

An aerial photograph of a winding asphalt road that curves through a dense forest of tall evergreen trees. A small yellow car is visible on the road, positioned in the middle of a curve. The road is light grey and contrasts with the dark green of the forest.

J.P. Morgan UK Pension Plan

Implementation Statement
for the year ended
December 2023

J.P. MORGAN UK PENSION PLAN (the “Plan”)

Annual Implementation Statement for the Year Ended 31 December 2023

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year to 31 December 2023 (the “Plan year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator. The statement sets out how, and the extent to which, the policies in the SIP have been followed. It also details the engagement and voting activities of the Plan.

The statement relates to the relevant SIPs in place over the period, namely the SIP in force between 1st January 2023 and 19 March 2023, and the SIP in force from 20 March 2023 until 31 December 2023. This statement should be read in conjunction with the current SIP, which enclosed and can be found at: [JPMUKPP-SIP](#). Note that throughout this statement, the following investment managers are referred to:

- Abrdn plc (“Abrdn”)
- Baillie Gifford & Co (“Baillie Gifford”)
- Joh. Berenberg, Gossler & Co. (“Berenberg”)
- HSBC Global Asset Management (“HSBC”)
- J.P. Morgan Asset Management (“JPMAM”)
- Jupiter Management (“Jupiter”)
- Legal & General Investment Management (“LGIM”)
- Nordea Asset Management (“Nordea”)
- Partners Group (“Partners”).

The Plan makes available funds from selected other investment managers, but as these investment managers do not manage equities on behalf of the Plan there is no relevant voting and engagement information that is deemed material for disclosure in this statement.

2. Statement of Investment Principles

The Trustee reviewed the SIP at the 20th March 2023 Board meeting, following a review by the Investment Committee at the 22nd February 2023 meeting. Updates to the SIP were agreed, in order to reflect the following changes to the investment arrangements:

- Within the Plan’s Default Strategy, changes were implemented in November 2022 in relation to the asset allocation of the Withdrawal Phase. This phase switched from using the Blended Annuity Portfolio (which invested in annuity matching bonds and money market instruments) to the Blended Flexible Portfolio. The latter invests in a range of assets, including bonds, money market instruments, equity funds that incorporate downside mitigation, and diversified growth funds. Its asset allocation reflects the fact that different members will withdraw benefits in different ways. Members who had already started to de-risk did not have their funds moved to the new approach, but were given the option to select the new allocation should they wish to do so.

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- Additionally, the funds underlying the Mid Growth Phase of the Default Strategy were changed with the aim of generating higher risk-adjusted returns. Specifically, the Mid Growth Portfolio changed to provide higher exposure to global equities, with a view to enhancing long-term returns. This increased exposure was to equities that offer a degree of downside mitigation from a certain level of equity market falls.
- Two Freestyle funds providing exposure to global equities with different levels of downside volatility management were added to the Plan’s range.
- Building on the Trustee’s Responsible Investment integration approach, the SIP was updated to reflect the fact that the Plan’s holdings in the Baillie Gifford Diversified Growth Fund were transferred to the Baillie Gifford Sustainable Multi-Asset Fund, with the latter fund then also being made available to members for new contributions.

The revised SIP was approved on 20th March 2023.

3. Assessment of how the policies in the SIP have been followed for the Plan year

The information provided in the following tables highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee’s policies in the SIP. In summary, it is the Trustee’s view that the policies in the SIP have been followed during the year.

Requirement	SIP Policy	In the year to 31 December 2023
Securing compliance with the legal requirements about choosing investments.	Sections 1 and 2.	<p>In line with the policy, the Trustee obtains and considers advice from the Investment Consultant whenever new investments were chosen. However, no new investments were selected during the year.</p> <p>The Plan’s Investment Consultant attended all meetings of the Plan’s Investment Committee (IC) during the year and provided updates on the investments and, where required, appropriateness of the funds used.</p>
Kinds of investments to be held and the balance between different kinds of investments.	Sections 5, 6 and 11 document the asset classes and funds used and the asset allocation of each fund.	<p>The Default Strategy is reviewed no less frequently than triennially, and the Freestyle fund range is regularly reviewed to ensure that it continues to meet the needs of members.</p> <p>The last triennial review of the Default Strategy concluded in 2022. Therefore, there are fewer developments to report for 2023, and there were no fundamental changes to the overall types of investments held or the balance between investments.</p> <p>However, in July 2023 the Trustee removed assets in the Abrdn Global Absolute Return Strategies (GARS) Fund from the Plan, owing to concerns around its performance prospects. Where this fund was used within the blended Mid Growth Portfolio, the assets previously invested in GARS were transferred to the Nordea Diversified Returns Fund. For Freestyle investments in GARS, members were able to select how their holdings would be reinvested. For any members who did not make their own investment decision, Freestyle holdings in GARS were transferred to the Nordea Diversified Returns Fund.</p> <p>The Nordea fund invests in a similar range of diversified asset classes to Abrdn GARS, has a similar overall investment philosophy, and uses the same benchmark. However, it is considered to have better long-term</p>

