

Premier Farnell UK Pension Scheme

Statement of Investment Principles - Annual Implementation Statement (“the Statement”)

Scheme year ending 5 April 2022

1. Introduction and purpose of this Statement

This document is the Annual Implementation Statement (“the Statement”) prepared by the Trustee of the Premier Farnell UK Pension Scheme (the “Scheme”) covering the Scheme year 6 April 2021 to 5 April 2022. The purpose of this statement is to:

- detail any reviews of the Statement of Investment Principles (“SIP”) the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review
- Set out how, and the extent to which, in the opinion of the trustees, the Scheme’s engagement policy (required under regulation 23c of the Occupational Pension Schemes Investment Regulations 2005) has been followed during the year;
- Describe the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) during the year and state any use of services of a proxy voter during that year.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

In order to ensure that investment policies set out in the SIP are undertaken only by persons or organisations with the skills, information and resources necessary to undertake them effectively, the Trustee delegates some responsibilities. In particular, the Trustee has appointed a Fiduciary Manager, Towers Watson Limited, to manage the Plan’s DB assets on a discretionary basis. The Fiduciary Manager’s discretion is subject to guidelines and restrictions set by the Trustee. So far as is practicable, the Fiduciary Manager considers the policies and principles set out in the Trustee’s SIP.

A copy of this Statement will be made available on the following website:

<https://epa.towerswatson.com/accounts/prf/>

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

2. Review of and changes to the SIP

Review of the SIP and changes made during the Scheme year

The SIP was last revised in September 2020 and adopted by the Trustee in September 2020.

No changes have been made during the Scheme year.

3. Adherence to the SIP

Introduction

The Trustee believes the content of the SIP has been followed during the 2021/22 Scheme year except where noted and the justification for this is set out in this section. For ease of reference, compliance with the SIP has been sub-divided into separate DC and DB Sections to reflect the different considerations and policies applying to each section.

DC Section

The Trustee believes the SIP has been followed during the Scheme year as shown below:

Overall investment objective as set out in the SIP

The Trustee's objectives for the DC Section, as described in the SIP, are as follows:

- To make available a range of investment funds to enable members to tailor their own investment strategy to meet their own needs.
- To offer funds that facilitate long-term capital growth in order to maximise the value of members' assets.
- To offer funds to protect the capital value of members' assets as they approach retirement.
- To provide a suitable default investment option for members who do not make their own investment decisions.

The Trustee meets these objectives by regularly reviewing the investment strategy – this took place as planned during the Scheme year at meetings held in December and March. The review considers such matters as: the demographic profile of the membership, the likely income choices members will make at retirement, developments in the money purchase/defined contribution market and legislative changes.

Following this review and following advice from its Investment Adviser, WTW, the Trustee conclude that the investment strategy remained appropriate for the membership.

How does the Trustee meet its investment obligations?

For the DC Section, the DC Sub-committee has been created to manage its operation, including investment monitoring, under the oversight of the Trustee. The DC Sub-committee meets three times a year (with an additional 4th meeting in years containing a formal investment strategy review) to conduct its business – including monitoring the DC Section investment strategy and performance. The DC Sub-committee provides a report of its activities to the Trustee at each subsequent Trustee's meeting.

Setting investment strategy

When setting the investment strategy, the Trustee and DC Sub-committee engages with WTW to support a review of its strategy, considering the demographic profile and expected needs of the DC Section's current and expected future membership.

A full review of the default investment strategy was undertaken in late 2021/early 2022 with the support of WTW. Reviews can be undertaken more frequently if required (for example in the event of a significant change in membership).

Consideration of risks within the DC Section

The Trustee has developed and maintains a risk register as part of a framework for assessing investment risks. The risk register is reviewed on an annual basis. During the Scheme year it was reviewed in June 2021.

The Trustee recognises a range of specific investment risks to which DC Section members are exposed. These are 'Inflation risk', 'Conversion risk', 'Shortfall or opportunity cost risk', 'Manager risk', 'Capital risk', 'Liquidity risk', 'Political risk', 'Concentration risk' and 'Currency risk'.

These risks have been mitigated through careful consideration and construction of the investment strategy, particularly the design of the default option and the alternative lifestyle strategies. The Trustee has offered a range of self-select funds with different characteristics, however it recognises that not all risks can be fully mitigated all the time. Members are encouraged to review their investment decisions to ensure they are appropriate for their personal objectives.

