



## DHL Group Retirement Plan

Defined Contribution Section

# IMPLEMENTATION STATEMENT

PLAN YEAR ENDING 31 MARCH 2025

This Implementation Statement is a legally required document, prepared by the Trustee in relation to the Defined Contribution ('DC') Section of the DHL Group Retirement Plan ('the Plan'). It covers the Plan Year ending 31 March 2025. It sets out the policies and principles for how investments are governed and any changes over the year, as well as details of voting activity from the investment managers, L&G Asset Management ('L&G AM') and HSBC. Given the low value of the legacy Additional Voluntary Contribution ('AVC') arrangements, outside the main DC Section funds managed by L&G AM and HSBC, this statement has not included voting policies in respect of those arrangements.

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# SECTION 1: INTRODUCTION

This Implementation Statement has been prepared by the Trustee in relation to the Defined Contribution ('DC') Section of the DHL Group Retirement Plan ('the Plan'). It covers the Plan Year ending 31 March 2025. A separate Annual Implementation Statement in relation to the Defined Benefit ('DB') Sections of the Plan is available.

The purpose of this Implementation Statement is to:

- ☑ summarise how the Statement of Investment Principles ('SIP') for the DC Section has been followed during the year;
- ☑ outline any changes that have been made to the SIP and the reason for the change; and
- ☑ provide a description of voting behaviour (including the most significant votes made on behalf of the Trustee) and any use of a proxy voter during the year.

The SIP is a legally-required document produced by the Trustee. The DC Section's SIP sets out the principles the Trustee follows in order to provide a suitable range of investment funds for the Plan's members.

The latest version of the DC Section's SIP can be found online [here](#).

This Statement has been produced in accordance with the regulatory requirements currently in force and the guidance published by the Department for Work and Pensions ('DWP') and the Pensions Regulator.

In summary, the Trustee believes that:

- a) the policies outlined in the DC Section's SIP have been adhered to over the Plan Year; and
- b) the investment managers' activities aligned with the Trustee's policies on Environmental, Social and Corporate Governance ('ESG') issues, engagement and voting.

Having monitored the investment managers over the year and reviewed the voting information outlined in this statement, the Trustee is satisfied that the managers are acting in the members' best interest and are effective stewards of the DC Section assets.

The Trustee will continue to monitor the investment managers' stewardship practices on an ongoing basis.





## SECTION 2: REVIEW AND CHANGES TO THE STATEMENT OF INVESTMENT PRINCIPLES ('SIP')

The DC Section's SIP was reviewed and updated during the Plan Year with the latest version being published in June 2024. The SIP was updated to reflect:



- The changes made to the investment arrangements following the most recent full strategic review.
- The Trustee's policy on investing in illiquid assets.

The SIP will be updated after the Plan Year end to incorporate:

- The creation of the ESG Committee ('ESGC') to the governing structure of the Plan, with details of the responsibilities of the ESGC.
- Changes to the ESG risks section to reflect the Trustees net zero ambition.

# SECTION 3: THE DC SECTION'S SIP

The table below outlines the policies in the SIP for the DC Section of the Plan and explains how these have been implemented for the Plan Year to 31 March 2025.

	Policy	In the Plan Year to 31 March 2025
<p>Governance</p> 	<p>The Trustee delegates specific responsibilities for the running of the Plan to several committees. The committee that oversees the DC Section is the DC Committee ('DCC').</p>	<p>Over the year under review, the DCC has performed its duties in line with the activities set out in its terms of reference, which are reviewed every year.</p> <p>A new ESGC was established during the Plan Year and terms of reference agreed for it. The Plan Governance Structure was updated to reflect the ability of the Trustee to delegate certain matters to the ESGC.</p>
<p>Investment objective and strategy</p> 	<p>The Trustee's objective is to provide members with a range of investments, through funds where the money from individual members is 'pooled together'. Together with new contributions from members and the employers, its objective is that this will provide an account at retirement with which to pay the retirement benefits selected by members.</p> <p>The Trustee has a policy of obtaining ongoing advice on whether those funds continue to be satisfactory, and that the L&amp;G AM investment platform continues to be appropriate.</p>	<p>The DCC, with advice from its DC investment adviser, completed its latest full review of the investment strategy, including reviewing all Lifestyle and Freestyle fund options in 2023. As a result of the review a number of changes were made to the Lifestyle options and some of the Freestyle options. These changes were made to enhance the investment strategy in order to improve expected retirement outcomes for members and further integrate ESG factors. The changes to the Lifestyle options were implemented at the end of March 2024, and the changes to the Freestyle funds were made in early April 2024.</p> <p>During the Plan Year the Trustee, with support from its investment advisors:</p> <ul style="list-style-type: none"> <li>• Undertook a further review of the Freestyle investment options, concluding that the majority of the existing fund options continued to remain appropriate;</li> <li>• Commenced a review of the underlying fund used in the DHL Global Property fund – this review was ongoing at the end of the Plan Year; and</li> <li>• Undertook its annual review of the default DHL Lifestyle – Drawdown and how well this is supporting with delivering good outcomes for members at retirement. The process showed that the default had delivered in line with expectation and the changes made to the Lifestyle options noted above continued to be supported by the analysis.</li> </ul> <p>A review of the performance and suitability of the L&amp;G investment platform was undertaken in 2022, with assistance from the DC investment adviser. The review considered how L&amp;G were performing across a range of different areas (their business, administration, investment and communication). Overall L&amp;G scored highly on most of the criteria assessed.</p>

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## Policy

Environmental, Social and Governance factors and sustainability



The Trustee considers long term sustainability to be an important and relevant issue to consider throughout the investment process.

