

Progressive Building Society Pension Scheme ('the Scheme') – Implementation Statement 1st January 2023 – 31st December 2023

An Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Department for Work and Pensions, for the period from 1st January 2023 – 31st December 2023 ('the Scheme Year').

The Scheme's reporting period for each fund is the holding period of that fund across the Scheme Year.

The Statement sets out how, and the extent to which, the Trustees' policy in relation to exercising voting rights has been followed during the year by describing the voting behaviour on behalf of the Trustees of the Scheme.

The Trustees have appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information ('VEI') on the Scheme's behalf.

This Statement includes Minerva's report on key findings on behalf of the Trustees over the Scheme Year.

A summary of the key points is set out below.

BlackRock

BlackRock stated that there was no voting information to report due to nature of the underlying holdings.

The manager provided basic fund-level information on engagements that was in line with the Scheme's reporting period. Despite the basic level of information, Minerva was able to confirm that the activity appeared to broadly comply with BlackRock's own engagement approach, and so complies with the Scheme's approach.

BNY Mellon

BNY Mellon confirmed they do not have a formal proxy voting policy for bond investments. In instances where bonds have voting rights, typically in relation to corporate actions, a case-by-case approach to determine the votes to cast is adopted. Given the nature of the investments in this fund, Minerva has concluded that the manager's approach is in the best financial interest of the Scheme beneficiaries.

A summarised voting record was provided that was in line with the Scheme's reporting period. From this, Minerva was able to confirm that the manager's voting activity was in line with the Trustees' policy.

BNY Mellon provided detailed fund-level information on engagements that was in line with the Scheme's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with the manager's own engagement approach, and so complies with the Scheme's approach.

LGIM

For all but the Multi Asset Fund, LGIM stated that there was no voting information to report due to nature of the underlying holdings. In relation to the Multi Asset Fund, it was determined by Minerva that manager's public voting policy and disclosures are broadly in line with good practice as

represented by the International Corporate Governance Network ('ICGN') Voting Guidelines Principles, bearing in mind the Scheme's stewardship expectations.

LGIM provided a summarised voting record that was in line with the Scheme's reporting period. Significant votes were also provided. From this, Minerva was able to confirm that the manager's voting activity was in line with the Trustees' policy.

The manager provided basic fund-level information on engagements that was in line with the Scheme's reporting period. Despite the basic level of information, Minerva was able to confirm that the activity appeared to broadly comply with LGIM's own engagement approach, and so complies with the Scheme's approach.

Vontobel

Vontobel stated that there was no voting information to report due to nature of the underlying holdings.

Basic fund-level engagement information was provided that was in line with the Scheme's reporting period. Despite the basic level of information, Minerva was able to confirm that the activity appeared to broadly comply with Vontobel's own engagement approach, and so complies with the Scheme's approach.

AVCs

The Scheme holds AVCs and the Trustees have determined they will not be covered in this Statement on the grounds of materiality.

Annuities

The Scheme invests in an annuity and given the nature of the policy, the Trustees' view is that voting and engagement practices of the provider does not need to be covered.

Final Comments

In previous years, engagement data has been sourced for managers at firm-level where none was provided at an individual fund-level. Where this data had been sourced, the relevant manager was assessed to be 'compliant' with their own engagement approach and therefore the Trustees. This was considered reasonable in the early stages of implementation statement reporting but as reporting has developed, it would no longer be appropriate to do this. We believe all managers should be capable of providing detailed fund-level engagement information that is in line with the Scheme's reporting period. A manager that cannot provide fund specific information in a timely manner will be assessed as 'non-compliant' to incentivise them to improve their reporting. Minerva has given notice of this to all 'non-compliant' managers.

Since last year, BNY Mellon have continued to provide good levels of information. BlackRock have improved by providing engagement information where there had previously been none to report. However, BlackRock could improve further by increasing the level of detail in this engagement information. This year, LGIM have stated that engagement information is not applicable to cash, fixed income and property funds. Last year, engagement information was provided for the Over 15 Years Gilts Index Fund, Over 15 Years Index-Linked Gilts Index Fund and the Sterling Liquidity Fund. Improvement is needed from LGIM who continued to provide only basic engagement information for the Multi Asset Fund. Improvement is also needed from Vontobel to increase the level of detail in their engagement information.

Progressive Building Society Pension Scheme

Spence and Partners Ltd

Implementation Statement (IS):

Voting & Engagement Information (VEI) Report

Scheme Reporting Period:

1st January 2023 to 31st December 2023

22nd March 2024

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1 SIP Disclosures

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Scheme year-end relating to the following:

1. Financially Material Considerations
2. Non-Financial Considerations
3. Investment Manager Arrangements

Stewardship - including the exercise of voting rights and engagement activities - is set out in the 'Voting and Engagement' section.

