

# *Implementation Statement, covering the Fund Year from 1 April 2023 to 31 March 2024*

The Trustee of the Bank of Ireland Group UK Pension Fund (the “Fund”) is required to produce a yearly statement to set out:

- how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) during the period from 1 April 2023 to 31 March 2024 (the “Fund Year”); and
- details of any review of the SIP during the Fund Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review.

We provide Information on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, the Trustee (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 9 below.

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

**This Statement is based on and uses the same headings as the Fund’s latest SIP, dated 28 June 2023, and in place as at year end. This Statement should be read in conjunction with the latest SIP.**

## **1. Introduction**

The SIP was reviewed during the Fund Year and updated in June 2023 to reflect:

- the changes to the Fund’s DB strategic asset allocation, including an increased allocation to liability driven investment (“LDI”) and infrastructure, a reduced allocation to corporate bonds, and a full redemption from the diversified growth fund;
- the DWP’s new guidance on Reporting on Stewardship and Other Topics through the SIP and the Statement, which expects trustees to take a more active role in monitoring and engaging with investment managers on stewardship;
- the Trustee’s policy in relation to managing the collateral adequacy risk of the LDI portfolio, including a reference to the separate “Collateral Management Protocol” document;
- the change of investment manager for the LifeBalance Two Section from abrdn to Baillie Gifford.

As part of this review, the Trustee reviewed and updated the voting and engagement policies in the SIP to reflect the Trustee’s selected stewardship priorities. The stewardship priorities have been communicated to managers along with the general expectations in relation to Environmental, Social and Governance (“ESG”) factors, voting and engagement.

Further detail and the reasons for these changes are set out in Section 3. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

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

## 2. Investment objectives

### DB Section

The Trustee's primary objective is that the Fund should be able to meet benefit payments as they fall due. A secondary objective is that the Fund's funding position (ie the value of its assets relative to the assessed value of its liabilities) should remain at an appropriate level.

Progress against the Fund's long-term journey plan (ie to achieve full funding on a "self-sufficiency" type basis currently defined to be in line with the statutory technical provisions liabilities but using a discount rate of gilts +0.35% pa over a reasonable timeframe) is reviewed as part of the quarterly performance monitoring reports. The Trustee is also able to view the progress on an ongoing basis using the LCP Visualise online (a tool provided by the Fund's investment adviser, which show key metrics and information on the Fund including expected return and risks of the investment strategy).

As at 31 March 2024, the Fund was on track to achieve full funding on the "self-sufficiency" measure within around five years, assuming that the payment from the Escrow Account is received, however the actual payment amount (if any) will only be known in 2025. In addition, the Trustee remains comfortable that the level of risk and expected returns remains appropriate.

### DC Sections

The Trustee's objective for the DC Sections is to provide access to a range of investment options for members to utilise in structuring their assets according to their individual objectives.

There had previously not been a default investment strategy for the DC Sections, since members were required to make an investment decision on joining the Fund, and the Fund has not been used as a qualifying scheme for auto-enrolment purposes. However, in 2022 some B&W Sections members' investments were transferred on an automatic basis, either to the new Lump Sum Targeting Strategy or the new Annuity Targeting Strategy. As this transfer was done on an automatic basis, both the Lump Sum Targeting Strategy and the Annuity Targeting Strategy are now defaults for the purpose of fulfilling legislative requirements.

Additionally, in March 2024 a new lifestyle strategy was introduced for the LifeBalance Personal Investment Account ("LB PIA") Section. This was in response to wider changes in the LifeBalance Section of the Fund that will result in members with cash balance benefits ceasing to receive annual discretionary increases to this benefit. Instead, members now receive a 2% per annum employer contribution into the LB PIA. The lifestyle strategy is a default for new members of the LB PIA, who are automatically invested in it unless they make an alternative fund selection, and it is available as an additional self-select option for pre-existing members of the LB PIA.

## 3. Investment strategy

### DB Section

The Trustee, with the help of its advisers and in consultation with the employer, reviewed and agreed the investment strategy in March and April 2023. The new strategy reflects an increased allocation to LDI and infrastructure, a decreased allocation to corporate bonds, and the removal of allocation to diversified growth funds.

In September 2023, the Trustee considered how to improve the resilience of the Fund's collateral arrangements and agreed to switch its corporate bond allocation to Columbia Threadneedle, the Fund's LDI manager, and "wrap" the existing equity allocation into the bespoke LDI portfolio. These changes, implemented in December 2023 and January 2024, increased the Fund's collateral resilience and reduced governance in maintaining sufficient collateral for the Fund's interest rate and inflation hedges.

As part of these reviews, the Trustee made sure the Fund's assets were adequately and appropriately diversified between different asset classes. The Trustee monitors the asset allocation of the DB Section quarterly and compares this to the strategic asset allocation.

When the equity allocation was transferred to Columbia Threadneedle to be held within the LDI portfolio in January 2024, the Trustee transferred £5.8m from the LDI portfolio to the BlackRock equity portfolios (now held via Columbia Threadneedle) to bring the Fund's equity allocation closer to its strategic allocation.