The Trustee recognises that an investment's financial success can be influenced by a number of factors including (but not limited to) those arising from Environmental, Social and Governance ('ESG') issues, including climate change.

The Trustee considers ESG issues, including climate change, to be financially material and takes them into account when designing and monitoring the Lifestyle strategies, considering in particular the time horizons of those strategies. A number of the Lifestyle and Freestyle funds include investments which have been chosen taking account of the approach that companies take to ESG issues.

The Trustee believes that the impact of, and potential responses to, climate change creates a material financial risk and has agreed an ambition for the DC Section to be aligned with Net Zero by 2050. The Trustee also believes that companies should adjust their business strategies to align with the 2015 Paris Agreement on Climate Change.

Within all investment options the Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers (within certain guidelines and restrictions). This includes consideration of all financially material factors, including ESG related issues (including climate change), where permissible within applicable guidelines and restrictions.

## In the Plan Year to 31 March 2025

The way in which ESG issues are integrated into individual funds is delegated to the investment managers. However, the Trustee monitors the managers' approach to sustainable investment and takes account of ESG in its selection of the funds available to members. For example, equity, corporate bond and fixed interest funds used within both the Lifestyle strategies and Freestyle fund range explicitly take account of the approach that companies take to ESG issues.



During the Plan Year, the Trustee updated the Plan's Climate Risk Policy (a standalone policy which is maintained separately from the SIP) to include updated information on the scenario analysis carried out during the Plan Year, details of the Plan's net zero ambition, and changes to the Plan's climate-related metrics and targets. After the year end, the Trustee agreed to replace the Climate Risk Policy with an ESG Policy. You can read the ESG Policy [here](#).

During the last Plan Year, in November 2024, the DCC, with its DC investment adviser, undertook a sustainable investment review of the DC investment managers. The review included a focus on how investment managers bring ESG considerations into their portfolio and investment process where relevant, to the specific fund. Generally, the managers scored well across the areas considered in the review.

The Trustee continued its work in relation to legislation concerning the risks and opportunities associated with climate change. This has included:

- Publishing its third DC Climate Report in September 2024, outlining the Trustee's policies for identifying, measuring and monitoring climate-related risks and opportunities and the potential impact of climate change on the DC funds.
- Monitoring of key climate-related metrics for the DC funds.
- Reviewing scenario analysis showing the potential impact of different climate pathways on the DC section's assets.
- The Trustee's DC Climate Report is available on the Plan website. The next DC Climate Report is due to be published in September 2025.

	Policy	In the Plan Year to 31 March 2025
<p>Stewardship</p> 	<p>The Trustee delegates responsibility for stewardship activities (including voting rights and engagement activities) related to investments to the investment managers.</p> <p>The Trustee expects the Plan's investment managers to take on engagement activity with companies that includes:</p> <ul style="list-style-type: none"> <li>• their performance;</li> <li>• their strategy;</li> <li>• their capital structure and the management of actual and potential conflicts of interest of investee companies and other stakeholders; and</li> <li>• the ESG impact of underlying holdings.</li> </ul> <p>The Trustee periodically reviews engagement and stewardship activity undertaken by their investment managers to ensure that the policies outlined above are being met.</p> <p>Where practicable the Trustee will seek to avoid investment in controversial weapons (defined as weapons which are contrary to international treaties or conventions).</p>	<p>As part of the sustainable investment review, the DCC reviewed the investment managers' stewardship policies and practices. This included reviewing information on how managers had exercised their voting rights over the year, the key engagements managers had undertaken with investee companies over the year, and any changes to managers' voting and stewardship policies over the year.</p> <p>Overall, the DCC was satisfied that both L&amp;G AM and HSBC are exercising an appropriate degree of stewardship over the companies in which the funds invest.</p> <p>A number of the Lifestyle and Freestyle options have explicit controversial weapons exclusions. As part of the sustainable investment review, the DCC were able to confirm there was no exposure in any of the DC Section funds to underlying companies linked with the manufacturing or distribution of controversial weapons.</p> <p>The Trustee has agreed a number of areas of stewardship which they consider to be priorities for their investment managers to be undertaking, within the categories of Environmental, Social and Governance:</p> <p><b>E</b> – Climate Change: For example engaging with companies on their climate change policies and/or voting on resolutions requiring publication of a business strategy that is aligned with the Paris Agreement on climate change.</p> <p><b>S</b> – Modern Slavery: For example engaging with companies on their modern slavery policies, especially with regards to their supply chains.</p> <p><b>G</b> – Diversity and Inclusion: For example voting against a director appointment where the board is not sufficiently gender diverse.</p> <p>Examples of engagements and significant votes undertaken by the managers in these areas are included within this Statement.</p>
<p>Performance objectives</p> 	<p>Whilst the Trustee is not involved in each investment manager's day-to-day method of operation and therefore cannot directly influence whether the target performance of investments are reached, it will regularly assess performance and review the managers that are appointed.</p>	<p>The DCC reviewed the funds' performance on a quarterly basis throughout the year under review.</p> <p>The DHL Diversified Growth fund and the DHL Diversified Cautious fund have long term performance objectives that aim to beat inflation, measured by the Consumer Prices Index (CPI). This aims to ensure that the value of the money invested increases at a higher rate than the cost of goods and services.</p> <p>The target for the DHL Diversified Growth fund is CPI +4% per year and the DHL Diversified Cautious fund is CPI +2% per year. The DHL Diversified Growth fund has outperformed its target objective by 0.5% over the 5 years to 31 March 2025. Whereas the DHL Diversified Cautious fund underperformed its target objective by -2.1% over this period. This was as a result of its lower allocation to equities and negative returns from bonds during the period.</p> <p>All other funds are managed passively, meaning that they aim to broadly match the performance of a 'benchmark index'. An index is used to represent the performance across a group of investments that share similar characteristics – for example a similar geography or industry. All funds have delivered performance in line with expectations over the Plan Year and the longer term.</p>