Source of Information:

*Progressive Building Society Pension Scheme
Statement of Investment Principles
March 2022*



1.1 Financially Material Considerations

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. They believe that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes that they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledge that they cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustees do expect their investment managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustees will assess that this corresponds with their responsibilities to the beneficiaries of the Scheme with the help of their investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustees will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

The Trustees will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and their investments;
- Use ESG ratings information provided by their investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via their investment consultant.

If the Trustees determine that financially material considerations have not been factored into the investment managers' process, they will take this into account on whether to select or retain an investment.

1.2 Non-Financial Considerations

The Trustees have not considered non-financial material matters in the selection, retention and realisation of investments.

1.3 Investment Manager Arrangements

Incentives to align investment managers' investment strategies and decisions with the Trustees' policies

The Scheme invests in pooled funds and so the Trustees acknowledge that the funds' investment strategies and decisions cannot be tailored to the Trustees' policies. However, the Trustees set their investment strategy and then select managers that best suits their strategy taking into account the fees being charged, which acts as the investment managers' incentives.

The Trustees use the fund objective/benchmark as a guide on whether their investment strategy is being followed and monitor this regularly.

Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustees select managers based on a variety of factors including investment philosophy and process, which they believe should include assessing the long term financial and non-financial performance of the underlying company that they invest in.

The Trustees also consider the managers' voting and ESG policies and how they engage with the investee company as they believe that these factors can improve the medium to long-term performance of the investee companies.

The Trustees will monitor the managers' engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustees expect their managers to make every effort to engage with investee companies but acknowledge that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustees acknowledge that in the short term, these policies may not improve the returns they achieve, but do expect that by investing in those companies with better financial and non-financial performance over the long term, this will lead to better returns for the Scheme. The Trustees believe that the annual fee paid to the investment managers incentivises them to do this.

If the Trustees feel that the investment managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, they will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustees' policies

The Trustees review the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustees assess the performance of the funds, where possible, over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The Investment managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of their investment consultant to ensure it is in line with the Trustees' policies.

How the Trustees monitor portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees monitor the portfolio turnover costs on an annual basis.

The Trustees define target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manage. This is monitored on an annual basis.

The Trustees have delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their investment consultant.

The duration of the arrangement with the investment managers

The Trustees plan to hold each of their investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the investment managers can lead to the duration of the arrangement being shorter than expected.

2 Sourcing of Voting and Engagement Information

This section sets out the availability of the information Minerva initially requested from the Scheme's managers, to facilitate the preparation of this report:

Table 2.1: Summary of Available Information

Fund Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
BlackRock	Corporate Bond Up To 5 Years Index Fund	No Info to Report	No Info to Report	Part Info Available
BNY Mellon	Newton Global Dynamic Bond Fund	Full Info Available	No Info to Report	Full Info Available
	LPI Income Property Fund	No Info to Report	No Info to Report	No Info to Report
	Matching Core Funds (4 funds)	No Info to Report	No Info to Report	No Info to Report
LGIM*	Multi Asset Fund	Full Info Available	Full Info Available	Part Info Available
	Over 15 years Gilts Index	No Info to Report	No Info to Report	No Info to Report
	Over 15 years Index-Linked Gilts Index	No Info to Report	No Info to Report	No Info to Report
Vontobel	TwentyFour Strategic Income Fund	No Info to Report	No Info to Report	Part Info Available

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

Full Info Available

The manager has provided either a PLSA Voting Template or voting and/or engagement data that **precisely** matches the specific investment's holding / reporting period

Part Info Available

The manager has provided either a PLSA Voting Template or voting and/or engagement data that **partially** matches the specific investment's holding / reporting period

No Info to Report

The manager has explicitly stated that there is no voting or engagement information to report for this specific investment or that it is not expected there will be any voting or engagement information to report due to the nature of the underlying investments

No Info Provided

At the time of preparing this report, the recipient of our information request has either not formally responded to the information request or has not provided information when we believe there should be information to report

Voting Activity

There was voting information disclosed for the Scheme's investments in the following funds:

- BNY Mellon Newton Global Dynamic Bond Fund
- LGIM Multi Asset Fund

Significant Votes

There was 'Significant Vote' information disclosed for the Scheme's investments in the following funds:

- LGIM Multi Asset Fund

Engagement Activity

There was reportable engagement information provided for the Scheme's investments with the following managers:

- BlackRock Corporate Bond Up To 5 Years Index Fund
- BNY Mellon Newton Global Dynamic Bond Fund
- LGIM Multi Asset Fund
- Vontobel TwentyFour Strategic Income Fund

3 Voting and Engagement

The Trustees are required to disclose the voting and engagement activity over the Scheme year. The Trustees have used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This statement provides a summary of the key information and summarizes Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

The voting and engagement activity undertaken by the Scheme's managers, as reported by them and set out in this document, has been in the scheme members' best interests inasmuch that it demonstrates that the Scheme's managers have undertaken stewardship activity they deem to be appropriate and proportionate in the oversight and management of the Scheme's investments.

