

IMPLEMENTATION STATEMENT



Hill & Smith 2016 Pension Scheme (DB Section) Implementation Statement for the year ended 5 April 2023

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustee of the Hill & Smith 2016 Pension Scheme ("the Scheme") has followed the policies documented in their Statement of Investment Principles ("SIP") during the year ended 5 April 2023 ("the reporting year") with regards to the DB Section. In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Summary

The Trustee is satisfied that during the reporting year the policies (as noted below and in the SIP in more detail) were followed. Based on the voting information detailed below, the Trustee also concludes that the Investment Managers have exercised their delegated voting rights on behalf of the Trustee in a way that aligns with the Trustee's relevant policies in this regard.

Latest review of the Statement of Investment Principles

The Scheme's Statement of Investment Principles ("SIP") was reviewed and amended in July 2021. This review was initiated by XPS following S36 advice received and agreed by the Trustee, implementing changes to the investment strategy. As the Scheme's SIP was not changed during the reporting year, the SIP dated July 2021 was relevant throughout the reporting period. The SIP is due to be updated throughout the next reporting period to reflect the full disinvestment from the Multi Asset Fund at the end of 2022, the transfer of the DC Section to the Master Trust and the LDI portfolio re-calibration work that took place during 2023.

Investment-related activity during the reporting year

ESG

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers. Investment Managers.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Ongoing Governance

The Trustee, with the assistance of XPS, monitored the processes and operational behaviour of the Investment Managers throughout the reporting year, to ensure they remain appropriate and in line with the Trustee's requirements.

Beyond the governance work currently undertaken, the Trustee believes that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustee has not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to

IMPLEMENTATION STATEMENT (continued)



be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

The Trustee considers investment issues in detail at Trustee meetings. The Trustee receives reports from XPS on the investment performance for the Scheme. These reports are issued on a quarterly basis and analyse performance over the last quarter, 1 Year and 3 Year time periods. The progression of the Scheme's funding position is also discussed at Trustee Meetings.

The Trustee has set XPS the objective of ensuring that, over time, selected managers reflect the Trustee's views on ESG (including climate change) and stewardship.

Asset Allocation

In understanding that asset allocation plays an important role in achieving investment objectives and good member outcomes, the Trustee regularly monitors the asset allocation of the Scheme to ensure that these are in line with the Trustee's current investment objectives.

During the reporting year the Trustee made the decision to disinvest from the Multi Asset Fund and invested the proceeds in the LGIM Sterling Liquidity Fund in order to maintain the target interest rate and inflation hedging level in response to the gilt crisis in September 2022. This is in line with the long-term objectives of the Scheme (as stated in the SIP).

New Policies

No new policies were introduced during the reporting period.

The Trustee's investment policies

The Trustee had various investment policies for the Scheme on the topics listed in the table below; the table also provides commentary on how and the extent to which the various policies were followed during the reporting year.

Policy	How the policy was followed	The extent to which the policy was followed
<p>Kinds of investments to be held</p> <p>The Trustee's policy is to acquire assets of appropriate liquidity which will generate income and capital growth.</p>	<p>The funds held by the Scheme incorporate assets of appropriate income and liquidity.</p>	<p>The Trustee is satisfied that it is following this policy in full.</p>
<p>Balance between different investments</p> <p>The Trustee's policy is to invest in a diversified portfolio of return seeking assets and liability matching assets.</p>	<p>The funds held by the Scheme incorporate assets primarily used to outperform liabilities (e.g. Secure Income) and liability matching assets (e.g. LDI and Buy & Maintain Credit).</p>	<p>The Trustee is satisfied that it is following this policy in full.</p>
<p>Risks (measurement and management)</p> <p>-The Trustee receives strategic investment advice from the Investment Adviser, XPS, that may include risk modelling and quantification (e.g. Value at Risk) whenever strategic changes are considered.</p>	<p>The Trustee receives quarterly reporting from its Investment Adviser, XPS, which includes the Scheme's asset allocation, performance, journey plan modelling and Value at Risk calculations. In addition, the Trustee is able to monitor the Scheme's projected asset and liability movements</p>	<p>The Trustee is satisfied that it is following this policy in full.</p>