All risks and opportunities are considered for materiality and impact within the risk management framework, which takes account of members' investment time horizons and objectives.

Professional advice

The Trustee and DC Sub-committee are aware of the requirement to take professional advice when setting and reviewing investment strategy.

The Trustee has appointed WTW to provide such advice. In accordance with this engagement, WTW provides a triennial strategy review which includes recommendations in relation to the default, additional lifestyles and wider fund range.

The Trustee has developed an assessment framework, in line with the CMA requirements, to evaluate the performance of Willis Towers Watson as the investment advisers. The assessment will take place annual using a balanced scorecard approach. The first review was carried out in October 2021.

Default strategy and alternative lifestyle strategies

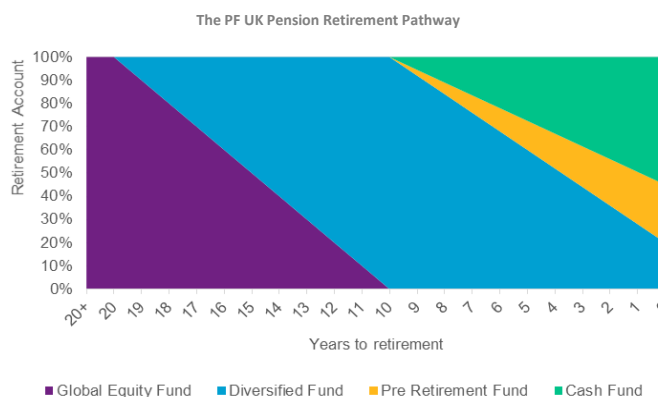
As a result of the last triennial review, changes were made to the investment strategy in October 2019. The Trustee decided to alter the main (annuity focussed) default lifestyle strategy and to also update the Global Equity Fund for all members who were invested in it.

The new default is a 'hybrid' approach, aiming to cater for members who are likely to take their savings as cash but may also decide to purchase an annuity. The annuity focussed lifestyle remains as an alternative lifestyle.

The glidepaths for the main default and the alternative lifestyles are set out below. In addition, the Link default lifestyle for the pre 1 August 2009 contributions of Link members is shown. Link members are DC members who retained benefits in the DB Section of the Scheme:

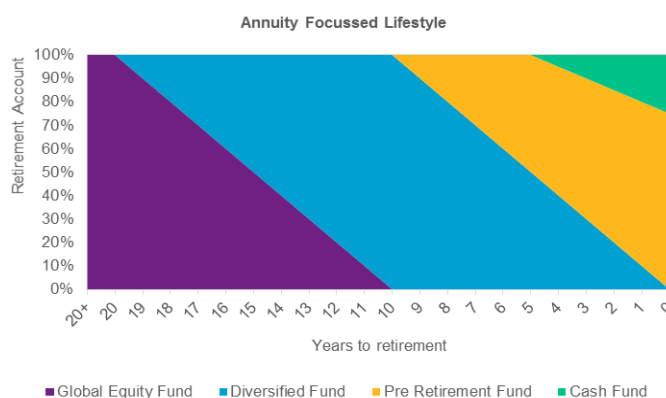
The PF UK Pension Scheme Standard Retirement Pathway (this is the default fund from October 2019)

In this lifestyle, members will be invested in the Global Equity Fund until 20 years prior to retirement. Then over the next 10 years, the investments will gradually be switched into the Diversified Fund. Over the 10 years to retirement, these investments will gradually be switched until 55% of the Retirement Account is in the Cash Fund, 25% in the Pre-Retirement Fund and 20% in the Diversified Fund at retirement.



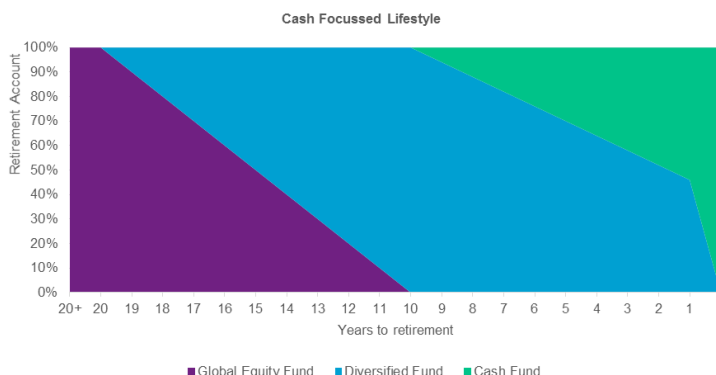
Annuity Focussed Lifestyle (this was the default fund until October 2019)

This lifestyle is for those members who wish to use their Retirement Account to buy a guaranteed income for life (an annuity) at retirement. The funds are invested in the same way as the default fund, but with a different target. At retirement the monies will be invested 25% in the Cash Fund and 75% in the Pre-Retirement Fund.