3.1 Voting and Engagement Policy and Funds

The Trustees' policy on Stewardship from the Scheme's SIP is set out below:

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of their investment consultant, and decide if they are appropriate.

The Trustees also expect the investment managers to engage with investee companies on the capital structure and management of conflicts of interest.

If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment consultant, to influence the investment manager's policy. If this fails, the Trustees will review the investments made with the investment manager.

The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

The following table sets out:

- The funds and products in which the Scheme was invested during the Scheme's reporting period;
- The holding period for each fund or product; and
- Whether each investment manager made use of a 'proxy voter', as defined by the Regulations

Table 3.1: Scheme Investment/Product Information

Fund Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
BlackRock	Corporate Bond Up To 5 Years Index Fund	Mobius Platform	DB Fund	01/01/2023	31/12/2023	N/A
BNY Mellon	Newton Global Dynamic Bond Fund	Mobius Platform	DB Fund	01/01/2023	31/12/2023	N/A
	LPI Income Property Fund	Mobius Platform	DB Fund	01/01/2023	31/12/2023	N/A
	Matching Core Funds (4 funds)	Mobius Platform	DB Fund	01/01/2023	31/12/2023	N/A
LGIM	Multi Asset Fund	Mobius Platform	DB Fund	01/01/2023	31/12/2023	ISS
	Over 15 years Gilts Index	Mobius Platform	DB Fund	01/01/2023	31/12/2023	N/A
	Over 15 years Index-Linked Gilts Index	Mobius Platform	DB Fund	01/01/2023	31/12/2023	N/A
Vontobel	TwentyFour Strategic Income Fund	Mobius Platform	DB Fund	01/01/2023	31/12/2023	N/A

Minerva Says

As shown in the table above:

- LGIM identified Institutional Shareholder Services, or 'ISS' as their 'Proxy Voter'
- The investments shown as 'N/A' had no listed equity voting activity associated with them, and so had no need for a proxy voter

4 Exercise of Voting Rights

The following tables show a comparison of each of the Scheme's relevant manager(s) voting activity versus the Trustees' policy (which in this instance is the manager's own policy):

Table 4.1: BNY Mellon's Approach to Voting

Asset manager	BNY Mellon (Newton)
Relevant Scheme Investment(s)	Global Dynamic Bond Fund
Key Points of Manager's Voting Policy	Newton have confirmed to us that they do not have a formal bond voting policy as such. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.
Is Voting Activity in Line with the Scheme's Policy?	Yes By voting in the specific manner that they have in relation to corporate actions on investments, we believe that the manager is doing so in the best financial interests of the Scheme beneficiaries.

Table 4.2: LGIM's Approach to Voting

Asset manager	LGIM (Legal & General Investment Management)
Relevant Scheme Investment(s)	Multi Asset Fund
Key Points of Manager's Voting Policy	LGIM's latest Corporate Governance and Responsible Investing Policy sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM have this to say in terms of their overall approach: <i>When developing our policies, we not only look at local market regulatory expectations, but also broader global guidelines and principles, such as those provided by the United Nations Global Compact, OECD guidelines and ILO conventions and recommendations. We expect all companies to closely align with our principles, or to engage with us when exceptional circumstances prevent them from doing so. Although there is no 'one-size-fits-all' solution to building a sustainable business model, we look for companies we invest in to demonstrate that sustainability is effectively integrated into their long-term strategy and their daily operations. Companies should aim to minimise any negative impacts their businesses have on the environment, while innovating to find better solutions. Their strategies should include ways to make a positive impact on society, embrace the value of their workforce and supply chains and deliver positive long-term returns to shareholders.</i>

LGIM's voting policy is built on the assessment of 5 key policy areas:

#	Policy Area	Example of Topics Covered
1	Company Board	Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation
2	Audit, Risk & Internal Control	External Audit, Internal Audit and Whistleblowing
3	Remuneration	Fixed Remuneration, Incentive Arrangements and Service Contracts and Termination Payments
4	Shareholder & Bondholder Rights	Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations
5	Sustainability	Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement

The manager disclosed on their [website](#) how they have voted on the companies in which they invest on a monthly basis, including the rationale for votes against management. The information provided is at firm, rather than fund or product, level.

Yes

Is Voting Activity in Line with the Scheme's Policy?

Some examples of the manager's voting activity are provided in Section 7 – Significant Votes

Minerva Says

- Newton have confirmed that they do not have a formal bond voting policy.
- LGIM clearly set out how they approach their stewardship responsibilities for listed companies on behalf of their clients. In our view the available information demonstrates a clear and thoughtful approach from the firm.
- From the information available, we believe that the voting approaches are consistent with the Scheme's voting expectations of its investment managers.