	Policy	In the Plan Year to 31 March 2025
<p>Relationship with investment managers</p> 	<p>Alignment between an investment manager's management of the Plan's assets and the Trustee's policies and objectives is a fundamental part of the appointment process of an investment manager. The Trustee and DCC, through its regular monitoring of investment funds and managers, will seek to ensure that all funds are being managed in a way that is consistent with the Trustee's policies. Should this appear not to be the case, the Trustee will engage with the investment manager to understand the reasons for this and whether closer alignment can be achieved. If this is not possible, the Trustee may look to replace the fund.</p> <p>The Trustee reviews the costs incurred in managing the Plan's assets, including the costs associated with portfolio turnover, on an annual basis.</p>	<p>During the Plan Year, the latest SIP was sent to all investment managers who were asked to highlight if there was any misalignment between the Trustee's policies and how they manage the Plan's assets. No concerns were raised.</p> <p>The DCC reviewed the DC Section funds' ongoing costs and charges through a report provided by its DC investment adviser. This report included details of incurred fees over the year, including underlying fees such as transaction costs, including portfolio turnover costs.</p> <p>The DCC has received information on the levels of turnover within each of the underlying funds during the Plan Year, such as turnover through the buying and selling of investments that make up those funds. Overall the DCC is comfortable that the levels appear appropriate, in the context of the way each fund is managed, and the total levels of cashflow in and out of each fund during the year.</p>
<p>Risk management</p> 	<p>The Trustee recognises a range of specific investment risks with reference to the Plan's DC arrangements which are summarised in the SIP.</p>	<p>The Trustee monitored and managed these risks during the Plan Year through:</p> <ol style="list-style-type: none"> <li>1. The regular reporting received by its investment advisers and managers.</li> <li>2. The range of Lifestyle strategies offered to members, which are designed to help members address different investment risks they face throughout their membership of the Plan.</li> <li>3. The range of Freestyle funds offered, which enable members to consider the risks that are most relevant to them and to invest to mitigate these.</li> </ol> <p>The Trustee was comfortable no changes to the investment strategy or options were required during the Plan Year.</p> <p>A deep dive into ESG risks and opportunities was completed at the ESGC meeting on 10 February 2025 and the key insights were shared with the full Trustee Board to help inform future decisions. This covered ESG risks the Plan is exposed to over the short, medium, and long term, with a focus on climate change, biodiversity loss, income and wealth inequality, misinformation and disinformation.</p> <p>Existing and potential mechanisms to mitigate these risks were also covered. Opportunities were also discussed such as incorporating sustainability factors into mandates explicitly. More training on sustainability opportunities was scheduled for after the Plan Year end.</p> <p>Following year end the deep dive review further considered ESG risks from a DB and DC perspective. Plan advisers developed 15 proposed ESG risks, 10 DB with two drivers (Funding and Covenant) and 5 DC (that include 'Climate transition risk', 'Physical climate risk', 'Modern slavery', 'Diversity and Inclusion' and 'other ESG related risks'), with proposed controls and scores for each. There has been good progress on the review and proposed risks were presented at the July 2025 ESGC meeting. The risk register updates are expected to be agreed later in the year.</p>

# SECTION 4: VOTING INFORMATION AND SIGNIFICANT VOTES

The DC Section offers a diverse range of asset classes through the Lifestyle strategies and the Freestyle fund range. The information in this section focusses on the equity investments within underlying funds of both Lifestyle and Freestyle options which have voting rights. This means shareholders have the ability to vote on decisions made by a company, for example, substantial changes to its operations, mergers and acquisitions, the make-up of the board of directors or their incentives.

Because these equity investments are in 'pooled funds' and are managed on a passive basis, the voting entitlements in these funds lie with the investment managers.

This section sets out the voting activities of L&G AM and HSBC over the year including details of L&G AM's and HSBC's use of proxy voting services. Overall the Trustee is satisfied that the managers' voting policies and practices are consistent with the Trustee's policies and expectations.

## L&G AM

L&G AM has a voting policy which determines its approach to voting and the principles to be followed when voting on investors' behalf. L&G AM uses voting proxy advisers which aid the decision-making when voting. Details are summarised opposite.

L&G AM's Investment Stewardship team uses Institutional Shareholder Services' ('ISS') electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G AM and it does not outsource any part of the strategic decision. To ensure their proxy provider votes in accordance with its position on ESG, L&G AM have put in place a custom voting policy with specific voting instructions.

L&G AM uses ISS recommendations to augment its own research and its ESG assessment tools. L&G AM's internal investment stewardship team also uses research reports of Institutional Voting Information Services ('IVIS') to supplement the research reports received from ISS for UK companies when making specific voting decisions.

L&G AM has a custom voting policy in place which includes specific voting instructions which apply to all markets globally. L&G AM has the ability to override any vote decisions which are based on this custom voting policy if it sees fit.

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

Post a vote L&G AM continue to engage with investee companies, publicly advocate their position on an issue and monitor company and market-level progress.