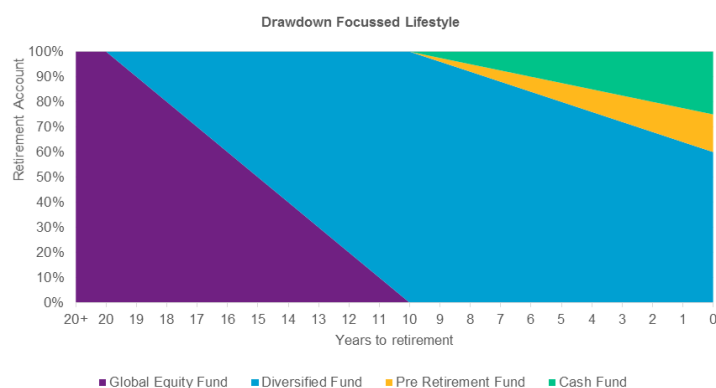
Cash Focussed Lifestyle

This lifestyle is designed for members who wish to take all their Retirement Account as a cash lump sum at retirement. The funds are invested in the same way as the default fund, but with a different target at retirement. At retirement, the monies will be invested 100% in the Cash Fund. This is to limit volatility in the value of the Retirement Account in the year before retirement.



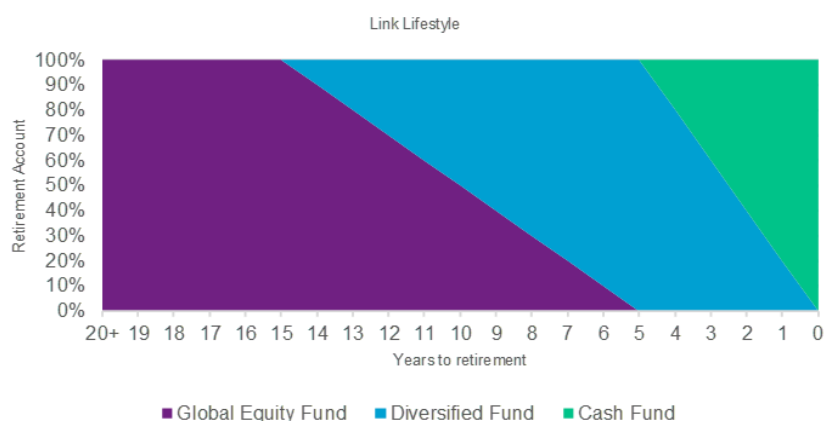
Drawdown Focussed Lifestyle

This lifestyle is designed for members who wish to keep their Retirement Account invested after retirement and make withdrawals as needed. The funds are invested in the same way as the default fund but with a different target at retirement. At retirement, the monies will be invested 60% in the Diversified Fund, 25% in the Cash Fund and 15% in the Pre-Retirement Fund.



Link Default Lifestyle (pre 2009 contributions)

This lifestyle is designed for members who retained benefits in the DB Section of the Scheme at the time of closure and is designed for members using their DC pot to fund their tax-free lump sum at retirement. The funds are invested in the same way as the default fund, but with a different target at retirement. At retirement, the monies will be invested 100% in the Cash Fund.



Self-select fund range

The Trustee makes available a range of self-select funds as detailed below.

| Fund name | Total Expense Ratio (% pa) |
|---|----------------------------|
| Global Equity Fund | 0.22 |
| Diversified Fund | 0.22 |
| Pre-Retirement Fund | 0.15 |
| Cash Fund | 0.13 |
| LGIM All Stocks Index Linked Gilts Index Fund | 0.10 |
| LGIM World Emerging Markets Equity Index Fund | 0.47 |
| HSBC Islamic Fund | 0.30 |

Investment performance monitoring

The Trustee reviewed the performance of the default arrangements and the self-select funds available under the wider fund range four times during the year in DC Sub-committee meetings. Its advisers provided regular reports monitoring LGIM. The Trustee remained satisfied with the performance of the funds over the Scheme year.