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Requirement	SIP Policy	In the year to 31 December 2023
		<p>future performance potential, and has demonstrated superior performance to Abridged GARS in a range of economic and investment market scenarios.</p> <p>The only other fund change during the year related to the LGIM FTSE Global Developed Small Cap Equity Fund. In May 2023 LGIM implemented sustainability related changes to this fund to more explicitly incorporate environmental, social and governance (ESG) factors within the approach, using exclusions. Companies who appear on LGIM's Future World Protection List and/or LGIM's Climate Impact Pledge List are not eligible for investment. These lists include, for example, controversial weapons manufacturers, perennial violators of the UN Global Compact, and companies involved in thermal coal and / or oil sands (subject to certain revenue thresholds). The benchmark index changed from the FTSE Developed Small Cap Index to the MSCI World Small Cap ex Selected Securities Index and the name of the Fund used by the Plan changed to the LGIM World Small Cap Index (Sustainable) Fund.</p> <p>The Investment Committee continues to seek new investment opportunities, with significant work done in 2023 and into 2024 to explore further investments in private markets, including renewable energy opportunities. We look forward to keeping members updated on this topic as work progresses.</p>
<p>Risk and return, including the ways in which risks are to be measured and managed, and the expected return on investments.</p>	<p>Section 4.</p>	<p>As detailed in the SIP, the Trustee considers a number of risks when making decisions on investment policies, strategic asset allocation, the choice of fund managers, funds and asset classes. The Trustee reviewed the measurement of key investment risks on a quarterly basis during the year, and also considered interim intra-quarter updates periodically. These reports were provided by the Plan's Investment Consultant and include:</p> <ul style="list-style-type: none"> - The performance of all funds relative to the benchmarks set by the Trustee. This assists in measuring the risks stated in the SIP in relation to market risk, volatility risk, and investment manager risk. - Manager research ratings published by the Investment Consultant, which provide an assessment of the likelihood of a fund's performance objective being met. Again, this helps with the measurement and management of investment manager risks. <p>In addition, as part of preparation for each meeting with the Plan's investment managers, the Investment Consultant prepared a manager briefing paper which detailed key information about the manager, including research ratings and views, fees, and the level of assets under management. These papers were considered by the IC prior to each meeting in order to review the manager against the mandate objectives and the relevant policies.</p> <p>A number of the risks in the SIP were addressed during the year more explicitly as follows:</p> <ul style="list-style-type: none"> - Investment manager risk was considered when reviewing the appointment of Abridged GARS (see comments in section above). This included discussing a report which reviewed the Plan's Diversified Growth Fund managers (including GARS) prepared by the Plan's Investment Consultant at the 22 February 2023 Investment Committee meeting.

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Requirement	SIP Policy	In the year to 31 December 2023
		<ul style="list-style-type: none"> - Currency risk was considered during the year when the Investment Committee explored the potential addition of a US Dollar Liquidity Fund to the Plan's Freestyle range. Such a fund may offer currency risk reduction for Plan members retiring in the United States (or countries with widespread US Dollar use or currency pegs to the US Dollar). This topic was taken into 2024 and the Trustee has continued to investigate suitable fund options in this regard. - Illiquidity risk was considered when engaging with the Plan's private markets investment manager, Partners Group, on potential changes to the Partners Generations Fund that would see the private markets allocation of this fund increase, with a commensurate increase in the expected future return from this Fund. The evolution of the Partners Generations Fund was subsequently implemented in 2024. - ESG risks, specifically climate change risks, were reviewed during the year as part of preparing the Plan's first Climate Change report under the Taskforce on Climate Related Financial Disclosures (TCFD) framework. <p>The IC maintains a risk register. At each quarterly IC monitoring meeting, the IC reviews the investment related risks, the controls in place, and whether any actions are required in order to further manage and mitigate risks. Additionally, the Chair of Trustees and Committee Chairs undertook a thorough review of the Plan's risk register during the first quarter of 2023. The results of the review were presented to the Main Board and a number of changes to the risk register's entries were agreed.</p>
Realisation of investments.	Section 4 details risks associated with realisation of assets and liquidity, and how the Trustee mitigates such risks, notably 4.7.	<p>No changes to the liquidity of the funds used by the Plan were experienced during the year. All funds are daily dealt pooled investment vehicles, accessed via insurance contracts.</p> <p>The Trustee receives a quarterly administration report which details the extent to which core financial transactions (including investments and disinvestments) have been processed within service level agreements and regulatory timelines. There were no issues experienced with the realisation of investments within the Plan during the period.</p>
Financial and non-financial considerations and how those are taken into account in the selection, retention and realisation of investments.	The Trustee considers the risks in the SIP to be 'financially material'. Section 10.10 covers non-financial matters.	<p>As part of its advice on the selection and ongoing review of the investment managers, the Plan's Investment Consultant incorporates its assessment of the quality of managers' approaches to financially material considerations (including climate change and other ESG issues), voting and engagement.</p> <p>The Trustee also monitors ESG integration regularly, aided by the provision of reports and updates from its investment managers and Investment Consultant. The IC meets with each investment manager at least annually, and discusses ESG matters with each manager. This typically includes examination of key metrics such as carbon footprint, as well as examples of where ESG factors have driven investment decisions.</p>

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Requirement	SIP Policy	In the year to 31 December 2023
Exercise of rights (including voting rights) attaching to investments and undertaking engagement activities.	Section 9.	<p>During the Plan year, the Plan continued to invest solely in pooled funds, where voting and engagement activities are delegated to the investment managers. The Trustee has developed a governance framework around voting and engagement which encompasses the following activities:</p> <ul style="list-style-type: none"> - The Trustee has set stewardship priorities. These are climate change, labour practices and standards, and corporate governance. These themes are expected to shape discussions with the investment managers, and will be used to highlight significant votes later in this statement. - Voting statistics and significant votes aligned to the Plan's stewardship priorities were considered when reviewing the Plan's annual Implementation Statement. During the year, this review took place at the 17th May 2023 Investment Committee meeting and the 4th July Trustee Board meeting. - As part of work in relation to ESG monitoring, the Trustee requested that the investment managers confirm compliance with the principles of the UK Stewardship Code, and asked that they confirm that they are signatories to the UN Principles of Responsible Investment.
How the arrangements incentivise the manager to align its investment strategy and decisions with Trustee policies.	Section 10.	<p>No changes to policy during the year, which has been followed as outlined in the SIP.</p> <p>The Investment Committee's annual meeting with each investment manager (which may take place more frequently if deemed necessary) in particular is used as a way to have a two-way dialogue with each manager around the Trustee's investment beliefs, objectives, and policies, in order to ensure alignment.</p>
How the arrangement incentivises the manager to make decisions based on medium to long term financial / non-financial performance of an issuer of debt or equity and to engage with issuers to improve performance.	Section 10.	<p>No changes to policy during the year, which has been followed as outlined in the SIP.</p>
How the method & time horizon of evaluation of managers' performance and the remuneration for asset management services are in line with the trustees' policies.	Section 10.	<p>The Trustee reviewed short term and long term investment performance through quarterly investment reports. In addition, as part of preparation for each meeting with the investment managers, the manager provides a detailed presentation which is reviewed by the Investment Committee. The presentation materials include performance over the short and longer term, attribution analysis, and stock / security specific examples of key performance drivers. These papers are considered by the IC prior to each meeting in order to review the manager against the mandate objectives and the relevant policies.</p> <p>The Investment Consultant supports the Trustee with an annual assessment of the extent to which the Plan provides value for members. This includes benchmarking the fees paid by members against certain</p>