5 Manager Voting Policy

As the current approach of the Scheme is to use the voting policy of the external asset managers, it is important that these policies are independently reviewed to ensure that they match current good practice and the general stewardship expectations set by the Scheme. Well-managed companies that operate in a commercially, socially and environmentally responsible manner are expected to perform better over the longer term, as the Scheme believe that adopting such an approach will allow each company's management to identify, address and monitor the widest range of risks associated with their specific business.

Set out in the following table is Minerva's independent assessment of the Scheme's managers' publicly available voting policies, in the context of current good practice as represented by the ICGN Voting Guidelines, whilst also bearing the Scheme's stewardship expectations in mind. This has been done for each manager where they have identified voting activity on behalf of the Scheme.

We have assessed each manager's policy individually, looking at it from Minerva's perspective of seven 'Voting Policy Pillars' that are at the core of our proxy voting research process, and which we have developed over the last 25 years. In using this well-tried approach, the Scheme can be sure that their investment managers voting policies are being carefully considered against current good practice.

Table 5.1: Voting Policy Alignment

Manager Voting Policy Alignment with Current Good Practice							
Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
BNY Mellon (Newton)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comments	Newton have confirmed that they do not have a formal bond voting policy. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast						
LGIM	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
Comments	LGIM's voting policy and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices.						

Table Key

Aligned

This aspect of the manager's voting policy is aligned with good practice

Limited Disclosures

This policy pillar could only be partially assessed on the information available in the manager's voting policy

No Disclosures

This policy pillar could not be assessed due to a lack of information in the manager's voting policy

Not Available

The manager's voting policy was not disclosed for analysis by Minerva



Minerva Says

For the Scheme's managers that responded to our information requests by providing voting information:

- BNY Mellon (Newton) confirmed that they do not have a formal voting policy for bond investments.
- LGIM's public voting policy is, in our view, broadly in line with good practice, and is what we would expect to see from such a large asset steward.

6 Manager Voting Behaviour

The Trustees believe that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour as disclosed by the each of the Scheme's managers:

Table 6.1: Manager Voting Behaviour

Manager	Fund	No. of Meetings	No. of Resolutions				% Abstain
			Eligible for Voting	Eligible for Voting	% Voted in Favour	% of Voted Against	
BNY Mellon	Newton Global Dynamic Bond Fund	2	20	100.0%	100.0%	0%	0%
	Comments						
	The manager provided a summarised voting record for the Global Dynamic Bond Fund that covered the Scheme's reporting period. From the summarised information provided, we can see that the manager voted at all eligible investee company meetings for the Fund, which is in line with the Trustees' expectations of their managers.						
LGIM	LGIM Multi Asset Fund	9,413	95,582	99.8%	76.5%	23.3%	0.3%
	Comments						
	The manager provided a summarised voting record for the Multi Asset Fund that covered the Scheme's reporting period. From the summarised information provided, we can see that the manager has voted at almost all investee company meetings, which is in line with the Trustees' expectations of their managers.						

Table Key

Available Information matches the Scheme's specific reporting period / investment holding period

Available Information is for a different period than the Scheme's reporting period / investment holding period

Information was not provided by the manager

Not Applicable

Minerva Says

For the Scheme's managers where voting data was provided in response to our information requests, we believe that they have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

'The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.'

7 Significant Votes

Set out in the following section are 5 examples of the Scheme's manager(s) voting behaviour from the relevant fund(s) in which the Scheme was invested. A 'Significant Vote' relates to any resolution at a company that meets one of the following criteria:

1. Identified by the manager themselves as being of significance;
2. Contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK);
3. Is one proposed by shareholders that attracts at least 20% support from investors;
4. Attracts over 10% dissenting votes from shareholders.

Where the manager has not provided sufficient data to identify 'Significant Votes' based on criteria 2-4 above, we have used manager-identified examples:

Table 7.1 BNY Mellon's 'Significant Votes'

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
BNY Mellon	Newton Global Dynamic Bond Fund				There were no 'Significant Votes' reported by the manager		
Why a 'Significant Vote'?							
-							
Manager's Vote Rationale:							
-							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
-							

Next Steps / Implications of the Outcome:	
-	
There was no 'Significant Vote' activity reported during the Scheme's short investment holding period	

Table 7.2 LGIM's 'Significant Votes'

