Implementation Statement, covering the Plan Year from 21 March 2022 to 20 March 2023

The Trustees of the Panasonic UK Pension Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed its Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustees have had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on the Plan's latest SIP which was in place at the end of the Plan Year. There were two SIPs during the Plan year: SIP dated May 2021 (in place between 21 March 2022 and 28 February 2023) and SIP dated March 2023 (in place between 1 March 2023 and 20 March 2023). This Statement should be read in conjunction with the latest SIP which can be found here: Panasonic-SIP-with-Addendum-2023-03.pdf .

1. Introduction

The SIP was reviewed during the Plan Year on 24 November 2022 and updated on 1 March 2023 to reflect the following:

- a more concise SIP format so that the document now largely only contains required content, with optional content (such as which managers are used) moved to a separate "SIP addendum";
- the new de-risked investment strategy and resulting updates to the investment manager descriptions; and
- more detail on the DC/AVC arrangements.

Further detail and the reasons for these changes are set out in Sections 3 and 5. As part of these SIP updates, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

Progress against the Plan's technical provisions liabilities and the long-term journey plan is reviewed as part of the quarterly performance monitoring reports. The Trustees are also able to view the progress on an ongoing basis using LCP Visualise online (a tool provided by the Plan's investment adviser which show key metrics and information on the Plan including expected return and risks of the investment strategy).

As at 20 March 2023 the Plan was 107% funded on a technical provisions basis and had a technical provisions surplus of c£16m. In addition, the Trustees remain comfortable that the level of risk and expected return remains appropriate.

As part of the performance and strategy review of the DC default arrangements in August 2021 the Trustees considered the DC Section membership demographics and AVC arrangements.

Based on the outcome of this analysis, the Trustees concluded that the default arrangement has been designed to be in the best interests of the majority of the DC Section members and reflects the demographics of those members.

The Trustees also provide a range of investment options to the Plan's AVC members which they believe are suitable for this purpose and enable appropriate diversification. The Trustees have made available lifestyle strategies and a self-select fund range to members covering all major asset classes as set out in the SIP as follows:

“We have also selected ReAssure and Utmost Life and Pensions as the Plan’s money purchase AVC providers. Both ReAssure and Utmost have lifestyle strategies as the default arrangements (i.e. they automatically combine investments in proportions that vary according to the time to retirement age). The defaults initially invest to target a high expected return and then gradually switch to investments with a lower expected return and risk as members get close to retirement.”

The next formal review of the DC arrangement and AVCs will take place in 2024.

3. Investment strategy

The Trustees, with the help of their advisers and in consultation with the sponsoring employer, reviewed the investment strategy in September 2022 and concluded that they should de-risk the strategy. In particular, the Trustees switched their strategic allocation to defensive assets (excluding buy-ins) from 38% to 75% to reduce risk within the investment strategy and better align the Plan’s investments with potential insurer buy-in pricing. The implementation of this new strategy (including the appointment of a new buy and maintain corporate bond fund) was ongoing as at 20 March 2023.

The de-risking steps carried out in this Plan Year were as follows:

- There was an increase in the Plan’s allocation to LDI over the period, both due to the Trustees increasing the strategic target hedging levels twice (first to 100% of liabilities on a technical provisions basis, and then later to 100% of asset exposure on a technical provisions basis), and a reduction in the levels of leverage used in the Plan’s LDI funds meaning that more capital was required to be held in these funds to maintain the Plan’s target hedging levels.

- There was a reduction in the Plan’s allocation to the LGIM passive equity index funds, and the Schroders Diversified Growth Fund. In addition, the Trustees fully disinvested from the LGIM Managed Property Fund, the LGIM World Emerging Markets Equity Index Fund, and the two LGIM Emerging Markets Passive Government Bond Funds. These full and partial disinvestments corresponded to a material increase in the Plan’s allocation to the Insight Liquidity Fund (with the longer-term intention of redeploying this capital into corporate bonds in due course).

As part of this review, the Trustees made sure the Plan's assets were adequately and appropriately diversified between different asset classes.

The Trustees monitored the asset allocation on a quarterly basis and compared this to the strategic asset allocation.

There were no departures from the SIP as at the year end. However the investment strategy de-risking changes that occurred during the year were agreed and implemented before the SIP was updated in March 2023. As such there were some temporary departures from the SIP.

The actual asset allocation did not deviate materially from the agreed strategy over the Plan Year and therefore the Trustees undertook no rebalancing action. There were a number of LDI de-leveraging events during the year which resulted in moving money from the cash allocation into the LDI funds. In the first part of the Plan Year, disinvestments to meet the Plan’s cash flow requirements were taken from the Plan’s growth assets to move the Plan closer to the strategic allocation. From December 2022 onwards, disinvestments to meet cash flow requirements were taken monthly from growth and matching allocations to reflect the de-risked asset allocation.

The Trustees reviewed the value for money of the DC and AVC arrangements during the Plan Year as part of producing the annual DC Chair’s Statement, and concluded they were comfortable with the arrangements and fees.

4. Considerations in setting the investment arrangements

When the Trustees reviewed the DB, DC and AVC investment strategies in September 2022 they considered the investment risks set out in Section 4.1 of this Statement. They also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustees also considered the need for diversification and specific circumstances of the DB Plan (e.g. the investment objectives, funding position, level of contributions and strength of the sponsor covenant.

The Trustees last reviewed their investment beliefs in December 2022. The Trustees invest for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustees therefore seek to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant changes to the investment process or key staff for any of the funds the Plan invests in, or any material changes in the level of diversification in the funds.