## HSBC

HSBC has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills. Details are summarised opposite:

HSBC uses voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations, highlighting resolutions which contravene HSBC's guidelines.

HSBC reviews voting policy recommendations according to the scale of HSBC's overall holdings. The majority of holdings are voted in line with the recommendation based on HSBC's guidelines.

HSBC typically do not communicate their intention to vote against management ahead of any vote.

Post a vote HSBC will likely continue voting in the same manner to similar proposals should they see insufficient improvements.

The tables on the following pages set out the key voting activity of the Plan's equity investment managers, on behalf of the Trustee, over the year. We note that whilst the Trustee has informed the managers about their priorities for investment stewardship it does not consider that it has influence over how the manager has voted, and does not notify the managers of what it would consider to be a significant vote in advance of that vote being carried out. The significant vote examples detailed below have been selected with alignment to the Trustee's stewardship priorities in mind. All voting decisions are left to the discretion of the investment managers.

Manager and strategy	Exposure within the DC Section funds	Voting activity over the year to 31 March 2025	
<b>L&amp;G AM Future World Global Equity Index Fund</b>	DHL Diversified Growth fund	Number of resolutions on which manager was eligible to vote:	<b>55,096</b>
	DHL Diversified Cautious fund	Percentage of eligible votes cast:	<b>99.8%</b>
	DHL Global Equities fund	Percentage of votes with management:	<b>81.0%</b>
		Percentage of votes against management:	<b>17.9%</b>
		Percentage of votes abstained or withheld:	<b>1.1%</b>
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	<b>9.7%</b>
<b>L&amp;G AM Future World UK Equity Index Fund</b>	DHL UK Equities fund	Number of resolutions on which manager was eligible to vote:	<b>6,192</b>
		Percentage of eligible votes cast:	<b>100%</b>
		Percentage of votes with management:	<b>94.1%</b>
		Percentage of votes against management:	<b>5.9%</b>
		Percentage of votes abstained or withheld:	<b>0.1%</b>
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	<b>4.4%</b>
<b>L&amp;G AM Future World Emerging Markets Equity Index Fund</b>	DHL Emerging Markets Equities fund	Number of resolutions on which manager was eligible to vote:	<b>29,633</b>
		Percentage of eligible votes cast:	<b>100%</b>
		Percentage of votes with management:	<b>81.2%</b>
		Percentage of votes against management:	<b>17.2%</b>
		Percentage of votes abstained or withheld:	<b>1.7%</b>
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	<b>6.1%</b>

Manager and strategy	Exposure within the DC Section funds	Voting activity over the year to 31 March 2025	
<b>L&amp;G AM Infrastructure Equity MFG Fund</b>	DHL Diversified Growth fund	Number of resolutions on which manager was eligible to vote:	<b>1,177</b>
	DHL Diversified Cautious fund	Percentage of eligible votes cast:	<b>98.6%</b>
		Percentage of votes with management:	<b>72.8%</b>
		Percentage of votes against management:	<b>26.4%</b>
		Percentage of votes abstained or withheld:	<b>0.9%</b>
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	<b>22.4%</b>
<b>L&amp;G AM Heitman Global Prime Property Securities Fund</b>	DHL Diversified Growth fund	Number of resolutions on which manager was eligible to vote:	<b>909</b>
	DHL Diversified Cautious fund	Percentage of eligible votes cast:	<b>100%</b>
	DHL Global Property fund	Percentage of votes with management:	<b>81.5%</b>
		Percentage of votes against management:	<b>18.5%</b>
		Percentage of votes abstained or withheld:	<b>0.0%</b>
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	<b>15.1%</b>
<b>HSBC Islamic Global Equity Index Fund</b>	DHL Shariah Global Equities fund	Number of resolutions on which manager was eligible to vote:	<b>1,719</b>
		Percentage of eligible votes cast:	<b>96.0%</b>
		Percentage of votes with management:	<b>78.0%</b>
		Percentage of votes against management:	<b>21.0%</b>
		Percentage of votes abstained or withheld:	<b>0.0%</b>
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	<b>1.0%</b>

The tables set out over the following pages outline a number of significant votes cast by the investment managers in respect of the funds the Plan invests in. These were deemed to be significant as they relate to the Trustee's agreed priorities for investment stewardship, as outlined on page 6. The managers have also provided commentary as to why they believe the vote is important and significant, and these are included in the table. The Trustee agrees with the managers' assessment of significance, based on its own priorities and policies.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	<b>Bank of America Corporation</b>	<b>L&amp;G AM Future World Global Equity Index fund</b>
<b>Meeting date:</b>	<b>24 April 2024</b>	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	<b>0.46%</b>	
<b>Type of resolution:</b>	<b>Shareholder</b>	
<b>Stewardship theme:</b>	<b>Climate change</b>	
<b>Resolution:</b>	<b>Report on Clean Energy Supply Financing Ratio</b>	
<b>Company management recommendation:</b>	<b>Against</b>	
<b>How L&amp;G AM voted:</b>	<b>For</b>	
<b>Outcome of vote:</b>	<b>Failed</b>	