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<p>-The Trustee considers the Investment Managers' role and approach to managing risk is considered when selecting appropriate Investment Managers.</p>	<p>as well as risk daily using Radar system, provided by XPS.</p>	
<p>Expected return The Trustee's policy is to invest in a mixture of assets such that future investment returns will at least meet the rate of return underlying the recovery plan. This return, along with the Sponsor contributions, is expected to cover the cost of benefits the Scheme provides.</p>	<p>The Scheme's strategy is in support of this policy.</p>	<p>The Trustee is satisfied that it is following this policy in full.</p>
<p>Realisation of investments The Trustee recognises that assets may need to be realised to meet Scheme obligations and will ensure that an appropriate amount of readily realisable assets are held at all times, and this will be part of the assessment for including new investments within the strategy.</p>	<p>The Trustee maintains a proportion of its investments in sufficiently liquid investments and investments which distribute income in order to meet benefit payments as required.</p>	<p>The Trustee is satisfied that it is following this policy in full.</p>
<p>ESG The Trustee's policy is to delegate the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's Investment Managers.</p>	<p>The Investment Managers have responsibility for the ongoing monitoring and management of ESG risks and those related to climate change.</p>	<p>The Trustee is satisfied that it followed the policy over the period.</p>
<p>Non-financial matters The Trustee's policy is to act in the best interests of the beneficiaries of the Scheme when selecting, retaining or realising investments. It has neither sought nor taken into account the beneficiaries' views on risks including (but not limited to) ethical, social and environmental issues.</p>	<p>The Trustee seeks professional advice in relation to the management of the assets of the Scheme to ensure that the decisions are made in the best interests of Scheme beneficiaries.</p>	<p>The Trustee is satisfied that they followed the policy to a sufficient extent under the existing investment arrangements.</p>
<p>Voting rights The Trustee has delegated responsibility for the exercise of rights attached to the Scheme's investments to the Investment Managers.</p>	<p>The Trustee is satisfied that the Investment Managers' policies on corporate governance and exercise of voting rights, reflect the key principles.</p>	<p>The Trustee is satisfied that it is following this policy in full.</p>

IMPLEMENTATION STATEMENT (continued)



<p>Stewardship/relationship with managers</p> <p>The Trustee encourages Investment Managers to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.</p>	<p>The Investment Managers are expected to vote in accordance with their internal voting policies.</p>	<p>The Trustee is satisfied that it is following this policy in full.</p>
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Voting

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

The main asset class where the Investment Managers will have voting rights is equities. Investments in equities form part of the strategy for the multi-asset funds in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the Investment Manager organisations for the relevant funds is shown below.

<p>Voting Information</p>
<p>Legal and General Investment Management Multi-Asset Fund (fully disinvested from the Fund in November 2022)</p>
<p>The manager voted on 99.83% of resolutions of which they were eligible out of 100,094 eligible votes.</p>
<p>Investment Manager Client Consultation Policy on Voting</p>
<p>LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all LGIM clients. Their voting policies are reviewed annually and take into account feedback from their clients.</p>
<p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.</p>
<p>Investment Manager Process to determine how to Vote</p>
<p>All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.</p>
<p>How does this manager determine what constitutes a 'Significant' Vote?</p>
<p>As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure LGIM continues to help their clients in fulfilling their reporting obligations. LGIM also believes public transparency of their vote activity is critical for their clients and interested parties to hold LGIM to account.</p>

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For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what LGIM deemed were 'material votes'. LGIM is evolving their approach in line with the new regulation and is committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM notes a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provides information on significant votes in the format of detailed case studies in LGIM's quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provides the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Does the manager utilise a Proxy Voting System? If so, please detail

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and LGIM does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions

To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to LGIM's voting judgement. LGIM has strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Royal Dutch Shell Plc	Resolution 20 - Approve the Shell Energy Transition Progress Update	LGIM voted against the resolution.	79.9% of shareholders supported the resolution.
Union Pacific Corporation	Resolution 1e - Elect Director Lance M. Fritz	LGIM voted against the resolution.	91.7 of shareholders supported the resolution.
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
Prologis, Inc.	Resolution 1a - Elect Director Hamid R. Moghadam	LGIM voted against the resolution.	92.9% of shareholders supported the resolution.