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Alliant Energy Corporation	23/05/23	0.02%	Resolution 1b - Elect Director Patrick E. Allen	Against	91.2% of votes cast were in favour of the resolution
Why a 'Significant Vote?							
Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. Thematic - Board Leadership: 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).							
Manager's Vote Rationale:							
Remuneration - Accountability - Escalation: A vote against is applied as LGIM has had concerns with the remuneration practices for the past year. Classified Board: A vote against is applied as LGIM supports a declassified board as directors should stand for re-election on an annual basis. Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least 1 female. Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. Future World Protection List: A vote against is applied as the company meets the criteria for inclusion in LGIM's Future World Protection List. Companies are incorporated into the List if they fail to meet minimum standards of globally accepted business practices. This includes: companies involved in the manufacture and production of controversial weapons; perennial violators of the United Nations Global Compact (UNGCI); and companies involved in thermal coal and oil sands.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.							
Relevance to Manager's Stated Policy:							
Company Board		Audit, Risk & Internal Control		Remuneration	Shareholder & Bondholder Rights	Sustainability	
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							
Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	CVB Financial Corp.	17/05/23	Less than 0.00%	Resolution 1.7 - Elect Director Hal W. Oswalt	Withhold	97.7% of votes cast were in favour of the resolution
Why a 'Significant Vote?							
Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/							
Manager's Vote Rationale:							
Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration - Accountability							
- Escalation: A vote against is applied as LGIM has had concerns with the remuneration practices for the past year.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							
LGIM will continue to engage with the company and monitor progress.							

Relevance to Manager's Stated Policy:							
Company Board		Audit, Risk & Internal Control		Remuneration		Shareholder & Bondholder Rights	
Sustainability							
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							
Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Tencent Holdings Limited	17/05/23	0.26%	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Against	88.4% of votes cast were in favour of the resolution
Why a 'Significant Vote'?							
Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/							
Manager's Vote Rationale:							
Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							
LGIM will continue to engage with the company and monitor progress.							
Relevance to Manager's Stated Policy:							

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Reynolds Consumer Products Inc.	26/04/23	Less than 0.00%	Resolution 1c - Elect Director Richard Noll	Withhold	84.1% of votes cast were in favour of the resolution

Why a 'Significant Vote'?

Thematic - Nature: LGIM considers this vote to be significant as it is applied under our engagement program on deforestation, targeting companies in high-risk sectors.

Manager's Vote Rationale:

Deforestation Policy: A vote against is applied as the company is deemed to not meet minimum standards with regard to LGIM's deforestation policy. Remuneration - Accountability - Escalation: A vote against is applied as LGIM has had concerns with the remuneration practices for the past year. Classified Board: A vote against is applied as LGIM supports a declassified board as directors should stand for re-election on an annual basis. WITHHOLD votes are also warranted for Governance Committee member Richard Noll given the board's failure to remove, or subject to a sunset requirement, the classified board and the pop-up supermajority vote requirement to enact changes to the governing documents, each of which adversely impacts shareholder rights.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach				

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Kennedy-Wilson Holdings, Inc.	08/06/23	0.01 %	Resolution 1.2 - Elect Director David A. Minella	Against	90.4% of votes cast were in favour of the resolution
Why a 'Significant Vote'?							
Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. Thematic - Board Leadership: 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).							
Manager's Vote Rationale:							
Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Classified Board: A vote against is applied as LGIM supports a declassified board as directors should stand for re-election on an annual basis. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Independence: A vote against is applied as LGIM expects the Lead Director to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Remuneration - Accountability - Escalation: A vote against is applied as LGIM has had concerns with the remuneration practices for the past year							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							



LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.				
Relevance to Manager's Stated Policy:				
Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach				

Minerva Says

The reported 'Significant Vote' information seems to be consistent with the manager's stated voting policy, and so is consistent with the Scheme's expectations of them.

8 Manager Engagement Information

The Trustees have set the following expectation in the Scheme's SIP in relation to its managers' engagement activity:

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of their investment consultant, and decide if they are appropriate.

The Trustees also expect the investment managers to engage with investee companies on the capital structure and management of conflicts of interest.

If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment consultant, to influence the investment manager's policy. If this fails, the Trustees will review the investments made with the investment manager.

The Trustees believe that an important part of responsible oversight is for the Scheme's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's managers to engage with investee companies where they have identified any such issues.

The following table(s) summarises the engagement activity of the manager(s):

Table 8.1: Summary of Engagement Information Provided

Manager	Engagement Information Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
BlackRock	YES	FUND	YES	The manager provided basic fund level engagement information covering the Scheme's reporting period
BNY Mellon (Newton)	YES	FUND	YES	The manager provided detailed fund level engagement information covering the Scheme's reporting period
LGIM	YES	FUND	YES	The manager provided basic fund level engagement information covering the Scheme's reporting period
Vontobel	YES	FUND	YES	The manager provided basic fund level engagement information covering the Scheme's reporting period

Table Key

GREEN = A positive result. The manager has provided engagement information / fund level info available / matches the Scheme's reporting / investment holding period

ORANGE = A 'partial' result. We had to try to source engagement information / firm level info available / does not match the Scheme's reporting / investment holding period
RED = A negative result. No engagement information was located at any level