## DC Sections

The DC Section of the Fund consists of four Sections: B&W LifePlan, B&W Options, B&W Staff Pension Fund, and the LB PIA.

The most recent review of the DC Sections' investment strategy and the performance of the lifestyle arrangements was in November 2021, with the implementation of the agreed changes completed in November 2022. Outside of the triennial investment strategy review cycle, the Trustee implemented a new lifestyle in the LB PIA section of the Fund in March 2024 (for the reasons set out in section 1 above). The lifestyle targets drawdown at retirement and has a de-risking period of 15 years, which, like the lifestyles in the B&W Sections, balances the need to grow member assets during the accumulation phase with the need to mitigate market timing risks during the de-risking phase. The growth phase of the lifestyle strategy invests 100% in equities, via the LB PIA Global Equity fund, and de-risks into a 100% multi-asset allocation at retirement (the LGIM Multi-Asset Fund). The lifestyle is the default option for new members in this Section and has been added as a self-select option for existing members.

Investment funds are available to LB PIA members as individual self-select options and cover the major asset classes. During the previous Fund Year and as a result of the last triennial strategy review, the Trustee added two new funds to the range available to members to select from, improving the options members have access to. The funds added were the LGIM Low Carbon Transition Global Equity Index fund and the LB PIA Global Equity fund.

## 4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy in March 2023, it considered the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Fund (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

The Trustee last formally reviewed its investment beliefs in February and March 2022 and as a result, the Trustee agreed to update the investment beliefs in the SIP to reflect the Trustee's belief of climate change being a systemic risk to the Fund. The Trustee also reviewed the process for monitoring the responsible investment processes of the Fund's investment managers.

The Fund's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Fund'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 Fund invests in, or any material change in the level of diversification in the Fund.

The Trustee monitors the performance of the Fund's DB investment managers on a quarterly basis and DC investments (B&W Sections and LB PIA Section) on an annual basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, one year and three years. Performance is considered in the context of the manager's benchmark and objectives.

### 4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register, considered at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand and address them if it becomes necessary, based upon the advice of the Fund's investment adviser or information provided to the Trustee by the Fund's investment managers. These include, but are not limited to, the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks. The Trustee's implementation of its policy for these risks during the year is summarised below.

## **DB Section**

With regard to the risk of inadequate returns, as part of the investment considerations and planning in March 2024, the required return for the Fund to be fully funded on a “self-sufficiency” basis by 2030 was assessed as gilts + 1.3% pa (based on market conditions as at 31 December 2023), assuming that a payment from the Escrow Account is received, however the actual payment amount (if any) will only be known in 2025. The best estimate expected return on the Fund’s strategic asset allocation agreed as part of this review was gilts + 1.5% pa. Therefore, the expected return on the Fund’s assets was expected to be sufficient to produce the investment return needed over the long-term.

The Fund is invested in leveraged LDI arrangements to provide protection (hedging) against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio to support a given level of leverage. Collateral adequacy risk is the risk that the Trustee when requested to do so will not be able to post additional cash to the LDI portfolio within the required timeframe. A potential consequence of this risk is that the Fund’s interest rate and inflation hedging could be reduced, and that the Fund’s funding level could suffer as a result. To manage this risk, the Trustee ensures that the Fund has a sufficient allocation to cash and other highly liquid assets which can be readily realised, so that cash can be posted to the LDI manager at short notice.

In December 2023, the Trustee switched its corporate bond allocation to Columbia Threadneedle, the Fund’s LDI manager, which allows the hedging provided by the corporate bond allocation which provides the manager with access to additional collateral to support the LDI portfolio. In addition, the Trustees ‘wrapped’ the equity allocation within the bespoke LDI portfolio in January 2024 which further improved the Fund’s collateral resilience and reduced the timeframe in which collateral can be provided as required.

The Fund’s interest and inflation hedging levels and LDI collateral resilience and adequacy are monitored on an ongoing basis in the quarterly monitoring report. The Fund’s hedging levels were broadly in line with the target levels over the Fund Year.

Together, the investment and non-investment risks give rise generally to funding risk. The Trustee formally reviews the Fund’s DB funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings, and has access to daily monitoring via WTW’s Asset Liability Suite software.

The quarterly reports reviewed during the year showed that the Fund is broadly in-line with its long-term objective.

## **DC Sections**

With regard to the risk of inadequate returns, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long-term. These are used in the growth phase of the lifestyles and are also made available within the self-select options for both the B&W Sections and the LB PIA Section.

The Fund’s investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Fund’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 Fund invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Fund’s DC investment managers on an annual basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over one year, three years, and five years. Performance is considered in the context of the manager’s benchmark and objectives.

The following risks are covered in the following Sections: excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

## 5. Implementation of the investment arrangements

The Trustee appointed one new corporate bond manager over the Fund Year and transferred its equity investment to different pooled funds with the existing equity manager to allow for the equity investments to be held via the bespoke LDI portfolio. Before transitioning to these mandates, the Trustee reviewed information on the investment process, philosophy, investment team, and past performance. The Trustee also considered each manager's approach to responsible investment and stewardship, including the Trustee's stewardship priorities as set out in Section 8 of this Statement. Formal written advice was obtained from the investment adviser, LCP, to ensure the chosen investment portfolios were adequately and appropriately diversified. The Trustee relies on its investment adviser's research to understand managers' investment approaches and to ensure they are consistent with the Trustee's policies prior to any transitions.

