been asked to provide additional information with regard to its votes.