BlackRock

		Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered					Outcomes	
						Environmental	Social	Governance	Other	Resolved		
Corporate Bond Up To 5 Years Index Fund			01/01/23	31/12/23	656	18.9%	18.1%	63%	0.0%	Not Stated	Not Stated	Open
Aspect of Engagement Activity	Details											
Key Points of the Manager's Engagement Policy	BlackRock had the following to say with regards their approach to engagement, provided in the response to our information request: 'Engagement is not one conversation. We have ongoing private dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we stand ready to vote against proposals from management or the board. Each year we prioritize our work around engagement themes to encourage sound governance practices and deliver sustainable long-term financial performance for clients. Our approach emphasizes direct dialogue with companies.' Engagement Themes: 1) Board Quality and Effectiveness - Quality leadership is essential to performance. Board composition, effectiveness, diversity and accountability remain top priorities 2) Climate and Natural Capital - Climate action plans B&W targets advance the transition to a low carbon economy. Managing natural capital dependencies and impacts through sustainable business practices 3) Strategy Purpose and Financial Resilience - A purpose driven long-term strategy, underpinned by sound capital management, supports financial resilience 4) Incentives Aligned with Value Creation - Appropriate incentives reward executives for delivering sustainable long-term value creation 5) Human Capital - Sustainable business practices create enduring value for all key stakeholders'											
Additional information on Engagements provided by the Manager	Whilst the manager provided a list of engagements undertaken on investments during the Scheme's holding period, no additional information was provided in terms of: ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and											

	whether any fintech solution was used to facilitate engagement
Comparison of the Manager's Engagement Activity vs the Trustees' policy	An example of a reported engagement for the Corporate Bond Up To 5 Years Index Fund is shown below: <u>29/11/23 – Citigroup Inc – Engagement on Environmental, Social and Governance Issues</u> <u>Engagement Method:</u> video call <u>Engagement Details:</u> Environmental = Climate Risk Management / Other company impacts on the environment Governance = Board Composition and Effectiveness / Business Oversight & Risk Management / Corporate Strategy / Executive Management / Governance Structure / Remuneration / Sustainability Reporting; and Social = Human Capital Management / Social Risks & Opportunities <u>Engagement Outcome:</u> Not stated.
Is Engagement Activity in Line with the Trustees' Policy?	Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we are disappointed with the lack of details provided in relation to the engagement activity undertaken.

BNY Mellon

Fund(s)		Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
					Environmental	Social	Governance	Other	Resolved	Open
Newton Global Dynamic Bond Fund		01/01/23	31/12/23	3	66.7%	0%	33.3%	0.0%	0%	100%
Aspect of Engagement Activity	Details									
Key Points of the Manager's Engagement Policy	BNY states in its latest stewardship policy disclosure statement that each of the investment managers has its own unique engagement policy with issuers in all of the jurisdictions in which they invest. Accordingly, Newton's 'Responsible Investment Policies and Principles' report from April 2022 has the following to say with regards the manager's engagement approach: 'We have long been active stewards of our clients' assets. Undertaking considered engagement activities and exercising voting rights globally are the primary drivers to being effective stewards. <i>Intrinsic to the understanding of the potential of an investment in a company, whether via equity or fixed income, is an appreciation of the quality of the company's management, its structure, the appropriateness of its internal controls and the assurance that ESG matters are managed in the creation of long-term investor value.</i> We believe that responsibly managed companies should be better placed to achieve sustainable competitive advantage and provide strong long-term growth. With respect to investments in sovereign securities (typically government bonds), we consider factors such as whether the government's policy objectives can support ESG-focused initiatives and the sustainability of any expenditure plans. Our fundamental view is that a considered approach to ESG analysis enhances our investment process, and that this is particularly the case for corporate investments. This process includes identifying the ESG risks and opportunities faced by a company and ensuring that these challenges are well managed within the company's business strategy. Engagement can play a crucial role in helping achieve this understanding and to influence change' From Newton's most recent 'Responsible Investment and Stewardship' report the manager identified the following key engagement themes: ▪ Environmental: Biodiversity / Carbon management / Climate change / Management systems / Pollution / Product life cycle / Water ▪ Social: Business ethics / Cybersecurity / Health and safety / Human capital management / Product access / Product suitability / Stakeholder relations / Supply chain									

	▪ Governance: Audit and internal controls / Board leadership / Relater-party transactions / Remuneration / Shareholder communications / Shareholder rights / Strategy and risk / Tax
Additional information on Engagements provided by the Manager	Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of: ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
Comparison of the Manager's Engagement Activity vs the Trustees' policy	An example of a reported engagement for the Global Dynamic Bond Fund is: <u>20/02/2023 – Barclays Plc – Engagement on Environmental Issues</u> Engagement Activity: 'Barclays has considerable exposure to the fossil fuel industry, therefore monitoring and encouraging the bank to strengthen its climate transition plan wherever necessary is important to ensure that the bank remains on track to achieve its emission reduction targets.' Engagement Outcome: 'The bank will disclose its client transition framework this year. We are pleased to see movement on this as we have been asking the bank to provide this for some time. We also view it as a positive that the bank is working with the SBTi to align methodologies. While we note the merit of BlueTrack including capital market financing, external verification of targets would provide us with added comfort.'
Is Engagement Activity in Line with the Trustees' Policy?	The engagement activity is consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.