The Trustee carried out a value for members ("VFM") assessment on 24 May 2024 that assessed the Fund Year to 31 March 2024. This assessment covered a range of factors, including the member borne charges in respect of the **DC Section**. The VFM assessment found member-borne fees on funds used in the B&W and LB PIA Sections to be competitive compared to some other similarly sized DC schemes, though a small number of funds charged fees that were above average. To improve value for members, the Trustee worked with its advisers to negotiate lower fees for two funds during the Fund Year (one available in the B&W Sections and one available in the LB PIA), where these appeared slightly high in the prior year's value for members' assessment. Overall, the Trustee believes the investment managers provide reasonable VFM.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives. Section 8 provides more detail on the activities carried out over the Fund Year.

## 6. Realisation of investments

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

Over the Fund Year, the Trustee used cashflow to help rebalance the Fund's assets towards the strategic asset allocation.

The Trustee receives income from the multi-asset credit funds managed by Partners Group and Barings, the M&G Secured Property Income fund, the M&G European Property fund, the M&G Alpha Opportunities fund and the JP Morgan Infrastructure Investments fund. This income is retained in the Trustee's bank account and used towards meeting benefit payments.

Within the **DC Section**, it is the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All the DC Section funds offered by the Trustee during the Fund Year are daily priced.

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

As part of its advice on the selection and ongoing review of the investment managers, the Fund'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).

Within the **DC Section**, the Trustee recognises that some members may wish for ESG matters to be taken into account in their investments and, therefore, it has made available the LGIM Low Carbon Transition Global Equity Index fund as a self-select investment option to members of the B&W and LB PIA Sections. This fund was made available as part of the implementation of the wider changes to the investment arrangements in these Sections following the DC strategy review that was completed during the previous Fund Year.

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

## 8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Fund'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, the Trustee received training and agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed the stewardship priorities for the Fund at the meeting in Q1 2023, which were Business Ethics and Climate Change. These priorities did not change during the Fund Year and are still taken into account when selecting significant votes.

The Trustee selected these priorities as key market-wide risks and areas where they believe that good stewardship and engagement can improve long-term financial outcomes for the Fund's members. The Trustee communicated these priorities to their investment managers in Q1 2023 and the managers acknowledged the notification. These priorities will be reviewed regularly going forwards.

The Trustee regularly invites the Fund's investment managers to present at Investment Sub-Committee ("ISC") meetings, seeing each manager approximately once every two years. Over the Fund Year, the ISC met with Columbia Threadneedle to discuss the bespoke LDI portfolio, Partners Group to discuss the MAC 2015 and MAC V funds, and M&G to discuss the European Property, Alpha Opportunities and Secured Property Income funds. The ISC was satisfied with the managers' ESG, voting and engagement practices discussed.

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

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

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

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association ("PLSA") guidance, PLSA Vote Reporting template, and DWP's guidance, on the Funds used in the investment arrangements that hold equities as follows:

### DB Section

- BlackRock Aquila Life UK Equity Index fund;
- BlackRock Aquila Life European Equity Index fund;
- BlackRock Aquila Life Japanese Equity Index fund;
- BlackRock Aquila Life Pacific Rim Equity Index fund;
- BlackRock Aquila Life Canadian Equity Index fund;
- BlackRock Aquila Life Israel Equity Index fund;
- BlackRock Aquila Life US Equity Index fund;
- BlackRock iShares Core MSCI World UCITS Exchange Traded fund ("ETF"); and
- Baillie Gifford Diversified Growth fund.

The Fund fully disinvested from the Baillie Gifford Diversified Growth fund on 22 May 2023 and switched from the BlackRock Aquila Life index funds to the BlackRock iShares Core MSCI World UCITS ETF held via the Columbia Threadneedle bespoke LDI portfolio on 19 January 2024.

## **DC Sections (B&W Sections and LB PIA)**

For the DC Section we have included details of funds that hold equities that are either part of the lifestyle strategies in the B&W Sections, or are at least 10% of the B&W Sections total assets or LB PIA Section's total assets, and the self-select responsible investment fund available to members, as follows:

- LGIM Multi-Asset fund;
- LGIM Global Equity 60:40 Index fund;
- LGIM Global Equity (50:50) Index fund;
- BlackRock Aquila Life World (ex-UK) Equity Index fund (an underlying fund of the B&W Sections Global Equity fund);
- BlackRock Aquila Connect Emerging Markets Equity Index fund (an underlying fund of the B&W Sections Global Equity fund);
- BlackRock Aquila Life UK Equity Index fund (an underlying fund of the B&W Sections Global Equity fund);
- LGIM Low Carbon Transition Global Equity Index fund;
- LGIM UK Equity Index fund (an underlying fund of the LB PIA Global Equity fund); and
- LGIM World (ex-UK) Equity Index fund (an underlying fund of the LB PIA Global Equity fund).