During the Scheme year the Trustee also assessed the performance of the funds in the consolidation stage of the default lifestyle against the growth phase funds to stress test the effect of lifestyling during a pandemic.

Charges and transaction cost monitoring

As part of the annual Value for Members assessment, the Trustee reviewed the member charges and transaction costs (considering the actual versus expected portfolio turnover for each fund) and concluded they were all reasonable.

ESG considerations

The DC Section investment funds are predominantly passively managed in pooled funds in which the Trustee is a small participant. The Trustee has therefore chosen to adopt an approach to ESG that is consistent with the opportunities and constraints of this position. This is reflected in the SIP.

The Trustee's policy is that day-to-day decisions relating to the investment of Scheme assets (including 'ESG' considerations) are left to the discretion of the investment managers. The Trustee recognises that long-term sustainability issues, including climate change, may have a material impact on investment risk and outcomes. The Trustee reflects these factors in any changes to the investment strategy and the underlying investment managers. This led to a switch during the 2019/20 Scheme year to an ESG focussed global equity fund as part of the default lifestyle, alternative lifestyles and self-select range.

DB Section

To ensure that investment policies set out in the SIP are undertaken by persons or organisations with the skills, information and resources necessary to undertake them effectively, the Trustee delegates some responsibilities to the Investment Sub Committee (“ISC”) and the Fiduciary Manager. These responsibilities are set out in more detail in the SIP, but are mainly:

ISC: Assisting the Trustee in developing an appropriate overall investment strategy (return target and risk budget) and the ongoing monitoring of the investment strategy and the activity and performance of the Fiduciary Manager.

Fiduciary Manager: The Trustee has appointed a Fiduciary Manager, Towers Watson Limited, to manage the Scheme's assets. The Trustee has set the Fiduciary Manager specific objectives and parameters within a bespoke Fiduciary Management Agreement, including the Scheme's investment objectives and asset allocation limits. The Fiduciary Manager is responsible for implementing the Trustee's agreed investment strategy, determining the asset allocation, selecting and de-selecting investment managers and reflecting the sustainable investment considerations in the portfolio risk management process.

The Trustee believes the SIP has been followed during the Scheme year as shown below:

Long-term objectives and investment strategy

Over the Scheme year, the Trustee has carried out the following activities.

Ongoing monitoring of the Scheme's investment strategy and asset allocation

- On a quarterly basis, as part of the quarterly investment report, the Trustee received a combined funding position update from the Fiduciary Manager and Scheme Actuary.
- On a daily basis the Fiduciary Manager tracked an estimate of the funding level relative to the Journey Plan and the agreed funding level triggers which would enable the Scheme to reduce risk.
- Following advice from the Fiduciary Manager the Trustee agreed to move to an unconstrained investment approach, including investments in hedge funds and private markets, in order to maximise the returns available at a given level of risk. This was completed over Q3 2021.
- The Fiduciary Manager is responsible for managing the asset allocation within the investment guidelines set by the Trustee and managing to an appropriate level of risk. On a quarterly basis the Trustee received confirmation of adherence to these guidelines as part of the quarterly investment report. In addition, in the report the portfolio risks were monitored by the Trustee on a quarterly basis.
- As part of the investment guidelines, the Trustee has also set liquidity limits that the Fiduciary Manager must adhere to. The adherence to this guideline was also monitored on a quarterly basis by the Trustee.

As set out above, the Trustee has delegated responsibility to the Fiduciary Manager to implement the Trustee's agreed investment strategy, including making certain decisions about investments (including asset allocation and manager selection) in compliance with Sections 34 and 36 of the Pensions Act. As such the Fiduciary Manager is also responsible for managing the sustainability of the portfolio and how Environmental, Social and Governance (“ESG”) factors are allowed for in the portfolio.

- In Q4 2021, the Trustee carried out a beliefs exercise, specifically in relation to sustainable investments. This involved:
 - Gathering sustainability views across the Trustee board
 - Comparing the beliefs to the current investment process, noting any areas for improvement;
 - Comparing the beliefs to WTW's sustainable investment policy; and
 - Considering the sustainability of the new, unconstrained investment approach.
- The Trustee currently did not make any allowance for non-financial matters and did not consider any member views for incorporation into the policy.