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Requirement	SIP Policy	In the year to 31 December 2023
		alternative funds. During the year, this annual benchmarking was undertaken and discussed at the Trustee meeting held on 4 th July 2023.
How trustees monitor portfolio turnover costs, and how they define and monitor targeted turnover.	Section 10.	Transaction costs are considered annually as part of preparation of the annual Chair’s Statement which is published on a public website. The Trustee will continue to monitor transaction costs but has not set portfolio turnover targets; the Trustee instead assess performance net of the impact of the costs of turnover.
The duration of the arrangement with the asset manager.	Section 10.	<p>No changes to policy during the year, which has been followed as outlined in the SIP.</p> <p>As noted earlier in this Statement, the Abrdn GARS mandate was terminated during the year. This termination was consistent with the SIP Policy 10.16 (“If an Investment Manager’s fund is not meeting the performance objectives, over a sustained period of time, and after consideration of all relevant factors, the Trustee may take the decision to terminate the Investment Manager in respect of the use of that fund.”)</p>

4. Non-Financial Matters



As stated in the SIP policy (paragraphs 9.6 – 9.8), the Trustee considers feedback from members, including on non-financial matters, and where appropriate will reflect on feedback received as part of any discussions relating to the available fund range. This includes any personal views expressed by members on non-financial, ethical and social considerations. Members have a variety of methods by which they can make views known to the Trustee. During the Plan year, the Trustee received input from a small proportion of members, and remains keen to hear from members as to their views and priorities.

5. Voting Activity – Key Statistics



The Trustee has delegated investment voting rights to the investment managers. Investment managers are expected to provide voting and engagement summary reporting on a regular basis, at least annually, when they present to the IC. These reports will be reviewed by the Trustee, via the IC, to ensure that they align with the Trustee's policy. The Trustee does not use the direct services of a proxy voter.

The majority of voting activity will arise in respect of public equities. The Trustee has received information relating to funds that invest in public equities during the Plan year.

The Plan makes available to members a range of daily dealt and daily priced pooled funds as summarised in the table below and overleaf.

A number of these funds are blended into a single fund, but the underlying investments are spread across a range of funds, as shown in the table. The funds highlighted in blue in the table hold equities. As described earlier in this statement, the strategic asset allocation of some of the blended funds changed during the year. The summary below shows the up-to-date strategic asset allocation, as at the Scheme year end of 31 December 2023 (see earlier in this Statement for changes during the year).

Blended funds used in the current or former Default Strategy (also available as Freestyle options)

Fund	Underlying Manager / Fund	Strategic Asset Allocation %
Blended Initial Growth	LGIM Carbon Transition Global Equity	55.0
	LGIM World Small Cap Index (Sustainable)	15.0
	LGIM MSCI Minimum Volatility Equity Index	15.0
	Partners Group Generations	15.0
Blended Mid Growth	LGIM Diversified	25.0
	Nordea Diversified Returns Strategy	25.0
	Baillie Gifford Sustainable Multi Asset	20.0
	Partners Group Generations	10.0
	Berenberg Managed Volatility Equity	20.0
Blended Flexible Portfolio	Berenberg Managed Volatility Equity	50.0
	LGIM Diversified	7.5
	Nordea Diversified Returns Strategy	7.5
	LGIM Pre-Retirement Annuity	10.0
	JPMAM UK Liquidity	25.0
Blended Annuity Portfolio	LGIM Pre-Retirement Annuity	75.0
	JPMAM UK Liquidity	25.0

Freestyle Funds

EQUITY FUNDS
UK Equity
LGIM UK Equity (5% Capped)
Baillie Gifford UK Equity Alpha
JPMAM UK Dynamic
JPMAM UK Sustainable Equity
Global Equity
LGIM Global Equity (30:70)
LGIM World Equity (Hedged and Unhedged both available)
LGIM World Small Cap Index (Sustainable)
LGIM World Minimum Volatility Index
LGIM Carbon Transition Global Equity (30:70)
Baillie Gifford Worldwide Discovery
HSBC Islamic Global Equity
Sustainable Global Equity
Baillie Gifford Paris Aligned Global Alpha
Baillie Gifford Positive Change
Jupiter Global Sustainable
Nordea Global Climate & Social Impact
JPMAM Global Sustainable Equity
Global Sustainable Equity Blend
Berenberg Limited Volatility Equity
Berenberg Managed Volatility Equity
Regional Equity
LGIM North America Equity
LGIM Europe (ex-UK)
LGIM Japan
LGIM Asia Pacific (ex-Japan)
LGIM Emerging Market Equity
JPMAM Emerging Market Equity
Baillie Gifford Emerging Market

OTHER FUNDS
Balanced
Baillie Gifford Managed
Diversified
LGIM Diversified
Baillie Gifford Sustainable Multi Asset
Abrdn Global Absolute Return Strategies (part year only)
Nordea Diversified Return
Partners Generations
Bonds and Cash
LGIM Pre-Retirement Annuity
LGIM Over 5 Year Index-linked Gilts
Fidelity Aggregate Bonds (Sustainable)
Insight Absolute Return
JPMAM Flexible Credit
Putnam Global High Yield Bond
Colchester Local Markets Bond
JPMAM UK Liquidity
LGIM Euro Liquidity
Property
Abrdn Property

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Investment Manager Voting Disclosures

As shown in the tables, the Plan invests in pooled funds managed by a number of different investment managers. The voting policies of the managers have been received and considered by the Trustee and the Trustee deems these policies to be consistent with its investment beliefs.