The Trustee has sought to obtain the relevant voting data for Sections 9.2 and 9.3, from all the investment managers listed above, but was unable to include detail on the most significant votes for:

- The BlackRock Aquila Life Japanese Equity Index fund, the BlackRock Aquila Life Israel Equity Index fund and the BlackRock iShares Core MSCI World UCITS ETF. BlackRock was unable to provide sufficient detail to help the Trustee assess the significance of votes on these funds.
- Partners Group, who were unable to provide evidence of engagement examples over the Fund Year by the time of writing.

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

The Trustee will continue to work with its advisers and investment managers with the aim of providing this voting information in future Statements.

### **9.1 Description of the voting processes**

The Trustee has reviewed, and remains comfortable with, the voting processes of its investment managers. A description of the investment managers' voting processes has been included in the Appendix.



## 9.2 Summary of voting behaviour over the Fund Year

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

### DB Section<sup>1</sup>

	BlackRock Aquila Life UK Equity Index fund	BlackRock Aquila Life European Equity Index fund	BlackRock Aquila Life Japanese Equity Index fund	BlackRock Aquila Life Pacific Rim Equity Index fund	BlackRock Aquila Life Canadian Equity Index fund	BlackRock Aquila Life Israel Equity Index fund	BlackRock Aquila Life US Equity Index fund	Baillie Gifford Diversified Growth fund	BlackRock iShares Core MSCI World UCITS ETF
		Unhedged / GBP-hedged	Unhedged / GBP-hedged	Unhedged / GBP-hedged	Unhedged / GBP-hedged		Unhedged / GBP-hedged		
Total size of fund at end of reporting period	£2.1bn	£1.1bn/ £0.3bn	£0.5bn/ £0.1bn	£0.9bn/ £0.1bn	£0.1bn/ £0.01bn	£0.01bn	£3.1bn <sup>2</sup> / £0.5bn	£1.7bn	£75.1bn
Value of Fund assets at end of reporting period	£0.0m	£0.0m/ £0.0m	£0.0m/ £0.0m	£0.0m/ £0.0m	£0.0m/ £0.0m	£0.0m	£0.0m/ £0.0m	£0.0m	£46.5m
Number of holdings at end of reporting period	13,593	400	504	380	48	35	563	57	1449
Number of meetings eligible to vote	1,045	454	511	439	49	74	599	66	140
Number of resolutions eligible to vote	14,770	8,623	6,075	3,119	726	580	8,024	690	2,223
% of resolutions voted	96%	82%	100%	100%	100%	100%	99%	94%	98%
Of the resolutions on which voted, % voted with management	96%	88%	96%	89%	98%	87%	97%	97%	94%
Of the resolutions on which voted, % voted against management	3%	11%	3%	10%	1%	12%	2%	3%	5%
Of the resolutions on which voted, % abstained from voting	1%	1%	0%	0%	0%	3%	0%	0%	1%
Of the meetings in which the manager voted, % with at least one vote against management	20%	53%	24%	31%	12%	50%	15%	17%	39%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	0%	1%	0%	0%	0%	0%	n/a – proxy adviser not used	0%

<sup>1</sup> Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

<sup>2</sup> As at 30 April 2024



## DC Section<sup>1</sup>

	LGIM Multi Asset fund <sup>2</sup>	LGIM Global Equity Fixed Weights 60:40 Index fund <sup>3</sup>	LGIM Global Equity (50:50) Index fund <sup>4</sup>	LGIM Low Carbon Transition Global Equity Index fund <sup>5</sup>	LGIM UK Equity Index fund <sup>6</sup>	LGIM World (ex UK) Equity Index fund <sup>7</sup>
Total size of fund at end of the Fund Year	£24.6bn	£0.8bn	£3.4bn	£4.6bn	£11.5bn	£5.0bn
Value of Fund assets at end of the Fund Year (£ / % of total assets)	£4.1m/ 14.4%	£5.6m/ 19.7%	£2.6m/ 9.1%	£93k/ 0.3%	£12k/ 0.0%	£291k/ 1.0%
Number of equity holdings at end of the Fund Year	7,461	3,028	3,028	2,838	521	2,813
Number of meetings eligible to vote	9,301	3,035	3,035	4,698	709	2,867
Number of resolutions eligible to vote	94,065	39,303	39,303	46,620	10,462	34,635
% of resolutions voted	100%	100%	100%	100%	100%	100%
Of the resolutions on which voted, % voted with management	77%	82%	82%	79%	94%	78%
Of the resolutions on which voted, % voted against management	23%	18%	18%	21%	6%	22%
Of the resolutions on which voted, % abstained from voting	0%	0%	0%	0%	0%	0%
Of the meetings in which the manager voted, % with at least one vote against management	72%	70%	70%	65%	40%	77%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	14%	13%	13%	12%	5%	16%

<sup>1</sup> Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

<sup>2</sup> The LGIM Multi-Asset Fund is available in the B&W Sections and the LB PIA Section of the Fund. The value of Fund assets reported here includes holdings in B&W and LB PIA Sections.