LGIM

LGIM										
Fund(s)		Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
					Environmental	Social	Governance	Other	Resolved	Open
LPI Income Property Fund		-	-	-	-	-	-	-	-	-
Matching Core Funds (4 funds)		-	-	-	-	-	-	-	-	-
Multi Asset Fund		01/01/23	31/12/23	2,465	61.7%	11.6%	20.8%	6.0%	Not Stated	Not Stated
Over 15 years Gilts Index		-	-	-	-	-	-	-	-	-
Over 15 years Index-Linked Gilts Index		-	-	-	-	-	-	-	-	-
Aspect of Engagement Activity	Details									
Key Points of the Manager's Engagement Policy	LGIM's Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies, taking the following six step approach:									
	1) Identify the most material ESG issues 2) Formulate a strategy 3) Enhance the power of engagement (e.g., through public statements) 4) Collaborate with other stakeholders and policymakers 5) Vote 6) Report to shareholders									
	From LGIM's most recent Active Ownership Report the manager has identified the following as their top 5 engagement topics: 1. Climate Change 2. Remuneration 3. Diversity (Gender and Ethnicity) 4. Board Composition 5. Strategy									

Additional information on engagements provided by the Manager	Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of: ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
Comparison of the Manager's Engagement Activity vs the Trustees' policy	Set out below is an example of engagement activity reported by LGIM in the Multi Asset Fund: <u>19/04/23 - Teleperformance - Social-themed Engagement Activity</u> <u>Engagement Type:</u> Conference call. <u>Issue Theme:</u> Social / Labour standards. <u>Engagement Details:</u> Not provided. <u>Engagement Outcome:</u> Not provided.
Is Engagement Activity in Line with the Trustees' Policy?	Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to provide more details in relation to engagement activity undertaken at fund level.

Vontobel

Vontobel

Fund(s)		Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
TwentyFour Strategic Income Fund		01/01/23	31/12/23	60	65.0%	16.7%	18.3%	0.0%	Not Stated	Not Stated
Aspect of Engagement Activity	Details									
Key Points of the Manager's Engagement Policy	TwentyFour have made the following statement in terms of their approach towards engagement activity:									
	‘The decision to engage with the management of an investee company is primarily based on what TwentyFour investment professionals believe will maximise bondholder value in the long-term, specifically the value of its clients’ investments.									
	TwentyFour’s investment professionals may engage with company management on a variety of issues, including ESG matters that present a potential material risk to a company’s financial performance. The Firm believes that its investment professionals are in the best position to evaluate the potential impact that ESG issues or the outcome of a given proposal will have on bondholder value. As such, all of the Firm’s engagement activities are the responsibility of investment professionals and are fully integrated into its investment process.									
	TwentyFour engages with the company management through periodic meetings, visits, and telephone calls during which Firm investment professionals discuss and pose questions on operational, strategic, and other management issues.									
	TwentyFour’s investment professionals communicate internally on the status of engagement activities and any outcomes arising.									
Additional information on engagements provided by the Manager	As a fixed income company TwentyFour’s proxy voting rights are limited.’									
	Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme’s holding period, no additional information was provided in terms of: - engagement objectives - collaborative engagements - process for escalating ineffective engagement and - whether any fintech solution was used to facilitate engagement									

Comparison of the Manager's Engagement Activity vs the Trustees' policy	An example of a reported engagement undertaken for the Strategic Income Fund is: 10/05/23 – Petroleos Mexicanos (PEMEX) – Environmental-themed Engagement Engagement Details: 'We held a call with the company to discuss the latest developments on the ESG front given our prior engagement and concerns surrounding gas flaring (the burning of the natural gas associated with oil extraction).' Engagement Actions: 'During the first quarter, the company once again had multiple accidents at its refineries that resulted in injuries and in some cases casualties. While management is certainly focused on improving its ESG metrics and notably has now created an ESG committee, which met for the first time in March of this year to begin strategizing and tackling these problems, we believe that progress will continue to be slow and will certainly take some time for Pemex to catch up with its peers. Progress lowering emissions continues to be lacking and gas flaring issues are continuing. The company continues to lag its peers on ESG, and the lack of progress on this front continues to negatively impact the performance of the bonds in the secondary market.' Engagement Outcome: 'Given the company's lack of progress on the ESG front and issues highlighted above, we decided to downgrade Pemex's E, S and G scores. Furthermore, we have decided to reduce our exposure to the name.'
Is Engagement Activity in Line with the Trustees' Policy?	Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to provide more details in relation to engagement activity undertaken at fund level.

Minerva Says

As can be seen from the previous tables, the Scheme's managers' 'Engagement Activity' appears to broadly comply with their own engagement approaches, and so also complies with the Scheme's expectations.

9 Conclusions

9.1 Assessment of Compliance

In this report, Minerva has undertaken an independent review of the Scheme's external asset managers' voting and engagement activity. The main objective of the review is for Minerva to be in a position to say that the activities undertaken on the Scheme's behalf by its agents are aligned with its own policies.