Overview of voting activity carried out on behalf of the Trustee

The Trustee has been provided with voting disclosures (summarised in the following tables), taking the funds that invest in public equities from the tables above and splitting the funds used within the Default Strategy and other blended into their component parts, since voting is undertaken at the underlying fund level.

Note: The equity funds managed by Berenberg use derivatives contracts to provide exposure to equities. Voting and engagement therefore does not take place at the fund level.

Underlying Investment Manager / Fund	12 Months to 31 December 2023 unless stated					
	No. of meetings eligible to vote	No. of resolutions eligible to vote	% resolutions voted where eligible	Of resolutions voted, % with management	Of resolutions voted, % against management	Of resolutions voted, % abstained
UK Equity						
LGIM UK Equity (5% Capped)	672	10,407	100%	94%	6%	0%
Baillie Gifford UK Equity Alpha	52	845	98%	96%	3%	0%
JPMAM UK Dynamic	57	1,121	100%	99%	1%	0%
JPMAM UK Sustainable Equity	56	1,129	100%	99%	1%	0%
Global Equity						
LGIM Global Equity (30:70)	7,128	72,933	100%	81%	19%	0%
LGIM World Equity	3,055	37,810	100%	79%	21%	0%
LGIM World Equity (Hedged)	3,055	37,810	100%	79%	21%	0%
LGIM World Small Cap Index (Sustainable)	4,358	45,631	100%	74%	26%	0%
LGIM World Minimum Volatility Index	315	4,464	100%	75%	25%	0%
LGIM Carbon Trans Global Equity (30:70)	4,687	47,232	100%	79%	20%	1%
Baillie Gifford Worldwide Discovery	78	753	98%	92%	5%	5%
HSBC Islamic Global Equity	107	1,726	96%	77%	23%	0%

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Underlying Investment Manager / Fund	12 Months to 31 December 2023 unless stated					
	No. of meetings eligible to vote	No. of resolutions eligible to vote	% resolutions voted where eligible	Of resolutions voted, % with management	Of resolutions voted, % against management	Of resolutions voted, % abstained
Sustainable Global Equity						
Baillie Gifford Paris Aligned Global Alpha	88	1,216	96%	95%	3%	1%
Baillie Gifford Positive Change	34	349	95%	97%	3%	0%
Jupiter Global Sustainable	36	577	100%	98%	2%	0%
Nordea Global Climate & Social Impact	65	847	100%	84%	13%	3%
JPMAM Global Sustainable Equity	60	995	96%	95%	4%	0%
Global Sustainable Equity Blend	See rows for funds within blend: Jupiter Global Sustainable, Nordea Global Climate & Social Impact, JPM Global Sustainable.					
Regional Equity						
LGIM North America Equity	648	8,760	100%	66%	34%	0%
LGIM Europe (ex-UK)	567	9,955	100%	80%	19%	0%
LGIM Japan	513	6,098	100%	88%	12%	0%
LGIM Asia Pacific (ex-Japan)	653	4,578	100%	77%	23%	0%
LGIM Emerging Market Equity	4,196	34,029	100%	80%	19%	1%
JPMAM Emerging Market Equity	96	887	97%	94%	5%	0%
Baillie Gifford Emerging Market	104	1,026	89%	94%	4%	2%
Balanced						
Baillie Gifford Managed	232	3,171	96%	96%	3%	1%
Diversified						
LGIM Diversified	9,077	94,290	100%	76%	23%	0%
Baillie Gifford Sustainable Multi Asset	41	440	96%	98%	1%	0%
Abrdn Global Absolute Return Strategies*	87	1,141	97%	85%	15%	0%
Nordea Diversified Return	200	2,486	98%	83%	12%	5%
Partners Generations	67	999	100%	93%	6%	1%

* Data shown covers 1 January 2023 – 31 July 2023, when the Plan terminated this mandate and disinvested. Totals may not sum due to rounding.

6. Voting Activity – Significant Votes



The following tables provide an example from each fund used by the Plan of a voting issue that arose within one of the Plan's funds, that the Trustee deems significant. The Trustee has set its stewardship priorities as follows:

- Climate change
- Labour practices and standards
- Corporate governance, including board quality and diversity.

These priorities have been set based on their financial materiality as regards long term returns and risks. The following tables provide examples of voting issues that arose within the funds (covering funds that invest in equities, where voting rights are relevant), which are deemed significant by the Trustee.