<sup>3</sup> The LGIM Global Equity Fixed Weights 60:40 Index Fund is only available in the LB PIA Section of the Fund.

<sup>4</sup> The LGIM Global Equity (50:50) Index Fund is available only in the B&W Sections of the Fund.

<sup>5</sup> The LGIM Low Carbon Transition Global Equity Index Fund is available in the B&W Sections and the LB PIA Section of the Fund. The value of Fund assets reported here includes holdings in B&W and LB PIA Sections.

<sup>6</sup> The LGIM UK Equity Index Fund is a component of the LB PIA Global Equity Fund, and thus is only available in the LB PIA Section of the Fund.

<sup>7</sup> The LGIM World (ex-UK) Equity Index Fund is a component of the LB PIA Global Equity Fund, and thus is only available in the LB PIA Section of the Fund.

B&W Sections Global Equity Fund			
	BlackRock Aquila Life UK Equity Index fund <sup>1</sup>	BlackRock Aquila Connect Emerging Markets Equity Index fund <sup>1</sup>	BlackRock Aquila Life World (ex-UK) Equity Index fund
Total size of fund at end of the Fund Year	£2.1bn	£1.0bn	£0.7bn
Value of Fund assets at end of the Fund Year (£ / % of total assets)	£2.0m/ 6.9%	£590k/ 2.1%	£4.7m/ 16.5%
Number of equity holdings at end of the Fund Year	13,593	1,254	1,930
Number of meetings eligible to vote	1,045	2,783	2,125
Number of resolutions eligible to vote	14,770	23,079	27,144
% of resolutions voted	96%	98%	94%
Of the resolutions on which voted, % voted with management	96%	87%	93%
Of the resolutions on which voted, % voted against management	3%	12%	6%
Of the resolutions on which voted, % abstained from voting	1%	2%	0%
Of the meetings in which the manager voted, % with at least one vote against management	20%	43%	30%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	0%	0%

<sup>1</sup>This Fund is also available as a standalone self-select option in the B&W Sections; hence, we have included the asset values from the B&W Sections Global Equity Fund and the self-select option in the Fund values reported here.

### 9.3 Most significant votes over the Fund Year

Commentary on the most significant votes over the Fund Year, from the Fund's asset managers who hold listed equities, is set out below. The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria<sup>1</sup> for creating this shortlist.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial; and
- the Fund or the sponsoring company may have a particular interest in.

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

## DB Section

### BlackRock Aquila Life UK Equity Index fund

- **Shell Plc, May 2023**
- **Relevant stewardship priority:** Climate change
- **Vote cast:** For resolution
- **Outcome of the vote:** Passed
- **Management recommendation:** For resolution
- **Summary of resolution:** Approve the Shell Energy Transition Progress
- **Rationale for the voting decision:** BlackRock voted for this management proposal seeking shareholders' approval of the Shell Energy Transition Progress. Given that the speed and shape of a low carbon transition are unclear, company disclosures that include scenario analysis and provide context on the transition plan and targets help investors' understanding of company-specific risks and opportunities. In BlackRock's view, Shell's reporting and approach are aligned with clients' long-term financial interests; therefore, BlackRock supported the management resolution.
- **Approximate size<sup>2</sup> of the fund's holding at the date of the vote:** 7.6%
- **The reason the Trustee considered this vote to be "most significant":** Vote relates to current stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when the manager intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **Outcome and next steps:** The outcome of the vote was in line with the manager's vote.

---

<sup>1</sup> [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://www.plsa.co.uk/vote-reporting-template-for-pension-scheme-implementation-statement-guidance-for-trustees). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

<sup>2</sup> The approximate size is shown as percentage of the specified pooled investment fund and not as percentage of overall Fund.

---

## BlackRock Aquila Life European Equity Index fund

- **BE Semiconductor Industries (Besi), April 2023**
- **Relevant stewardship priority:** Business ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Not passed
- **Management recommendation:** For resolution
- **Summary of resolution:** Advisory vote on the Remuneration Report 2022
- **Rationale for the voting decision:** At Besi's 2023 AGM, BlackRock did not support the 2022 remuneration report given they continue to observe areas for improvement. In BlackRock's view, the metrics introduced were not challenging as the long-term incentive plan still vests for underperformance against peers on a total shareholder return basis. BlackRock also noted that the company used the same metrics in both the short- and long-term incentive plans, meaning executives are rewarded for the same performance twice.
- **Approximate size of the fund's holding at the date of the vote:** 0.1%
- **The reason the Trustee considered this vote to be "most significant":** Vote relates to current stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when the manager intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **Outcome and next steps:** BlackRock will continue engaging with the company to share the perspective on areas where, in BlackRock's view, Besi could further improve their remuneration practices and disclosures to better align with long-term shareholders' interests.