**Commentary:** A vote in favour of this proposal was applied as L&G AM believes that banks and financial institutions have a significant role to play in shifting financing away from 'brown' to funding the transition to 'green'. L&G AM expects the company to be undertaking appropriate analysis and reporting on climate change matters, as they consider this issue to be a material risk to companies.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	<b>Amazon</b>	<b>L&amp;G AM Future World Global Equity Index fund</b>
<b>Meeting date:</b>	<b>22 May 2024</b>	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	<b>1.82%</b>	
<b>Type of resolution:</b>	<b>Shareholder</b>	
<b>Stewardship theme:</b>	<b>Human rights – Amazon Web Services ('AWS') serves multiple governmental customers with a history of human rights abuses. This raises the risk of product misuse by AWS customers with poor human rights records, as Amazon's technologies may enable mass surveillance globally, as well as facilitate the targeting of human rights defenders, journalists and political dissidents.</b>	
<b>Resolution:</b>	<b>Report on Customer Due Diligence</b>	
<b>Company management recommendation:</b>	<b>Against</b>	
<b>How L&amp;G AM voted:</b>	<b>For</b>	
<b>Outcome of vote:</b>	<b>Failed</b>	

**Commentary:** A vote in favour was applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. This shareholder resolution is considered significant by L&G AM as being one of the largest companies and employers not only within its sector but in the world, they believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	<b>United Health</b>	<b>L&amp;G AM Future World Global Equity Index fund</b>
<b>Meeting date:</b>	<b>3 June 2024</b>	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	<b>0.7%</b>	
<b>Type of resolution:</b>	<b>Management</b>	
<b>Stewardship theme:</b>	<b>Diversity</b>	
<b>Resolution:</b>	<b>Elect Director John Noseworthy</b>	
<b>Company management recommendation:</b>	<b>For</b>	
<b>How L&amp;G AM voted:</b>	<b>Against</b>	
<b>Outcome of vote:</b>	<b>Passed</b>	

**Commentary:** A vote against was applied as L&G AM expects a company to have at least one-third women on the board.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	<b>Unilever Plc</b>	<b>L&amp;G AM Future World Global Equity Index fund</b>
<b>Meeting date:</b>	<b>1 May 2024</b>	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	<b>0.20%</b>	
<b>Type of resolution:</b>	<b>Management</b>	
<b>Stewardship theme:</b>	<b>Climate change</b>	
<b>Resolution:</b>	<b>Approve Climate Transition Action Plan ('CTAP')</b>	
<b>Company management recommendation:</b>	<b>For</b>	
<b>How L&amp;G AM voted:</b>	<b>For</b>	
<b>Outcome of vote:</b>	<b>Passed</b>	

**Commentary:** A vote for the CTAP was applied as L&G AM understood it to meet L&G AM's minimum expectations. 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 a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long term Scope 3 target, L&G AM noted that the company had recently submitted near term 1.5 degree aligned Scope 3 targets to the SBTi for validation and therefore at the time of the vote believed the company's ambition level to be adequate. L&G AM therefore remained supportive of the net zero trajectory of the company at the time of the vote.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	Howden Joinery Group Plc	L&G AM Future World UK Equity Index fund
<b>Meeting date:</b>	2 May 2024	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	0.17%	
<b>Type of resolution:</b>	Management	
<b>Stewardship theme:</b>	Diversity and climate change	
<b>Resolution:</b>	Re-elect Peter Ventress as Director	
<b>Company management recommendation:</b>	For	
<b>How L&amp;G AM voted:</b>	Against	
<b>Outcome of vote:</b>	Passed	

**Commentary:** A vote against was applied by L&G AM as:

1. The company is deemed to not meet minimum standards with regard to L&G AM's deforestation policy.
2. A lack of progress on ethnic diversity on the board. L&G AM expects the boards of the largest UK companies to include a minimum of one ethnically diverse director.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	Uni-President Enterprises Corp	L&G AM Future World Emerging Markets Equity Index fund
<b>Meeting date:</b>	27 June 2024	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	0.23%	
<b>Type of resolution:</b>	Management	
<b>Stewardship theme:</b>	Climate change	
<b>Resolution:</b>	Approve financial statements	
<b>Company management recommendation:</b>	For	
<b>How L&amp;G AM voted:</b>	Against	
<b>Outcome of vote:</b>	Passed	

**Commentary:** A vote against was applied as the company is deemed to not meet minimum standards with regard to L&G AM's deforestation policy. L&G AM considers this vote to be significant as it is applied under our engagement program on deforestation, targeting companies in high-risk sectors.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	<b>Meta Platforms Inc</b>	<b>HSBC Islamic Global Equity Index fund</b>
<b>Meeting date:</b>	<b>29 May 2024</b>	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	<b>4.41%</b>	
<b>Type of resolution:</b>	<b>Shareholder</b>	
<b>Stewardship theme:</b>	<b>Climate change</b>	
<b>Resolution:</b>	<b>Report on Framework to Assess Company Lobbying Alignment with Climate Goals</b>	
<b>Company management recommendation:</b>	<b>For</b>	
<b>How HSBC voted:</b>	<b>For</b>	
<b>Outcome of vote:</b>	<b>Failed</b>	

**Commentary:** HSBC believe that the proposal would contribute to the better management of climate issues, particularly relating to lobbying.

Most significant votes cast		Coverage in portfolio
<b>Company:</b>	<b>Apple Inc</b>	<b>HSBC Islamic Global Equity Index fund</b>
<b>Meeting date:</b>	<b>25th February 2025</b>	
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio):</b>	<b>8.43%</b>	
<b>Type of resolution:</b>	<b>Management</b>	
<b>Stewardship theme:</b>	<b>Corporate governance</b>	
<b>Resolution:</b>	<b>Advisory Vote to Ratify Named Executive Officers' Compensation</b>	
<b>Company management recommendation:</b>	<b>Against</b>	
<b>How HSBC voted:</b>	<b>Against</b>	
<b>Outcome of vote:</b>	<b>Passed</b>	

**Commentary:** The vesting period for the executive was not considered to be sufficiently long, hence voting in line with company management against the advisory vote on the compensation structure.