UK Equity Funds

Fund	LGIM UK Equity (5% Capped)				
Company	Glencore				
Item	Shareholder resolution in respect of the next Climate Action Transition Plan				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee's stewardship priorities.				
Rationale	<p>LGIM co-filed this shareholder resolution with a UK-based charity, the Ethos Foundation. The background is that in 2021, Glencore made a commitment to align its climate related targets and ambitions with the goals of the Paris Agreement.</p> <p>However, LGIM note that it has been unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C warming scenario. Therefore, LGIM put forward a shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 annual general meeting, calling for additional disclosures from Glencore 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 escalation following LGIM's multi-year discussions with Glencore, since 2016, on its approach to the energy transition.</p>				
Date of Vote	23 May 2023	Voting Decision	For	Outcome	Failed, though 29% of votes were for the proposal, considered significant

Fund	Baillie Gifford UK Equity Alpha				
Company	Standard Chartered				
Item	Approval of remuneration report				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities.				
Rationale	<p>A vote against Standard Chartered's executive remuneration proposal was also highlighted by Baillie Gifford (and disclosed in the Plan's Implementation Statement) last year. The manager has been voting against remuneration for a number of years, primarily because of concerns with how Standard Chartered is choosing to calculate pension contribution and variable incentives.</p> <p>Specifically, Baillie Gifford remains concerned about the payment of shares in addition to cash as part of base salary, the inclusion of the share-based pay in the pension contribution calculation, and the inclusion of total fixed pay (which includes cash, shares and pension) to calculate the total variable pay opportunity. Baillie Gifford have explained these concerns to the company a number of times, and continue to oppose remuneration in the absence of our concerns being addressed.</p>				
Date of Vote	3 May 2023	Voting Decision	Against	Outcome	Passed

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Fund	JPMAM UK Dynamic				
Company	Unilever plc				
Item	Re-election of a director				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities.				
Rationale	<p>This was the second consecutive year that JPMAM voted against the re-election of a director at Unilever. JPMAM believe that non-executive directors should have enough time to meet their board responsibilities. To be able to devote time to their duties, JPMAM would not normally expect a non-executive to hold more than three significant directorships at any one time. In addition, no single individual should chair more than one major listed company. In this instance, JPMAM had concerns about “over-boarding” and therefore voted against the re-election of a particular director.</p> <p>It should however be noted that subsequent to this vote, the director in question announced that he would step down from the Unilever board in 2024 after nine years.</p>				
Date of Vote	3 May 2023	Voting Decision	Against	Outcome	Pass

Fund	JPMAM UK Sustainable Equity				
Company	Paragon Banking Group Plc				
Item	Approval of remuneration report				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities.				
Rationale	<p>JPMAM voted against this company's executive remuneration proposals. JPMAM note that grants under long term incentive schemes should be subject to appropriate performance criteria which are challenging, and which reflect the company's long-term strategy and objectives over an appropriate period. Further, there should be no award for below-median performance.</p> <p>Separate reporting in the press suggested that the remuneration for this company's CEO was substantially higher than the industry median.</p>				
Date of Vote	1 March 2023	Voting Decision	Against	Outcome	Passed

Global Equity Funds

Fund	LGIM Global Equity (30:70)				
Company	Pearson Plc				
Item	Approval of executive remuneration				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities.				
Rationale	<p>Pearson consulted with LGIM in advance of publishing its remuneration policy to propose some changes to executive pay. The changes centred around the fact that the CEO is US-based and should therefore be compensated in line with US peers. Thus, there was a higher proposed bonus opportunity and long term incentive award.</p> <p>LGIM's concern was that although the company wants to align the CEO's salary with US peers, they have elected to use UK practices when it comes to pension arrangements. This would result in a pension provision of 16% of salary, which is</p>				

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	more than US peers typically receive. LGIM therefore voted against the policy on the grounds that the company should not pick and choose regions to set executive pay.				
Date of Vote	28 April 2023	Voting Decision	Against	Outcome	Passed, though with only 54% of votes in favour
Fund	LGIM World Equity (Hedged & Unhedged, the underlying fund is the same)				
Company	Coca-Cola				
Item	Report on Congruency of Political Spending with Company Values and Priorities				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	<p>Shareholders requested that Coca-Cola publish a report analysing its political and electioneering expenditures in the US.</p> <p>LGIM voted for the proposal (against management) as it expects companies to be transparent in their governance and disclosures of lobbying activities and the review processes involved.</p> <p>While LGIM appreciate the level of transparency Coca-Cola provides in terms of its lobbying work, the manager notes that it is unclear whether the company systematically reviews any areas of misalignment between its lobbying practices and its publicly stated values.</p> <p>LGIM believe Coca-Cola is potentially leaving itself exposed to reputational risks related to funding organisations that take positions that are contradictory to those of the company's stated values, and potentially attracting negative attention that could harm the company's brand. Producing a report on the congruency of political spending with company values and priorities may help to identify and question its previous political spending priorities, in LGIM's view.</p>				
Date of Vote	25 April 2023	Voting Decision	For	Outcome	Failed
Fund	LGIM World Small Cap Index (Sustainable)				
Company	Graco				
Item	Election of director				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	<p>Graco is an American industrial company involved in the development and manufacturing of fluid-handling systems and products. LGIM voted against the election of a director for a number of governance reasons:</p> <ul style="list-style-type: none"> • Diversity: LGIM expects a company to have at least one-third women on the board. • Board tenure: LGIM wanted to see the board refreshed in order to maintain an appropriate mix of independence, skills, experience, tenure, and background. • Classified board: LGIM supports a declassified board, as directors should stand for re-election on an annual basis. • Independence: LGIM expects the Chair of the Board to have served on the board for no more than 15 years. • Remuneration escalation: LGIM has had concerns with the remuneration practices at this company for the past year. 				
Date of Vote	2 April 2023	Voting Decision	Against	Outcome	Passed

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Fund	LGIM World Minimum Volatility Index				
Company	Mizuho Financial Group				
Item	Shareholder resolution to amend the articles of incorporation to publish a transition plan to align lending and investment portfolios with the Paris Agreement.				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee's stewardship priorities.				
Rationale	<p>LGIM considers that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met. A group of non-governmental organisations has been active in this area in the Asian market for a number of years. LGIM has supported previous shareholder resolutions at a number of Japanese banks since 2020, and has found that these proposals and the ensuing shareholder dialogue has helped drive improved disclosures and tighter policies at the companies.</p> <p>Therefore, LGIM supported this shareholder proposal to invigorate and encourage further strengthening of policies in line with science-based temperature-aligned pathways towards a net zero by 2050 world.</p>				
Date of Vote	23 June 2023	Voting Decision	For	Outcome	Failed though with a reasonably high (19%) level of votes cast for