## BlackRock Aquila Life Pacific Rim Equity Index fund

- **Techtronic Industries Company Limited (TTI), May 2023**
- **Relevant stewardship priority:** Business ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Passed
- **Management recommendation:** For resolution
- **Summary of resolution:** Elect Horst Julius Pudwill as Director
- **Rationale for the voting decision:** Mr. Pudwill is the largest shareholder who effectively controls 19.8% of the company's underlying shares. As the co-founder and the former CEO of TTI, he has also chaired the Nomination Committee for over 16 years. BlackRock voted against management due to the risk that his position as both Chairman of the board and the Nomination Committee, as well as representing the largest block of affiliated shareholders, lead to a concentration of power that may not support a robust and effective board renewal process and may impair long-term shareholder value.
- **Approximate size of the fund's holding at the date of the vote:** 0.5%
- **The reason the Trustee considered this vote to be "most significant":** Vote relates to current stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when the manager intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **Outcome and next steps:** BlackRock will continue engaging with the company as the manager believes that TTI would benefit from enhancing their board nomination procedures to support an effective board which takes into consideration the interests of all shareholders and supports the company in delivering durable, long-term financial value creation.

### BlackRock Aquila Life Canadian Equity Index fund

- **Restaurant Brands International (“RBI”) Inc., May 2023**
- **Relevant stewardship priority:** Business ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Not passed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Report on Lobbying Payments and Policy
- **Rationale for the voting decision:** RBI has demonstrated incremental progress on the issue by adding disclosures to its corporate website following engagements with shareholders to aid their understanding. This includes the nature of its lobbying expenditures and membership in trade associations for which RBI pays annual dues of \$50,000 or more. RBI also confirmed that it does not have a federal political action committee. BlackRock determined that a dedicated report was not warranted and, accordingly, did not support the shareholder proposal. BlackRock did note that RBI could enhance their disclosures by including more details about their policies on corporate political activities and the purpose of the company’s contributions to and engagement in lobbying.
- **Approximate size of the fund’s holding at the date of the vote:** 1.4%
- **The reason the Trustee considered this vote to be “most significant”:** Vote relates to current stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when the manager intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **Outcome and next steps:** The outcome of the vote was in line with the manager’s vote.

### BlackRock Aquila Life US Equity Index fund

- **Broadcom Inc., April 2023**
- **Relevant stewardship priority:** Business ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Not passed
- **Management recommendation:** For resolution
- **Summary of resolution:** Advisory Vote to Ratify Named Executive Officers' Compensation
- **Rationale for the voting decision:** BlackRock remained concerned about the disproportionate focus on short-term goals and the insufficient transparency in relation to compensation. As a result, BlackRock determined not to support the say on pay proposal.
- **Approximate size of the fund’s holding at the date of the vote:** 0.7%
- **The reason the Trustee considered this vote to be “most significant”:** Vote relates to current stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** BlackRock endeavours to communicate to companies when the manager intends to vote against management, either before or just after casting votes in advance of the shareholder meeting.
- **Outcome and next steps:** The outcome of the vote was in line with the manager’s vote.

### Baillie Gifford Diversified Growth fund

- **Nextera Energy Inc., May 2023**
- **Relevant stewardship priority:** Business ethics
- **Vote cast:** For resolution
- **Outcome of the vote:** Not passed

- **Management recommendation:** Against resolution
- **Summary of resolution:** Shareholder Resolution – Social
- **Rationale for the voting decision:** Baillie Gifford supported a shareholder resolution requesting the company report on median pay gaps across race and gender. They believed the additional disclosure would allow shareholders to better assess the internal equity of pay and would also allow comparability over time and across organisations.
- **Approximate size of the Fund's holding at the date of the vote:** 0.1%
- **The reason the Trustee considered this vote to be “most significant”:** Vote relates to current stewardship priorities.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome and next steps:** Baillie Gifford communicated their decision to support the shareholder resolution with the company and explained their rationale for doing so. Although the resolution failed to secure enough support to pass, it did receive support from more than 24% of shareholders.

## DC Sections

### LGIM Multi Asset fund

- **Microsoft Corporation, December 2023**
- **Relevant stewardship priority:** Business Ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Passed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Elect Director Satya Nadella
- **Rationale for the voting decision:** A vote against was applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.
- **Approximate size of the fund's holding at the date of the vote:** 0.5%
- **The reason the Trustee considered this vote to be “most significant”:** This vote relates to a stewardship priority that the Trustee has selected.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome and next steps:** LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

### LGIM Global Equity FW 60:40 Index fund

- **Glencore Plc, May 2023**
- **Relevant stewardship priority:** Climate Change
- **Vote cast:** For resolution
- **Outcome of the vote:** Failed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Resolution in Respect of the Next Climate Action Transition Plan
- **Rationale for the voting decision:** 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, LGIM has 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 our multi-year discussions with the company since 2016 on its approach to the energy transition.

- **Approximate size of the fund's holding at the date of the vote:** 1.5%
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected, and the vote was against management's recommendation.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome and next steps:** The outcome of the vote was not in line with the manager's vote. LGIM will continue to engage with the company and monitor progress.