Set out in the following table is Minerva's assessment of each manager's compliance with the Scheme's approach:

Table 9.1: Summary Assessment of Compliance

Fund / Product Manager	Investment Fund/ Product	Does the Manager's Reported Activity Follow the Scheme's Expectations:					UK Stewardship Code 2020 Signatory?	Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter'?			
BlackRock	Corporate Bond Up To 5 Years Index Fund	N.I.R.	N.I.R.	YES	N/A		YES	<u>COMPLIANT</u>
BNY Mellon	Newton Global Dynamic Bond Fund	YES	N.I.R.	YES	N/A		YES	COMPLIANT
	LPI Income Property Fund	N.I.R.	N.I.R.	N.I.R.	N/A			N.I.R.
	Matching Core Funds (4 funds)	N.I.R.	N.I.R.	N.I.R.	N/A			N.I.R.
LGIM*	Multi Asset Fund	YES	YES	YES	ISS		YES	<u>COMPLIANT</u>
	Over 15 Years Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A			N.I.R.
	Over 15 Years Index-Linked Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A			N.I.R.
Vontobel	TwentyFour Strategic Income Fund	N.I.R.	N.I.R.	YES	N/A		YES	<u>COMPLIANT</u>

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

GREEN=Positive outcome e.g., Manager's reported activity follows the Scheme's expectations

ORANGE=An issue exists e.g., the information provided does not match the Scheme's reporting / investment holding period

BLUE=Manager has confirmed that there is no voting, 'Significant Votes' or engagement information to report (N.I.R.)

Minerva Says

Overall Assessment:

We believe that the Scheme's managers have broadly complied with the Scheme's Voting and Engagement requirements of them.

Notes

- 1) The preceding table shows that Minerva has been able to determine that:
 - For the managers where Voting and 'Significant Vote' information was available, their overall approaches are broadly in step with the Scheme's expectations.
 - For the managers where Engagement information was available, their overall approaches are also broadly in step with the Scheme's requirements.
- 2) All of the Scheme's investment managers are signatories to the UK Stewardship Code.
- 3) We were disappointed with the majority of the Scheme's managers in terms of the limited engagement information provided.

LGIM Information Disclaimer

- i. Carbon dioxide equivalent (CO₂e) is a standard unit to compare the emissions of different greenhouse gases.
- ii. The choice of this metric follows best practice recommendations from the Task Force on Climate-related Financial Disclosures.
- iii. Data on carbon emissions from a company's operations and purchased energy is used.
- iv. This measure is the result of differences in weights of companies between the index and the benchmark, and does not depend on the amount invested in the fund. It describes the relative 'carbon efficiency' of different companies in the index (i.e. how much carbon was emitted per unit of sales), not the contribution of an individual investor in financing carbon emissions.
- v. LGIM set the following threshold for our reportable funds 1) the assets eligible for coverage e.g. eligible ratio needs to be greater than or equal to 50% and 2) the carbon coverage of the eligible assets e.g. eligible coverage needs to be greater than or equal to 60%.
- vi. Eligibility % represents the % of the securities in the benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt and derivatives are currently not included for carbon reporting). The Coverage % represents the coverage of those assets with carbon scores.
- vii. Derivatives including repos are not presently included and the methodology is subject to change. Leveraged positions are not currently supported. In the instance a leveraged position distorts the coverage ratio over 100% then the coverage ratio will not be shown.
- viii. LGIM define 'Sovereigns' as, Agency, Government, Municipals, Strips and Treasury Bills and is calculated by using: the CO₂e/GDP, Carbon Emissions Footprint uses: CO₂e/Total Capital Stock.
- ix. The carbon reserves intensity of a company captures the relationship between the carbon reserves the company owns and its market capitalisation. The carbon reserves intensity of the overall benchmark reflects the relative weights of the different companies in the benchmark.
- x. Green revenues % represents the proportion of revenues derived from low-carbon products and services associated with the benchmark, from the companies in the benchmark that have disclosed this as a separate data point.
- xi. Engagement figures do not include data on engagement activities with national or local governments, government related issuers, or similar international bodies with the power to issue debt securities.
- xii. LGIM's temperature alignment methodology computes the contribution of a company's activities towards climate change. It delivers an specific temperature value that signifies which climate scenario (e.g.3°C, 1.5°C etc.) the company's activities are currently aligned with. The implied temperature alignment is computed as a weighted aggregate of the company-level warming potential.

Third Party ESG Data Providers: Source: ISS. Source: HSBC© HSBC 2022. Source: IMF (International Monetary Fund). Source: Refinitiv. Information is for recipients' internal use only.

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Source: Unless otherwise indicated all data contained are sourced from Legal & General Investment Management Limited.

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For more information please email hello@minerva.info or call + 44 (0)1376 503500

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