Fund	LGIM Carbon Transition Global Equity (30:70)				
Company	Schneider Electric				
Item	Approve Climate Transition Plan				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee's stewardship priorities. Climate change is particularly relevant for this fund given its objectives include carbon emissions reduction goals.				
Rationale	<p>Schneider Electric is a French multinational company that specialises in digital automation and energy management.</p> <p>LGIM voted against the company's proposed Climate Transition Plan. LGIM expects companies to introduce credible transition plans, consistent with the Paris Climate Agreement goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 greenhouse gas emissions, and emissions reduction targets. As these expectations had not been met, LGIM voted against Schneider's proposed plan.</p>				
Date of Vote	5 May 2023	Voting Decision	Against	Outcome	Passed

Fund	Baillie Gifford Worldwide Discovery				
Company	Zillow				
Item	Election of director				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	<p>Zillow is an American digital real-estate marketplace company. Baillie Gifford opposed the election of a director as they felt that the number of board commitments he has appears unsustainable.</p> <p>Baillie Gifford has engaged on this topic with the company's management, and while Baillie Gifford agree to some extent agree with Zillow's rationale that it is useful for</p>				

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	directors to have experience on other boards, on balance it was considered that the number of mandates he holds is excessive. Baillie Gifford intend to monitor the number of commitments the director has on an ongoing basis.				
Date of Vote	6 June 2023	Voting Decision	Against	Outcome	Passed

Fund	HSBC Islamic Global Equity				
Company	Nike				
Item	Report on Median Gender / Racial Pay Gap (shareholder proposal)				
Criteria for assessing as significant	Relates to labour practices and standards, which is one of the Trustee's stewardship priorities.				
Rationale	<p>HSBC voted against management on a proposal put forward by another shareholder, which requested that Nike should “report on median pay gaps across race and gender, including associated policy, reputational, competitive and operational risks, and risks related to recruiting and retaining diverse talent.”</p> <p>The supporting statement for the proposal stated that pay inequities persist across race and gender and pose substantial risks. It added that managing pay equity is associated with improved representation, and that diversity is linked to improved performance and return on equity. Nike reports only statistically adjusted gaps but ignores unadjusted pay gaps, which could help to address structural bias women and minorities face regarding job opportunity and pay, particularly when men hold most higher-paying jobs.</p> <p>HSBC voted for the proposal on the grounds that they believed it would contribute to improving diversity and equality.</p>				
Date of Vote	12 September 2023	Voting Decision	For	Outcome	Failed

Sustainable Global Equity Funds

Fund	Baillie Gifford Paris Aligned Global Alpha				
Company	Amazon				
Item	Shareholder resolution requesting a report on plastic use				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee's stewardship priorities.				
Rationale	<p>Baillie Gifford supported a shareholder resolution requesting a report on Amazon's use of plastics. Plastic pollution poses financial, operational and reputational risks to the company, and while Baillie Gifford believe that Amazon is making progress in this area, they consider that more could be done particularly with regards to how Amazon influence manufacturers in reducing their usage.</p> <p>Further, the manager believes that Amazon lags peers who disclose total plastic use and reduction targets, and that better addressing this issue will help position the company for long term future growth.</p> <p>Interestingly, this shareholder resolution was a re-file from the prior year, when Baillie Gifford opposed the proposal. In 2023 the manager decided to support it, in order to push the company to continue what is considered to be a generally positive trajectory.</p>				
Date of Vote	24 May 2023	Voting Decision	For	Outcome	Failed

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Fund	Baillie Gifford Positive Change				
Company	Xylem				
Item	Approval of remuneration policy, and shareholder resolution calling for a policy to be established to require an independent board chair.				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	<p>Xylem is a global water technology provider. Baillie Gifford voted against executive remuneration, on the grounds that the performance conditions were not considered sufficiently stretching.</p> <p>Separately, Baillie Gifford chose not to support a shareholder resolution calling for a formal policy to be established to require an independent board chair. It is noted that the company already has an independent chair and has no current intention to change this. Therefore, Baillie Gifford are comfortable with the governance arrangements at the company and do not believe that the requested policy is necessary.</p>				
Date of Vote	18 May 2023	Voting Decision	Against remuneration Against resolution on independent chair policy	Outcome	Remuneration passed Resolution failed

Fund	Jupiter Global Sustainable				
Company	Chubb Limited				
Item	Shareholder proposal calling for a report on medium and long-term scope 3 emissions reduction targets to align with the Paris Climate Agreement goals				
Criteria for assessing as significant	Relates to climate change, one of the Trustee's stewardship priorities.				
Rationale	<p>Chubb provides a range of insurance services, including commercial and personal property, personal accident and health insurance, and reinsurance.</p> <p>Jupiter voted in favour of a resolution put forward by “As You Sow”, a non-profit shareholder advocacy group, which asked Chubb to report on how it intends to align its underwriting and investment activities with global greenhouse gas reduction goals. The rationale for the vote was that Jupiter believed it would help shareholders to better evaluate the company's management of climate-related risks from its business activities.</p>				
Date of Vote	17 May 2023	Voting Decision	For	Outcome	Failed
Fund	Nordea Global Climate and Social Impact				

Company	Infineon Technologies AG				
Item	Approve Virtual-Only Shareholder Meetings Until 2028				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities.				
Rationale	Nordea voted against Infineon's proposal to move to virtual shareholder meetings. The company did not provide any rationale for the move, other than that German law allows such meetings. Infineon did not elaborate on the circumstances under-which virtual only meetings would be held, as it is left on the board's discretion.				