Additional Voluntary Contributions (AVCs)

The Trustee takes a proportionate approach in the application of the SIP policies to the AVCs.

Assets in respect of members' additional voluntary contributions are invested utilising the same fund options available to DC Section members. These AVC funds have the same oversight and governance as the main DC Section. In addition, at the start of the Scheme year, a small number of DB Section members retained investments with Equitable Life (now Utmost) and Scottish Widows (under the trading name of Clerical Medical).

At the start of 2020, the transfer of Equitable Life's UK policies to Utmost took place. As a result, assets previously held in the Equitable Life With Profits Fund were converted to unit-linked policies and transferred into the Utmost Secure Cash Fund (as a temporary measure) and assets held in the Equitable Life Money Fund were transferred into the Utmost Money Market Fund. Following advice from the WTW, the assets in the Secure Cash Fund were gradually moved into the Utmost Money Market Fund by 30 June 2020.

The Trustee, having taken advice, believes that retaining assets in the Scottish Widows (Clerical Medical) and Utmost arrangements is in line with its objective set out in the SIP.

4. Voting policy and behaviour

DC Section

As all investments are held within pooled funds, the key area of activity during the Scheme year was to consider how to monitor the investment managers' (LGIM and HSBC) performance in these areas.

The Trustee has carefully considered how it can most effectively ensure its views and priorities are reflected in how votes are cast in respect of the investments held within the Scheme and has concluded:

- As a small scheme accessing investments for its members via pooled funds, the Trustee can exert little influence in how individual votes are exercised during the Scheme year.
- the Trustee will instead select investment managers who are clearly demonstrating they are using their voting power to institute change on those issues the Trustee believes are important.

Further details of LGIM's voting behaviour from 1 April 2021 to 31 March 2022 for the two largest DC Section funds are shown in the appendix.

The Trustee has reviewed the underlying managers' Stewardship policies (made available at the following links) and relevant external press comment and is satisfied the principles and behaviour of LGIM and HSBC align with those of the Trustee. The Stewardship reports can be accessed at the following links:

<https://www.lgim.com/uk/en/responsible-investing/>

<https://www.global.assetmanagement.hsbc.com/about-us/responsible-investing>

Any further development is currently suspended following the Company notifying the Trustee of its intention to move to a Master Trust arrangement.

DB Section

As set out above, the Trustees have delegated responsibility to the Fiduciary Manager to implement the Trustees' agreed investment strategy, including making certain decisions about investments (including asset allocation and manager selection/deselection) in compliance with Sections 34 and 36 of the Pensions Act.

The Fiduciary Manager is therefore responsible for managing the sustainability of the portfolio and how Environmental, Social and Governance ("ESG") factors are allowed for in the portfolio.

The Trustees' view is that ESG factors can have a significant impact on investment returns, particularly over the long-term. As a result, the Trustees believe that the incorporation of ESG factors is in the best long-term financial interests of its members. The Trustees have appointed a Fiduciary Manager who shares this view and has fully embedded the consideration of ESG factors in its processes. The Trustees incorporate an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

The Fiduciary Manager's process for selecting, monitoring and de-selecting managers explicitly and formally includes an assessment of a manager's approach to SI (recognising that the degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and exposures). Where ESG factors are considered to be particularly influential to outcomes, the Fiduciary Manager engages with investment managers to improve their processes.

The policies and processes described above have impacted the Scheme's investments in numerous ways. Some examples of this are outlined below:

- Through its investment in the Core Diversified Fund, the Scheme accessed an adaptive capped global equities index with an ESG overlay. The strategy adds ESG tilts and exclusions to the portfolio, up-weighting companies with strong current ESG profits and those that have improved and removing companies that fail to meet minimum ESG standards or disproportionately contribute to material ESG issues such as climate change.
- Through its investment in the Partners Fund, the Scheme invested in an idea focused on forestry in the UK. The strategy involves acquiring unused agricultural land to plant trees and grow forests, capturing carbon in the process and having a positive impact on the environment. The intention is to hold the forests that have been created for three to five years until the trees have established themselves after which there are various possible exit routes.