#### LGIM Global Equity 50:50 Index fund

- **Shell plc., May 2023**
- **Relevant stewardship priority:** Climate Change
- **Vote cast:** Against resolution
- **Outcome of the vote:** Passed
- **Management recommendation:** For resolution
- **Summary of resolution:** Approve the Shell Energy Transition Progress
- **Rationale for the voting decision:** LGIM voted against, though not without reservations. They acknowledged the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.
- **Approximate size of the fund's holding at the date of the vote:** 3.5%
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected, and the vote was against management's recommendation.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome and next steps:** LGIM continues to undertake extensive engagement with Shell on its climate transition plans

#### LGIM Low Carbon Transition Global Equity Index fund

- **Apple Inc, February 2024**
- **Relevant stewardship priority:** Business Ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Failed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy
- **Rationale for the voting decision:** LGIM believed a vote against this proposal was warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.
- **Approximate size of the fund's holding at the date of the vote:** 4.9%
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected.
- **Was the vote communicated to the company ahead of the vote:** No

**Outcome and next steps:** The outcome of the vote was in line with the manager's vote. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.



### LGIM UK Equity Index fund

- **Experian Plc, July 2023**
- **Relevant stewardship priority:** Business Ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Passed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Re-elect Mike Rogers as Director
- **Rationale for the voting decision:** A vote against was applied due to the lack of gender diversity at executive officer level. LGIM expects executives' officers to include at least 1 female.
- **Approximate size of the fund's holding at the date of the vote:** 1.2%
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected.
- **Was the vote communicated to the company ahead of the vote:** No
- **Outcome and next steps:** LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

### LGIM World (ex-UK) Equity Index fund

- **Exxon Mobil Corporation, May 2023**
- **Relevant stewardship priority:** Climate Change
- **Vote cast:** For resolution
- **Outcome of the vote:** Failed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Shareholder resolution calling for a Report on Asset Retirement Obligations Under IEA Net Zero Emissions Scenario
- **Rationale for the voting decision:** LGIM has co-filed a shareholder resolution asking for more transparency on the retirement costs of Exxon's asset base. In their view, this is a highly relevant and financially material matter, and by filing this proposal are seeking greater clarity into the potential costs Exxon may incur in the event of an accelerated energy transition.
- **Approximate size of the fund's holding at the date of the vote:** 0.8%
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected, and the vote was against management's recommendation.
- **Was the vote communicated to the company ahead of the vote:** Yes.
- **Outcome and next steps:** LGIM will continue to engage with the company and monitor progress.

### BlackRock Aquila Life World (ex-UK) Equity Index fund

- **Restaurant Brands International ("RBI"), May 2023**
- **Relevant stewardship priority:** Business Ethics
- **Vote cast:** Against resolution
- **Outcome of the vote:** Failed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Shareholder Proposal to Report on the Company's Business Strategy in the Face of Labour Market Pressure

- **Rationale for the voting decision:** BlackRock acknowledges that quantitative franchise-wide reporting on workforce-related issues is not common practice among franchisors due to the differences in legal liabilities between franchisors and franchisees on labour and employment matters. They also acknowledge the challenges for RBI of building partnerships with franchisees in order to collect the requested indicators and information, given that nearly all of the company's restaurants are operated by franchisees. When considering its vote, BlackRock recognised the complexities in fulfilling this resulting from nearly all of RBI's restaurants operating under a franchise model, as well as considering that RBI indicated that they are committed to improving disclosures in the near term. Accordingly, they did not support the shareholder proposal.
- **Approximate size of the fund's holding at the date of the vote:** Information not provided by BlackRock.
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** The outcome of this vote was in line with the manager's vote. BlackRock show understanding that the regulatory context continues to evolve in the U.S.; nevertheless, it recognises the industry is evolving towards more robust disclosures on material labour-related risks and will be monitoring the company's progress in keeping up with best practices. Therefore, BlackRock determined it would be more constructive to continue to monitor company progress on this issue than to vote for these reporting measures.

#### BlackRock Aquila Connect Emerging Markets Equity Index fund

- **Zhejiang Expressway Co., Ltd ("AAL"), July 2023**
- **Relevant stewardship priority:** Business Ethics
- **Vote cast:** For resolution
- **Outcome of the vote:** Passed
- **Management recommendation:** For resolution
- **Summary of resolution:** Rights Issue
- **Rationale for the voting decision:** In advance of the EGM, BlackRock engaged with Zhejiang Expressway to better understand the proposed issuance. In their assessment, the rights issue is based on fair terms and valid business justifications, and is aligned with the client's long term economic interests. BIS therefore voted in support of management's recommendation.
- **Approximate size of the fund's holding at the date of the vote:** Information not provided by BlackRock.
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** The vote was passed, in line with BlackRock's vote. BlackRock continually engages with companies to better understand how company leadership identifies and manages the material risks and opportunities in their business model that, in our assessment, can impact their ability to deliver durable financial performance for long-term investors.