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	Nordea considered that the proposal would have a negative impact on meaningful exchange between the company and its shareholders.				
Date of Vote	16 February 2023	Voting Decision	Against	Outcome	Passed

Fund	JPMAM Global Sustainable Equity				
Company	Microsoft				
Item	Report on Risks Related to AI Generated Misinformation and Disinformation				
Criteria for assessing as significant	Relates to corporate governance (specifically around governance of AI related risks), which is one of the Trustee’s stewardship priorities.				
Rationale	<p>At Microsoft’s annual general meeting, shareholders voted on a resolution calling for the company to issue an annual report on the material risks of generative artificial intelligence (AI) powered misinformation and disinformation to its business operations. The proposed report would include Microsoft’s plans to mitigate those risks, as well as the effectiveness of its efforts.</p> <p>The resolution aimed to address concerns that generative AI could accelerate the creation and dissemination of false information online, with potentially negative consequences for elections and democratic society worldwide.</p> <p>JPMAM voted for the proposal on the basis that shareholders would benefit from more transparency and disclosure on how Microsoft is managing AI related risks.</p>				
Date of Vote	7 December 2023	Voting Decision	For	Outcome	Failed

Regional Equity Funds

Fund	LGIM North America Equity Index				
Company	NVIDIA Corporation				
Item	Approval of director re-election				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee’s stewardship priorities.				
Rationale	<p>LGIM observed that the average board tenure at NVIDIA (a US technology company) was relatively long-standing. As such, a vote against the election of this director was deemed appropriate as LGIM believe that it is good practice from a corporate governance perspective for a company’s board to be regularly refreshed in order to maintain a suitable mix of independence, relevant skills, experience, tenure, and background.</p> <p>Additionally, LGIM expects a company to have at least one-third women on the board, which was not the case here.</p>				
Date of Vote	22 June 2023	Voting Decision	Against	Outcome	Passed

Fund	LGIM Europe (ex UK) Equity Index				
Company	Total Energies				
Item	Approval of the Sustainable Development and Energy Transition Plan				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee’s stewardship priorities				
Rationale	<p>LGIM voted against management in respect of Total Energies’ proposed Sustainable Development and Energy Transition Plan.</p> <p>While LGIM recognise the progress Total has made in relation to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its public disclosures. However, LGIM remains concerned</p>				

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	about Total Energies’ planned upstream production growth, and the absence of further details on how such plans are consistent with a 1.5°C warming trajectory.				
Date of Vote	26 May 2023	Voting Decision	Against	Outcome	Pass
Fund	LGIM Japan Equity Index				
Company	Toyota				
Item	Resolution to Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee’s stewardship priorities				
Rationale	<p>LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal was cast, as LGIM believes companies should advocate for public policies that support global climate ambitions.</p> <p>LGIM recognise that Toyota has made progress in relation to its climate lobbying disclosure in recent years. However, the manager believes more transparency is needed around how Toyota assesses whether its lobbying work aligns with the company’s climate goals, and what action is taken if any misalignment is found.</p> <p>LGIM also expect Toyota to improve its governance structure to oversee a climate lobbying review, and believe the company must explain clearly how its electrification strategy translates into meeting its decarbonisation targets.</p>				
Date of Vote	14 June 2023	Voting Decision	For	Outcome	Failed

Fund	LGIM Asia Pacific (ex-Japan) Equity Index				
Company	National Australia Bank Limited				
Item	Approve Transition Plan Assessments (shareholder resolution)				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee’s stewardship priorities.				
Rationale	<p>This was a shareholder proposal requesting more disclosures from National Australia Bank around its climate transition plans.</p> <p>LGIM voted in favour of the shareholder resolution, as LGIM expects companies to be taking sufficient action on climate change.</p> <p>While LGIM acknowledge the bank’s disclosures on sector policies and emissions reduction targets in this regard, it was felt that additional reporting on how this is assessed in practice, along with the timelines associated with the plans, would be beneficial to shareholders.</p> <p>In the event, the vote was withdrawn, but 28% of shareholders had voted in favour, which is considered high for a vote against management.</p>				
Date of Vote	15 December 2023	Voting Decision	Against	Outcome	Withdrawn

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Fund	LGIM Emerging Market Equity Index				
Company	China Mengniu Dairy				
Item	Election of director				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee's stewardship priorities.				
Rationale	<p>This vote is highlighted because for the first time in a number of years, LGIM voted for the re-election of a director following a multi-year engagement process.</p> <p>LGIM has been engaging with China Mengniu Dairy since 2019, with a focus on climate change issues. The manager's primary concerns have been around emissions disclosures and climate related targets, and the fact that the company did not have a deforestation policy.</p> <p>LGIM had voted against the re-election of the board chair from 2019 onwards.</p> <p>However, since LGIM began the engagement, China Mengniu Dairy has made progress on lower impact products, and increased transparency on sustainability topics. In 2022, the company published a deforestation policy and stated its commitment to achieve zero deforestation by 2030. In 2023, the company set out its commitment for carbon neutrality by 2050, covering all scopes of emissions.</p> <p>Given these developments, LGIM believe the company has made sufficient positive changes to be able to support the re-election of directors.</p>				
Date of Vote	6 June 2023	Voting Decision	For	Outcome	Pass

Fund	JPMAM Emerging Market Equity				
Company	Jeronimo Martins SGPS SA				
Item	Approve Remuneration Policy				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	<p>This company operates in food distribution and specialised retail in Colombia, Poland, and Portugal.</p> <p>JPMAM voted against the proposed remuneration policy. The investment manager believes companies should disclose performance targets pertaining to variable remuneration, allowing shareholders visibility on awards vested.</p> <p>In addition, Companies should introduce strong malus and clawback provisions within executive remuneration schemes (malus refers to a financial penalty which results in the reduction of “at risk” remuneration, such as a bonus. Clawback refers to the cancellation of unvested or pending incentives and the recovery of incentives and bonuses that have already been paid). Further, JPMAM consider that annual increases in salary for executives should be limited and generally in line with the wider workforce of the company.</p> <p>As the proposed executive remuneration policy did not meet these expectations, JPMAM voted against the policy.</p>				
Date of Vote	20 April 2023	Voting Decision	Against	Outcome	Pass