# SECTION 5: ENGAGEMENT ACTIVITY

As noted in Section 3 of this Statement, the Trustee is satisfied that L&G AM and HSBC are exercising an appropriate degree of stewardship over the companies in which the funds invest. This section sets out examples of corporate engagements undertaken by the managers over the year, covering the stewardship priorities set out in this Statement.

L&G AM	
Sector of company engaged with: Energy	
Topic	Environment: Climate change
<b>Rationale</b>	<p>L&amp;G considers corporate engagement to be a critical element in the transition to a net zero economy by 2050. Through its Climate Impact Pledge, the firm sets out minimum expectations for companies operating in 20 climate-critical sectors. Companies are expected to meet these standards as outlined in the relevant sector-specific guides. Those that do not may be subject to voting sanctions and/or divestment, particularly if selected for in-depth engagement.</p> <p>L&amp;G has engaged with Company A on climate-related matters for several years. While it also participates in engagement through the Climate Action 100+ (CA100+) initiative, it does not lead the engagement with Company A – unlike its leadership roles with other firms. Nonetheless, L&amp;G remains an active contributor within the group and regularly exchanges views with the engagement co-leads.</p> <p>The current engagement objectives with the Company include:</p> <ul style="list-style-type: none"> <li>• Demonstrating alignment with 1.5°C targets through improved disclosure of scenarios and underlying assumptions.</li> <li>• Enhancing value chain (Scope 3) disclosures to reflect adaptability to market transitions under various scenarios.</li> <li>• Increasing transparency around lobbying activities, particularly in regions with significant hydrocarbon exposure.</li> <li>• Linking executive remuneration KPIs to progress in a balanced multi-energy transition, including areas such as biofuels, EV charging, carbon capture and storage ('CCS'), and hydrogen.</li> <li>• Disclosing and applying responsible divestment standards in asset sale processes.</li> </ul>
<b>Actions</b>	<p>L&amp;G carefully evaluated the Energy Transition Strategy ('ETS') presented by Company A at its 2024 Annual General Meeting ('AGM'), having previously voted against similar strategies in 2021, 2022 and 2023. The assessment was conducted against L&amp;G's published expectations and informed by ongoing, frequent engagement with Company A.</p> <p>In 2024 alone, L&amp;G held 11 meetings with the Company to discuss its climate transition approach, referencing specific engagement objectives that highlight areas where the Company is perceived to be falling short. These engagements typically involved senior representatives, including the Chair and the Head of Investor Relations.</p> <p>L&amp;G acknowledges the meaningful progress Company A has made in climate-related disclosures in recent years. Positive developments include commitments to reduce emissions from operated assets and oil products, a strong stance on methane emissions and a pledge to cease frontier exploration activities beyond 2025.</p> <p>However, concerns remain. In particular, revisions to the Company's Net Carbon Intensity ('NCI') targets and its ambition to expand its gas and liquefied natural gas operations during this decade raise questions about the alignment of these plans with a credible, orderly transition to net zero emissions by 2050.</p> <p>As a result, L&amp;G voted against Company A's Energy Transition Strategy at the 2024 AGM.</p>
<b>Outcomes and next steps</b>	<p>Engagements with Company A have continued following its 2024 AGM. Company A remains committed to using both voting and ongoing engagement – individually and as part of the Climate Action 100+ (CA100+) initiative – to encourage the Company to strengthen key aspects of its climate-related disclosures and targets. These efforts are aimed at advancing the strategic engagement objectives previously outlined.</p> <p>Company A considers these objectives to be currently in progress.</p>

## Sector of company engaged with: Consumer

<b>Topic</b>	<p><b>Environmental:</b> Climate change</p> <p><b>Social:</b> Diversity, labour rights</p>
<b>Rationale</b>	<p>Company B is one of the largest mining companies globally. Operating in a carbon-intensive sector, it also plays a critical role in the energy transition due to the importance of the minerals it extracts. L&amp;G's engagement with Company B has covered a wide range of environmental, social and governance ('ESG') topics, reflecting significant issues that have emerged. These issues are outlined in the first section, followed by details of engagement and outcomes in the subsequent sections.</p> <p><b>Human Rights:</b> In mid-2020, Company B faced intense scrutiny following the destruction of a 46,000-year-old heritage site during an expansion project in Western Australia. L&amp;G identified concerns regarding governance practices, including the treatment of minority investors, as well as broader issues related to the company's social license to operate.</p> <p>L&amp;G's objectives include seeking evidence of improved processes for constructive engagement with local communities in areas where Company B is exploring its asset base. Additionally, there is an expectation of clear ownership and accountability at the board level for these actions.</p> <p><b>Diversity and Human Capital Management:</b> In 2022, Company B came under particular scrutiny for its workplace culture, following the release of a report highlighting extensive failures in the treatment of women in the workplace.</p> <p>L&amp;G expects to see demonstrable improvements in Company B's culture and its approach to diversity and inclusion. Regular updates are sought to ensure that meaningful action is being taken to address the specific concerns raised in the report. Furthermore, as one of the largest companies in its sector, Company B is seen as having the potential to influence industry-wide improvements in behaviour and reporting on these issues.</p> <p><b>Climate Action Plan:</b> In 2024, L&amp;G published its expectations and approach for assessing the transition plans of mining companies. One of its objectives is to engage with Company B on its Climate Action Transition Plan prior to publication, particularly in the context of 'Say on Climate' votes. L&amp;G has outlined what it expects such transition plans to demonstrate in order to merit support.</p>

## Sector of company engaged with: Consumer

## Actions

L&G expressed its disappointment with Company B's handling of the Juukan Gorge incident – both publicly through the media and privately in a direct conversation with the Company's then CEO. L&G believed that the initial response – executive bonus forfeitures – was inadequate and subsequently engaged with both UK and international investors to advocate for greater accountability.