#### BlackRock Aquila Life UK Equity Index fund

- **Shell plc., May 2023**
- **Relevant stewardship priority:** Climate Change
- **Vote cast:** Against resolution
- **Outcome of the vote:** Failed
- **Management recommendation:** Against resolution
- **Summary of resolution:** Request Shell to align existing reduction targets and greenhouse gas emissions with the Paris Agreement

- **Rationale for the voting decision:** Currently, Shell has set a target to reduce the net carbon intensity of their energy products by 20% by 2030 compared to 2016. They have also developed and disclosed their approach to demonstrate how their targets are aligned with the goals of the Paris Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C. Therefore, BlackRock did not consider it in the financial interests of its clients to support this shareholder proposal. In BlackRock's assessment of Shell's Energy Transition Strategy, the company is addressing the risks and opportunities in its business model stemming from a low carbon transition and has demonstrated that it is delivering against its stated plan.
- **Approximate size of the fund's holding at the date of the vote:** Information not provided by BlackRock.
- **The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority that the Trustee has selected.
- **Was the vote communicated to the company ahead of the vote:** No.
- **Outcome and next steps:** The outcome of this vote failed, which BlackRock believes avoids the possibility of prescriptive and unduly constraints on management's decision making. Adhering to the proponent's ask would have required Shell to reduce product sales or alter its business composition, which would have impacted the company's financial strength.

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

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

##### Partners Group Private Markets Credit Strategies

- **Multi Asset Credit 2015 (II) fund:** Partners Group noted engagement with three issuers over the Fund Year, on realisation of investments and trading updates.
- **Multi Asset Credit V fund:** Partners Group noted engagement with five issuers over the Fund Year which were focussed on trading updates, refinancing, IT infrastructure and ESG strategies.

## Appendix: Description of the voting processes

### BlackRock

*BlackRock's approach to corporate governance and stewardship is explained in its Global Principles document (available on the manager's website), which describe its philosophy on stewardship, its policy on voting, its integrated approach to stewardship matters and how it deals with conflicts of interest.*

*The BlackRock Investment Stewardship team and its voting and engagement work continuously evolve in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure BlackRock takes into account a company's unique circumstances by market, where relevant. BlackRock informs its vote decisions through research and engages as necessary. Its engagement priorities are global in nature and are informed by BlackRock's observations of governance-related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets.*

*BlackRock welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its Global Principles, BlackRock determines which companies to engage directly with based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. It applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant.*

*BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. BlackRock does not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Whilst BlackRock does subscribe to research from proxy advisory firms, ISS and Glass Lewis, this is just one among many inputs into its voting decision process. Other sources of information BlackRock uses include the company's own reporting, its engagement and voting history with the company, the views of its active investors, public information and ESG research.*

*In relation to significant votes, BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance.*

### Baillie Gifford

Baillie Gifford provided the following wording to describe its voting practices:

*All voting decisions are made by our ESG team in conjunction with investment managers. We do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then we will engage with them on this. If a vote is particularly contentious, we may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.*

*Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients. The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our ESG team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our ESG Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets.*

### Partners Group

Partners Group provided the following wording to describe its voting practices:

*Where Partners Group's client accounts contain listed equity securities in dedicated programs/allocation buckets ("Liquid Private Markets investments") and Partners Group has discretion to vote on a proxy stemming from such securities (a "Proxy Request"), Partners Group will make a decision on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts. The following proxy voting principles (the*

*“Principles”) are intended to outline Partners Group’s general approach to proxy voting considerations that frequently arise for its Liquid Private Markets investments. These Principles are not intended to provide a strict guide to how Partners Group will vote in every instance, but rather how Partners Group typically approaches core aspects of corporate governance in Liquid Private Markets investments. These Principles are applied with discretion, taking into account the range of considerations, local corporate governance practices, and applicable regulations specific to a particular company and the individual ballot item.*

*Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers. These service providers will follow the principles listed above in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company’s management, Partners Group’s Liquid Private Markets team will review and decide on the ultimate vote. In certain circumstances, Partners Group receives Proxy Requests for publicly traded securities within a private markets portfolio. When such Proxy Requests arise, the recipient, typically the respective investment team or Partners Group Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee. The details of the review process can be found on the Partners Group Wiki page under Group Processes – Corporate actions of investments (ID 92). This group process seeks to ensure that all Proxy Requests, included in the broader term ‘corporate actions’, are reviewed and processed in a timely manner.*

## **LGIM**

LGIM provided the following wording to describe its voting practices:

*LGIM’s voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM’s voting policies are reviewed annually and take into account feedback from its clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector, and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. LGIM also takes into account client feedback received at regular meetings and / or ad hoc comments or enquiries.*

*All decisions are made by LGIM’s Investment Stewardship team and in accordance with its 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 voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM’s stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.*

*LGIM’s Investment Stewardship team uses Institutional Shareholder Services’ (“ISS”) ‘ProxyExchange’ electronic voting platform to vote clients’ shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. Its use of ISS recommendations is 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 it receives from ISS for UK companies when making specific voting decisions.*

*To ensure LGIM’s proxy provider votes in accordance with LGIM’s position on ESG, it has put in place a custom voting policy with specific voting instructions. LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes that require further action.*

*It is vital that the proxy voting service is regularly monitored and LGIM does this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out LGIM’s expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.*