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Fund	Baillie Gifford Emerging Market Equity				
Company	Doosan Bobcat				
Item	Approval of annual report				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	<p>Baillie Gifford opposed the approval of this company's financial statements, as the annual report, including the auditor's opinion, was not disclosed ahead of the voting deadline.</p> <p>Baillie Gifford have abstained on this resolution since 2019, due to the company not publishing the audit report prior to the AGM. The manager has sought to engage with the company several times encouraging advanced disclosure but have not seen any improvement. This influenced the decision to oppose the resolution this year in a continued effort to encourage more timely disclosure.</p>				
Date of Vote	27 March 2023	Voting Decision	Against	Outcome	Pass

Balanced Fund

Fund	Baillie Gifford Managed				
Company	Moderna				
Item	Election of directors				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	<p>Baillie Gifford voted for the election of the directors (i.e., in line with management).</p> <p>However, ahead of voting Baillie Gifford engaged with the company (including the Chairman) to inform voting decisions on director elections and board composition. Baillie Gifford questioned whether the board is fit for purpose given Moderna's rapid growth, and asked for more information on the dynamics of the audit committee. A third-party assessment of the board has been carried out and Baillie Gifford intend to monitor board enhancements resulting from this exercise. As a result of the engagement, the manager was comfortable to support the election of directors.</p>				
Date of Vote	3 May 2023	Voting Decision	For	Outcome	Passed

Diversified Growth Funds

Fund	LGIM Diversified				
Company	Shell				
Item	Approval of the Shell Energy Transition Progress				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee's stewardship priorities.				
Rationale	<p>LGIM voted against management on its proposed Energy Transition Progress, “though not without reservations”. LGIM acknowledge the progress made by this company in meeting its 2021 climate commitments and welcome Shell's leadership in pursuing low carbon products within its business.</p> <p>However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and the climate-related targets associated with the</p>				

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	upstream and downstream operations; both of these are key areas to demonstrate alignment with a 1.5°C global climate warming trajectory.				
Date of Vote	23 May 2023	Voting Decision	Against management	Outcome	Passed
Fund	Baillie Gifford Sustainable Multi Asset Growth				
Company	Rexford Industrial Realty				
Item	Executive remuneration approval				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities. The votes also received more than 20% opposition from shareholders.				
Rationale	<p>Baillie Gifford opposed the proposed executive compensation policy as the manager did not consider the performance conditions to be sufficiently stretching.</p> <p>Following the annual general meeting, Baillie Gifford contacted the company to explain the decision to oppose compensation for the second year in a row. This is due to concerns with the performance targets, which allow for pay-out when underperforming the chosen benchmark on total shareholder return. While the compensation policy was approved by shareholders, Baillie Gifford will continue to engage with the company on this topic.</p>				
Date of Vote	5 June 2023	Voting Decision	Against management	Outcome	Passed

Fund	Abrdn Global Absolute Return Strategies (GARS)				
Company	Dollar General				
Item	Shareholder proposal to request a Workplace Health and Safety Audit				
Criteria for assessing as significant	Relates to labour practices and standards, which is one of the Trustee's stewardship priorities.				
Rationale	<p>Dollar General is an American chain of discount stores.</p> <p>Abrdn voted for a shareholder proposal requesting for a worker safety audit. The rationale was that the company had been included in the Occupational Safety and Health Administration's "severe violator" programme, and therefore that an independent workplace health and safety audit would help shareholders to better understand the company's management of risks linked to this issue.</p>				
Date of Vote	31 May 2023	Voting Decision	For	Outcome	Shareholder resolution failed

Fund	Nordea Diversified Return				
Company	Meta				
Item	Elect Director Mark Zuckerberg				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities. The vote was also high profile and has links to climate change and labour practices and standards, both of which are stewardship priorities.				
Rationale	<p>Nordea voted against the election of Mark Zuckerberg. They considered that his role poses significant risks to shareholders, stemming from "severe" ESG controversies identified at the company, which reflect a failure by the board to proficiently guard against and manage material ESG risks.</p> <p>Nordea further believe that the roles of CEO and Chair should be separated.</p>				
Date of Vote	31 May 2023	Voting Decision	Against	Outcome	Passed

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Fund	Partners Group Generations
Company	Breitling
Item	Engagement activity in relation to environmental, social, and governance issues
Criteria for assessing as significant	This was not a vote, as Partners has board control of privately held companies in the portfolio. However, the work described below is an example of engagement outcomes on the Trustee's stewardship priorities.
Details	<p>Breitling is a Swiss luxury watchmaker.</p> <p>Climate change: During the year, with Partners' support, Breitling's management submitted a target validation request to the Science Based Targets initiative. The company's targets are to reduce Scope 1 and 2 emissions by 80% by 2032, and to achieve net zero by 2050.</p> <p>Labour practices and standards: Breitling assessed equal pay for over 1,600 employees in 19 countries, considering location, roles & tenure. The company achieved <1% adjusted pay gap in favor of women and earned the "Universal Fair Pay Analyst" award from FPI Fair Pay Innovation Lab.</p> <p>Corporate governance: Sustainability performance is evaluated quarterly by an ESG Committee using key performance indicators. The ESG Committee reports to the Board (Partners has board control) to ensure integration of sustainability factors at leadership level.</p>
Vote details	N/a – Partners Group invest in non-listed markets and operate as private owners. The example above relates to a significant engagement that is aligned with the Trustee's stewardship priorities.