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IMPLEMENTATION STATEMENT (continued)



<p>LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.</p>			
NextEra Energy, Inc.	Resolution 1j - Elect Director Rudy E. Schupp	LGIM voted against the resolution.	85.9% of shareholders supported the resolution.
BP Plc	Resolution 3 - Approve Net Zero - From Ambition to Action Report	LGIM voted for the resolution.	88.5% of shareholders supported the resolution.
<p>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. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>			

Adopted by the Trustee of the Hill & Smith 2016 Pension Scheme

IMPLEMENTATION STATEMENT (continued)



Implementation Statement

Hill & Smith 2016 Pension Scheme

Scheme year ending 5 April 2023

Purpose of this statement

This Implementation Statement has been produced by the Trustee of the Hill & Smith 2016 Pension Scheme (“the Scheme”) to set out the following information over the year to 5 April 2023:

- How the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the year;
- The voting activity undertaken by the Scheme’s investment manager on behalf of the Trustee over the year, including information regarding the most significant votes;
- A summary of any changes to the Statement of Investment Principles (SIP) over the period; and
- A description of how the Trustee’s policies, included in their SIP, have been followed over the year.

The voting behaviour is not given over the Scheme year end to 5 April 2023 because the investment manager only reports on this data quarterly. We have therefore given the information over the year to 31 March 2023.

How voting and engagement policies have been followed

Over the Scheme year, the Scheme’s sole investment manager was Legal & General Investment Management Limited (“LGIM”). LGIM is a signatory to the UK Stewardship Code. The Trustee regularly considered the performance of the funds held with the investment manager and any significant developments that arose.

The Scheme invested entirely in pooled funds, and as such the Trustee delegated responsibility for carrying out voting and engagement activities to the Scheme’s fund manager.

The Trustee received voting and engagement information and policies from the asset manager, and reviewed that information to ensure alignment with the Trustee’s policies. This exercise was undertaken in conjunction with the production of this statement.

Having reviewed the above in accordance with its policies, the Trustee is comfortable that the actions of the fund manager over the period were in alignment with the Scheme’s stewardship policies. The Trustee believes that the voting and engagement activities undertaken by the asset manager on their behalf have been in the members’ best interests.

How the SIP has been followed over the year

In the Trustee’s opinion, the Statement of Investment Principles was followed over the year in the following ways:

- The Scheme offered a suitable default strategy for members of the Scheme. For members in the pre-retirement stage this was the Lifestyle Fund.

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- The Scheme offered a range of self-select fund options which gave members a reasonable choice from which to select, and allowed members to take more or less risk. The Trustee monitored the investment allocation to each of the fund options annually.
- The Trustee had reviewed the strategy and performance of the default strategy during the previous Scheme year, with help from its adviser, XPS Pensions Group. The changes proposed in the review were not implemented, as the Trustee decided to widen the scope and conduct a full review of the DC Section of the Scheme, ultimately leading to the DC section moving to the L&G Master Trust in March 2023.
- The Statement of Investment Principles was not updated during the Scheme year.

Stewardship policy

The Trustee's Statement of Investment Principles (SIP) describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in July 2021 and has been made available online here:

<https://hsgroup.com/media/0gqpggh1z/hill-and-smith-2016-ps-sip-2021-07.pdf>

The Trustee delegated the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities to the Scheme's investment manager.