Appendix – Voting behaviour

DB Section

Company level engagement and rights attached to investments (including voting):

The Trustees have delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager, and in turn to the Scheme's investment managers. The day-to-day integration of ESG considerations and stewardship activities (including voting and engagement) are delegated to the Scheme's investment managers.

Through the engagement undertaken by the Fiduciary Manager, the Trustees expect investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital as applicable to their mandates. The Fiduciary Manager considers the investment managers' policies and activities in relation to Environmental, Social and Governance (ESG) and stewardship both at the appointment of a new manager and on an ongoing basis. The Fiduciary Manager engages with managers to improve their practices and may terminate a manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no managers were terminated on these grounds during the Year.

The Scheme is invested across a diverse range of asset classes which carry different ownership rights, for example fixed income whereby these holdings do not have voting rights attached.

The Fiduciary Manager has assessed the investment managers' voting policies as part of its overall assessment of the investment managers' capabilities. The Fiduciary Manager considered the policies to be appropriate, and consistent with the Trustees' policies and objectives and ultimately, therefore in the best financial interests of the members. Additional oversight on the implementation of this policy is provided through the Fiduciary Manager's partnership with EOS at Federated Hermes (see below).

Towers Watson Partners Fund

| | | |
|------------------------|---|-------|
| Voting activity | Number of votes eligible to cast: | 7410 |
| | Percentage of eligible votes cast: | 99.1% |
| | Percentage of votes with management: | 90.5% |
| | Percentage of votes against management: | 8.5% |
| | Percentage of votes abstained from: | 1.0% |

| | | |
|------------------------------------|--|--|
| Most significant votes cast | Company | Amazon |
| | Size of holdings | 0.6% |
| | Resolution | Report on the impacts of plastic packaging |
| | Vote Cast | For |
| | Rationale for voting decision | Promotes transparency around environmental issues |
| | Outcome of vote | Continue to consider proposals whether from management or shareholders which enhance transparency around environmental issues. |
| Use of proxy voting | <p>For the Towers Watson Partners Fund, the equity exposure comes from four main areas</p> <ul style="list-style-type: none"> - Our global equity portfolio where EOS provides voting recommendation to enhance engagement and help achieve responsible ownership. EOS's voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies. The underlying managers must provide an explanation and note their rationale when they choose to vote differently to the recommendation. The underlying managers in this portfolio use ISS's 'ProxyExchange' electronic voting platform to facilitate voting - Our China equity manager uses Glass Lewis service where they have created a bespoke policy - Our emerging markets equity managers use ISS, Glass Lewis, SES and Broadridge Proxy Edge platforms for information and to facilitate voting - Our long-short equity managers use ISS to provide corporate research and to facilitate the voting process. | |

Note: Information in the table above is provided as at 31 March 2022. The managers included represented 41% of the total TWIM PF allocation as at 31 March 2022.

Figures may not sum due to rounding

Towers Watson Core Diversified Fund

| | | |
|------------------------------------|--|--|
| Voting activity | Number of votes eligible to cast: | 50371 |
| | Percentage of eligible votes cast: | 92.2% |
| | Percentage of votes with management: | 86.0% |
| | Percentage of votes against management: | 13.3% |
| | Percentage of votes abstained from: | 0.8% |
| Most significant votes cast | Company | China Mengniu Dairy Co |
| | Size of holdings | 0.2% |
| | Resolution | Elect Simon Dominic Stevens; Elect NIU Gensheng |
| | Vote Cast | Against, not communicated in advance |
| | Rationale for voting decision | Committee independence; Less than 75% Attendance |
| | Outcome of vote | For 1) we tend to be more stringent in our recommendations vs outcome of the votes when it comes to governance matters. Small matters count - we feel there is always scope for our Chinese portfolio companies to become even better over time; 2) we also hope to communicate with them in future meetings on areas for improvement. It is also an area for us to be even more proactive in the future, i.e., communicating proactively with portfolio companies on our vote-against decisions afterwards. |
| Use of proxy voting | For the Core Diversified Fund, through our equity and listed real asset strategies, we work with EOS to provide corporate engagement and voting recommendation services to enhance the efforts of the underlying managers where possible. The underlying manager must provide an explanation and note their rationale when they choose to vote differently | |

| | |
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| | to the recommendation. The underlying managers also use ISS facilitate voting and provide research. Our China equity manager uses Glass Lewis service where they have created a bespoke policy. |
|--|---|

Note: Information in the table above is provided as at 31 March 2022. The managers included represented 53% of the total TWIM CDF allocation as at 31 March 2022.