At Company B's 2021 AGM, the Company voted against the remuneration report, which proposed an increase in total compensation for the outgoing CEO. L&G believes that maintaining strong community relations is essential to the mining industry's social license to operate. After the initial response, the company and other investors continued to press for accountability, resulting in the departure of three senior executives, including the CEO, and, under further pressure, the announcement that the chair would also step down. Company B also committed to reviewing its policies and took steps to improve its relationships with local and national governments.

Regarding workplace culture, L&G has held five meetings with Company B since March 2022. Three of these were in-person meetings with the new chairman. Discussions focused on the Company's response to the findings of its workforce report, governance concerns related to the Oyu Tolgoi copper mine and its relationship with the Mongolian government, broader cultural issues and the Company's energy transition strategy. L&G also explored opportunities for collaboration on value-chain engagement and practical emissions reduction strategies involving key customers – particularly steelmakers – addressing Company B's Scope 3 emissions. In September, L&G held a call with the CEO following public comments about the challenges in meeting climate targets.

In 2024, L&G met with the chairman of Company B to discuss corporate culture and governance ahead of the release of the Company's Everyday Progress report in Q4. Company B outlined changes to workplace practices and recruitment processes that would be disclosed in the report.

Also in 2024, L&G met with Company B three times to discuss its Climate Action Plan and the Company's Assessment Framework. Feedback was well received, and Company B indicated it was considering the adoption of mid term targets in addition to its short and long term goals. The chairman and chief climate advisor participated in these discussions.

## Outcomes and next steps

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**L&G AM**

**Sector of company engaged with: Steel producer**

<b>Topic</b>	Human rights
<b>Rationale</b>	L&G engaged with an Indian steel company that had been included on Sustainalytics's watchlist for human rights protection concerns, specifically related to a greenfield project acquired from Posco in Odisha. This engagement formed part of L&G's broader efforts to address human rights issues across its investee companies.
<b>Actions</b>	Together with its Stewardship team, L&G held a virtual meeting with Company C's Head of Investor Relations and Head of ESG in November 2024 to understand and clarify the controversy points raised in the Sustainalytics report. Company C stated that it had actively engaged with external stakeholders on the issues and expressed surprise that Sustainalytics had reported a lack of response to their queries. L&G also noted that it had taken several actions to reduce the impact on local residents, including reducing the land area acquired for the projects.
<b>Outcomes and next steps</b>	L&G has requested that Company C provide documentary evidence to support the representations made by its management team during the call. L&G is currently awaiting these documents and has been following up with Company C. Upon receiving satisfactory evidence that addresses the concerns raised by Sustainalytics, L&G will consider removing Company C from its investment restricted list.

Sector of company engaged with: Technology

<b>Topic</b>	Human rights, Scope 3 emissions, corporate governance, data security & privacy and Artificial Intelligence ('AI') & digital risks
<b>Rationale</b>	<p>At the start of 2022, HSBC provided input as investors into Company A's ESG materiality assessment and offered recommendations on various ESG issues where improvements and greater disclosure were sought.</p> <p>Historically, Company A's management has been difficult to access, making transparency a key concern and a central focus of engagement efforts.</p> <p>In light of increasing regulatory scrutiny on the internet and e-commerce sectors, as well as workplace controversies reported in the media, HSBC has consistently raised social and governance concerns through both one-on-one and collaborative engagements with Company A over the years.</p>
<b>Actions</b>	<p>Over the past several years, HSBC has identified and highlighted a range of material ESG issues, including anti-competitive practices and anti-trust concerns, data privacy and security, AI ethics and governance, the gig economy and worker rights and welfare, as well as human capital matters such as long working hours (eg the 996 culture), sexual harassment controversies, and broader business culture challenges.</p> <p>In 2023, HSBC deepened its engagement with Company A, focusing on its corporate restructuring strategy and governance practices. That same year, HSBC joined the Big Tech and Human Rights collaborative engagement initiative, led by AP Funds Council on Ethics, which addressed critical issues such as child safety and data privacy.</p> <p>HSBC also exercised its voting rights in 2023 by voting against the longest serving non-executive male Director, citing concerns over the insufficient gender diversity on the board.</p> <p>In 2024, Company A invited HSBC to present its stewardship approach and expectations regarding the ethics of science and technology during an internal ESG webinar. This engagement provided a valuable opportunity to expand dialogue and explore key topics in greater depth.</p>
<b>Outcomes and next steps</b>	<p>HSBC's engagement contributed to Company A's publication of its first ESG report in 2022. This report represented a significant step forward in transparency and included a comprehensive ESG governance framework at the board level, along with a formal ESG strategy.</p> <p>In 2024, Company A made notable progress in improving board independence and gender diversity. It appointed new independent non-executive directors, resulting in a board that is now 55% independent and includes 27% female directors – both exceeding HSBC's expectations for the Hong Kong market. Additionally, the Compensation Committee is set to become fully independent.</p> <p>As part of Company A's corporate restructuring in 2023, the roles of Chair and CEO were separated, a move that HSBC views as a positive development in strengthening board governance.</p> <p>Company A also established a technology committee guided by six principles to oversee the ethical development of artificial intelligence. In addition, there has been improved disclosure from the sustainability committee regarding its work plans and progress.</p> <p>A systematic governance approach has been introduced to support a healthy digital consumption environment. However, HSBC notes that disclosures remain limited concerning high-risk digital issues and the key performance indicators ('KPIs') used to monitor adherence to AI ethics principles.</p>