The Trustee has decided not to set stewardship priorities for the Scheme for the following reasons:

- The Scheme transitioned to the L&G Master Trust in March 2023.
- Prior to this transition, the Scheme solely invested through pooled investment vehicles where the Scheme's assets only represented a small proportion of the capital invested in the funds. The Trustees understood that they were constrained by the policies of the manager. The Trustees did, where relevant, require the investment manager to take ESG factors and climate change risks into consideration when making decisions.

**Prepared by the Trustee of the Hill & Smith 2016 Pension Scheme
September 2023**

IMPLEMENTATION STATEMENT (continued)



Voting Data

This section provides a summary of the voting activity undertaken by the investment manager within the Scheme's Portfolio on behalf of the Trustee over the year to 31 March 2023.

The Scheme's cash and gilts funds held over the period have no voting rights given the nature of the mandates, and so are not included in this section.

Manager	Legal & General Investment Management	
Fund name	Global Equity (70:30) Index Fund	Multi-asset Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
No. of eligible meetings	7,319	9,818
No. of eligible votes	76,499	100,094
% of resolutions voted	100%	99%
% of resolutions abstained	1%	<1%
% of resolutions voted with management¹	82%	78%
% of resolutions voted against management <small>Error! Bookmark not defined.</small>	18%	22%
% of resolutions voted against proxy voter recommendation	10%	12%

Proxy voting

A proxy advisor is a company that advises how owners of shares could vote on resolutions at shareholder meetings, and where applicable the proxy advisor can also vote on behalf of the owners of the shares.

LGIM employ the use of Institutional Shareholder Services (ISS) as their proxy voting advisor to electronically vote on all clients' shares. All voting decisions are made by LGIM, and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions. LGIM review their custom voting policy with ISS annually and take into account feedback from their investors.

¹ As a percentage of the total number of resolutions voted on. Numbers may not sum to 100% due to rounding.

IMPLEMENTATION STATEMENT (continued)



Significant votes

The Trustee did not communicate voting preferences to their investment manager over the period, as the Trustee did not have a specific voting policy.

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote, so for this Implementation Statement the Trustee asked the investment manager to determine what they believed to be a "significant vote".

Data on significant votes was requested from LGIM for all the funds in which the Scheme invested over the period that invested in equities over the year to 31 March 2023. The Trustee then selected the most significant votes from the provided list, based on the size of the fund's holding in each company at the time of the vote.

In determining significant votes, LGIM's investment stewardship team considers the criteria provided by the Pensions & Lifetime Savings Association ("PLSA"). This guidance dictates significant votes include, but are not limited to:

- A high-profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote, directly communicated by clients to the investment stewardship team at LGIM's Stakeholder roundtable event, or where LGIM notes there has been a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- A vote linked to an LGIM engagement campaign.

We have summarised three of the votes per fund which LGIM considered to be significant and which the Trustee agrees are significant based upon the above criteria. However, if you would like to review further significant votes this information can be found online:

<https://www.lgimblog.com/categories/esg-and-long-term-themes/lgims-voting-intentions-for-2023/>

LGIM, Global Equity (70:30) Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of vote	24-May-2022	12-May-2022	8-Apr-2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.8%	2.2%	1.9%
Summary of the resolution	Approve the Shell Energy Transition Progress Update	Approve Net Zero- From Ambition to Action Report	Approve Climate Action Plan
How the manager voted	Against	For	Against
If the vote was against management, did the manager communicate their	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is their policy not to engage with their investee		

HILL & SMITH 2016 PENSION SCHEME

IMPLEMENTATION STATEMENT (continued)



	Vote 1	Vote 2	Vote 3
intent to the company ahead of the vote?	companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM voted against the proposal, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the demonstrated commitment towards a low carbon pathway. LGIM remains concerned about the disclosed plans for oil and gas production, and would benefit from further disclosure.	LGIM voted for the proposal, though not without reservations. LGIM expects companies to set a credible transition strategy. In LGIM's view, the company has taken significant steps to progress towards a net zero pathway. LGIM remain committed to engagements with the company on its net zero strategy and implementation.	While LGIM acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
Outcome of the vote	79.9% of shareholders supported the resolution.	88.5% of shareholders supported the resolution.	84.3% of shareholders supported the resolution.
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.		
Criteria on which the vote is considered "significant"	These votes are significant as they are an escalation of LGIM's climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.		