Figures may not sum due to rounding

Industry wide / public policy engagement:

As mentioned in the SIP, the Fiduciary Manager has partnered with EOS at Federated Hermes (EOS) for a number of years to enhance its stewardship activities. One element of this partnership is undertaking public policy engagement on behalf of its clients (including the Trustees). This public policy and market best practice engagement is done with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and their investors operate, a key element of which is risk related to climate change. The Fiduciary Manager represents client policies/sentiment to EOS via the Client Advisory Council, of which its Head of Stewardship currently chairs. It applies EOS' services, from public policy engagement to corporate voting and engagement, to several of its funds. Some highlights from EOS' activities over 2021:

- Engagements with over 1,200 companies on a total of 4,154 issues and objectives representing assets under advice of \$1.64tn.
- 64 responses to consultations or proactive equivalents and 71 discussions with relevant regulators and stakeholders.
- Voting recommendations in relation to over 128,000 resolutions, with over 20,000 being against management.
- Active participation in a number of stewardship initiatives including Climate Action 100+, PRI, Investor Alliance for Human Rights and the International Corporate Governance Network.

The Fiduciary Manager is also engaged in a number of industry wide initiatives and collaborative engagements including:

- Becoming a signatory to the 2020 UK Stewardship Code in the first wave;
- Co-founding the Net Zero Investment Consultants Initiative with eleven other investment consultants in 2021, with a commitment across its global Investment business;
- Joining the Net Zero Asset Managers Initiative in 2021, committing 100% of its discretionary assets;
- Being a signatory of the Principles for Responsible Investment (PRI) and active member of their Stewardship Advisory Committee;
- Being a member of and contributor to the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC);
- Founding the Coalition for Climate Resilient Investment (with the World Economic Forum);
- Co-founding the Investment Consultants Sustainability Working Group;
- Continuing to lead collaboration through the Thinking Ahead Institute and Willis Research Network.

DC Funds

The funds in the DC Section with the largest holdings are the LGIM Adaptive Cap ESG Equity Fund and the LGIM Diversified Fund. As the LGIM Adaptive Cap ESG Equity Fund voting information is shown above, we have only included the Diversified Fund below.

| | | | | |
|---|---|---|---|---|
| Voting activity | Number of votes eligible to cast: 90,254 Percentage of eligible votes cast: 99% Percentage of votes with management: 79% Percentage of votes against management: 20% Percentage of votes abstained from: 1% | | | |
| Examples of most significant votes cast | Company | <ul style="list-style-type: none"> NextEra Energy, Inc. | <ul style="list-style-type: none"> Crown Castle International Corp. | <ul style="list-style-type: none"> Apple Inc. |
| | Size of holdings | 0.41% | 0.21% | 0.37% |
| | Resolution | <ul style="list-style-type: none"> Resolution 1h Elect Director James L. Robo | <ul style="list-style-type: none"> Resolution 1h Elect Director J. Landis Martin | <ul style="list-style-type: none"> Resolution 9 - Report on Civil Rights Audit |
| | How you voted | <ul style="list-style-type: none"> Against | Against | For |
| | Rationale for the voting decision | <ul style="list-style-type: none"> LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM are voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and LGIM have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences. | The company is deemed to not meet minimum standards with regards to climate risk management and disclosure. | Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as LGIM consider these issues to be a material risk to companies. |

| | | | | |
|--|--|---|---|---|
| | Outcome of the vote | <ul style="list-style-type: none"> 88.1% of shareholders supported the resolution. | 93.8% of shareholder supported the resolution. | 53.6% of shareholder supported the resolution. <ul style="list-style-type: none"> |
| | Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome? | <ul style="list-style-type: none"> LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. | <ul style="list-style-type: none"> LGIM will continue to engage with the company and monitor progress. | <ul style="list-style-type: none"> LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. |
| | Rationale for classifying as significant | <ul style="list-style-type: none"> LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). | <ul style="list-style-type: none"> LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change. | LGIM views gender diversity as a financially material issue for our clients, with implications for the assets LGIM manage on their behalf. <ul style="list-style-type: none"> |