**Sector of company engaged with: Multi-Industry**

<b>Topic</b>	Climate change, governance, labour management and disclosure
<b>Rationale</b>	<p>Company B plays a pivotal role in India’s energy transition and has committed to achieving net zero by 2035. Its development of five gigafactories is expected to position it as a hub for green hydrogen and solar energy, while also producing high-value carbon-based chemicals. Company B has committed USD 10 billion in capital expenditure over three years for its new energy business, with a target of 100GW of solar capacity by 2030.</p> <p>However, Company B’s net zero strategy remains unclear and is heavily reliant on the future scalability of carbon capture technology to address emissions from its refinery operations. The strategy also lacks reporting on methane emissions and abatement, falling behind global peers on this key disclosure.</p> <p>Employee turnover appears to be exceptionally high in certain business lines, posing risks to operational stability and service quality.</p> <p>Company B is also a significant contributor to plastic waste and currently lacks a coherent plastics strategy. At the most recent AGM, some directors from the controlling family received a high level of investor dissent, with concerns raised about the limited experience of one appointee.</p>
<b>Actions</b>	<p>Company B is often noted for being challenging to engage.</p> <p>Over time, HSBC established contact and has since held both virtual and in-person meetings with Company B. These engagements included one-on-one discussions as well as meetings facilitated through the Asian Corporate Governance Association, involving Company B’s investor relations and ESG teams.</p> <p>HSBC raised questions and shared recommendations regarding Company B’s climate strategy and methane emissions. Discussions also covered Company B’s approach to identifying and addressing human rights-related risks within its supply chain.</p> <p>While Company B has shown openness to feedback on its climate strategy and is willing to engage on this topic, it remains more guarded when it comes to governance and social issues.</p> <p>In 2023, HSBC voted against the appointment of a newly proposed board member, citing concerns over the individual’s lack of relevant experience for the role.</p>
<b>Outcomes and next steps</b>	<p>HSBC has recommended the following actions to Company B:</p> <ul style="list-style-type: none"> <li>Measure, monitor and disclose methane emissions, including clear abatement strategies.</li> <li>Clarify how real-world emissions from refinery operations will be addressed within the broader climate strategy.</li> <li>Provide greater transparency in the Company’s plans to develop high-value carbon-based chemicals, particularly beyond flue gas capture technologies.</li> <li>Enhance engagement with investor stakeholders, especially on governance related topics.</li> </ul>

**Sector of company engaged with: Manufacturer**

<b>Topic</b>	Human rights in supply chain
<b>Rationale</b>	<p>Company C is currently on HSBC’s Human Rights Watchlist due to its low score on the KnowTheChain ICT sector benchmark.</p> <p>For companies on its watchlists, HSBC applies a structured voting policy. This policy recommends voting against board members in the following order of priority, if higher-ranking individuals are not up for re-election:</p> <ul style="list-style-type: none"> <li>• The incumbent non-executive board chair,</li> <li>• The incumbent Senior or Lead Independent Non-Executive Director (‘INED’),</li> <li>• The most tenured Non-Executive Director (‘NED’).</li> </ul> <p>As Company C’s Chairperson is not up for re-election and there is no Senior or Lead INED, HSBC intends to vote against the re-election of the longest-serving INED at the upcoming AGM.</p>
<b>Actions</b>	<p>Company C’s low score is primarily due to limited disclosure on traceability, risk assessment, monitoring and remedy mechanisms.</p> <p>Ahead of the AGM, HSBC shared its voting guidelines and explained the rationale behind the Human Rights Watchlist to Company C’s Investor Relations team, who were receptive to the discussion. HSBC engaged with Company C on its existing human rights policies and practices, offering specific recommendations for improvement. Follow up questions were shared, and examples of good practices and disclosures were reiterated.</p> <p>In response, Company C highlighted its latest human rights policy and noted the planned annual publication of a human rights report in Q3.</p> <p>HSBC also consulted with its Active Quantitative and Asia Equity teams to gather broader perspectives and assess whether to proceed with voting against the named INED or to override its custom voting policy.</p>
<b>Outcomes and next steps</b>	<p>After internal discussions, HSBC agreed with its investment teams to override its custom voting policy and not vote against Company C. This decision was based on Company C’s responsiveness and the presence of reasonable existing practices.</p> <p>As a follow up, HSBC shared more detailed human rights-related questions with Company C’s Investor relations team, along with specific recommendations and expectations.</p> <p>In Company C’s FY23 Sustainability Report, HSBC was encouraged to see the development of a credible plan to expand the use of renewable energy at its domestic facilities through various initiatives. In February 2024, Company C signed its first Power Purchase Agreement (‘PPA’), marking the largest solar PPA in its home market. Additionally, Company C accelerated its target to double HBM energy efficiency, moving the goal from 2030 to 2026.</p> <p>On the governance front, in 2023, Company C appointed a new female director and endorsed the Women’s Empowerment Principles to promote gender equality and women’s leadership. Furthermore, through its board skills matrix, Company C identified a gap in technological expertise among board members and addressed this by appointing new directors with deeper knowledge in semiconductor technologies.</p>