LGIM, Multi-Asset Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	Prologis, Inc	Union Pacific Corporation
Date of vote	24-May-2022	4-May-2022	5-Dec-2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.55%	0.42%	0.34%
Summary of the resolution	Approve the Shell Energy Transition Progress Update	Elect Director Hamid R. Moghadam	Elect Director Lance M. Fritz
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	LGIM voted against the proposal, though not without reservations. LGIM acknowledge the substantial progress made by the company	LGIM voted against the proposal because they expect companies to separate the roles of Chair and CEO due to risk management and	LGIM voted against the proposal because they expect companies not to recombine the roles of Board Chair and

HILL & SMITH 2016 PENSION SCHEME

IMPLEMENTATION STATEMENT (continued)



	Vote 1	Vote 2	Vote 3
	in strengthening its operational emissions reduction targets by 2030, as well as the demonstrated commitment towards a low carbon pathway. LGIM remains concerned about the disclosed plans for oil and gas production, and would benefit from further disclosure.	oversight. LGIM also expect a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure and background.	CEO without prior shareholder approval.
Outcome of the vote	79.9% of shareholders supported the resolution.	92.9% of shareholders supported the resolution.	91.7% of shareholders supported the resolution.
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.		
Criteria on which the vote is considered "significant"	This vote is significant as it is an escalation of LGIM's climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	This vote is significant as it is in application of an escalation of LGIM's vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	This vote is significant as it is in application of an escalation of LGIM's vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

IMPLEMENTATION STATEMENT (continued)



Engagement Data

The investment manager may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by the manager during the year for the relevant funds.

The Scheme's gilt and cash funds held over the period are not included as the nature of the mandates means there is no relevant engagement data for these funds.

Manager	Legal & General Investment Management	
Fund name	Global Equity (70:30) Index Fund	Multi-Asset Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	839	981
Number of entities engaged on behalf of the holdings in this fund in the year	548	689
Number of engagements undertaken at a firm level in the year	1,519	1,519

Source: LGIM

Examples of engagement activity undertaken over the year to 5 April 2023

Legal & General Investment Management

1. Climate Impact Pledge- Environmental

LGIM expanded their dedicated climate engagement programme, by strengthening their climate expectations and red lines for investee companies. They have set the goal of accelerating progress towards net zero greenhouse gas emissions globally. They expanded coverage from 15 sectors in 2020 to 20 sectors in 2022. They also reviewed their net zero guides and strengthened expectations to reflect latest climate science and industry standards.

2. Toyota- Governance

LGIM followed up their first engagement with Toyota in September 2021 in early 2022 to discuss climate change, board composition and capital allocation. They expressed concerns around the company's cross shareholdings, the lack of supervisory function at the board level and the company's climate transition strategy.

Toyota have improved their transparency by publishing their views on climate public policy in 2021 but given the recent controversy at one of Toyota's group companies (Hino), LGIM will continue to engage with the company on corporate governance issues and push for better practices.

3. Glencore- Environmental

In 2022, LGIM pledged to increase pressure on companies that fail to put what LGIM consider to be suitably ambitious and credible transition plans to a shareholder vote, by filing shareholder resolutions. LGIM engaged with Glencore due to ongoing concerns in this regard. They co-filed a shareholder resolution at Glencore's 2023

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AGM, requesting that the company disclose how its thermal coal production is aligned with the Paris Agreement objective of limiting the increase in global temperature to 1.5°C.

In the past LGIM have found that filing proposals has been effective in bringing about escalation. LGIM will continue to monitor and engage with Glencore regarding the company's trajectory towards net zero.