The Trustees monitor the performance of the Plan's investment managers on a six-monthly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the six months, one year and longer term. Performance is considered in the context of the manager's benchmark and objectives. The Trustees also monitor their managers' responsible investment capabilities using scores provided by its investment adviser.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustees maintain a risk register and this is discussed at Trustee meetings.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustees by the Plan's investment managers. These include the risk of inadequate returns, risk from lack of diversification, credit risk, equity risk, currency risk, interest rate and inflation risk, investment manager risk, illiquidity/marketability risk, counterparty risk, collateral adequacy risk and ESG (including climate) risks. The Trustees' implementation of their policy for these risks during the year is summarised below.

With regard to the risk of inadequate returns on the DB Section, as at 20 March 2023 the Plan was more than fully funded on a technical provisions basis. The expected return of the assets as at the same date was gilts+1.0% pa. Therefore, the expected return on the Plan's assets was expected to be sufficient to produce the return needed over the long-term.

With regard to the risk of inadequate returns on the DC Section, the arrangement with Phoenix Life is a with-profits policy which provides members with a guaranteed minimum value at retirement. In addition, the underlying investment strategy makes use of equities, which are expected to provide positive returns above inflation over the long term.

The Plan's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the Plan Year the Plan's hedging levels were broadly in line with the target levels. During the gilt market volatility of September-October 2022, the Plan's hedging was broadly maintained at the intended levels throughout.

With regard to collateral adequacy risk, the DB Section holds investments in the Insight Liquidity Fund and Insight Short Dated Buy & Maintain Fund alongside the LDI portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. The Trustees aim to hold a minimum amount of collateral against levered LDI holdings equal to a "Market Stress Buffer" of 250bps plus an Operational Buffer i.e. c£25m in these liquid assets. As at 31 March 2023, the Plan held more than enough liquid assets to meet the next capital call on the LDI funds.

Together, the investment and non-investment risks give rise generally to funding risk. During the year, the Trustees monitored the funding position on a quarterly basis at Trustees' meetings, and the Trustees have the ability to monitor this daily on LCP Visualise.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

The six-monthly reports reviewed during the year showed that all managers have produced performance broadly in line with expectations over the long-term.

[1] The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

5. Implementation of the investment arrangements

In their September 2022 strategy review, the Trustees decided to appoint a new buy and maintain credit mandate. The Trustees subsequently appointed Insight to manage this mandate. They also fully disinvested from the LGIM Managed Property Fund, the LGIM World Emerging Markets Equity Index Fund, and the two LGIM Emerging Markets Passive Government Bond Funds. These full and partial disinvestments corresponded to a material increase in the Plan's allocation to the Insight Liquidity Fund (with the longer-term intention of redeploying this capital into corporate bonds).

The Trustees evaluate manager performance over both shorter and longer periods, encourage managers to improve practices and consider alternative arrangements where managers are not meeting performance objectives. Section 8 provides more detail on the activities carried out over the year.

The Trustees undertook a "value for members" assessment in September 2022 for the Plan Year to 20 March 2023 as part of the DC Chair's Statement, which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against Plans with similar sizes of mandates.

Overall, the Trustees believe the investment managers provide reasonable value for money.

6. Realisation of investments

The Trustees review the Plan's net current and future cashflow requirements on a regular basis. The Trustees' policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

Over the Plan Year, the Trustees have used cashflows to help rebalance the Plan's assets towards the strategic asset allocation. One significant cashflow into the Plan over the Plan Year was the deficit contribution of £6.67m that was received on 22 April 2022. This, along with £0.7m of excess cash from the Trustee bank account (which had accumulated due to outgoings being less than income over time), and c£1.73m from the Short Dated Buy and Maintain Bond fund, was used to meet a de-leveraging capital call from the Plan's LDI portfolio.

The Trustees receive income from LGIM and Insight to meet pensioner payments. From LGIM, the Plan takes both dividend income and monthly disinvestments from developed equities and listed infrastructure. From Insight, the Trustees take a monthly disinvestment from the Insight Liquidity Fund (this process with Insight was set up in November 2022 following the de-risking of the investment strategy).

For the DC Section, it is the Trustees' policy to invest in a fund that offers daily dealing to enable members to readily realise and change their investments.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

In May 2022, the Trustees reviewed LCP's responsible investment (RI) scores for the Plan's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2022.

The Trustees were satisfied with the results of the review and no further action was taken.

Most of the Plan's investment managers are signatories to the UK Stewardship Code and Net Zero Asset Managers initiative (NZAMI).

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

8. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are*:*

Legal & General Investment Management:

All decisions are made by LGIM's Investment Stewardship team and in accordance with its 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. LGIM believes that this ensures its 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.

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 it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its 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 it receives from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with LGIM's position on ESG, it has 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 it believes 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 its 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 LGIM to apply a qualitative overlay to its voting judgement. It has strict monitoring controls to ensure its votes are fully and effectively executed by its service provider and in accordance with its voting policies. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

Schroders:

As active owners, Schroders votes on all resolutions at all AGMs/EGMs globally unless they are restricted from doing so (e.g. as a result of share blocking or where market practices make voting very onerous or expensive). They aim to take a consistent approach to voting globally, subject to regulatory restrictions, in line with their published ESG policy.

Corporate Governance is integrated into the overall investment process and the Schroders team works in collaboration with their analysts and portfolio managers to seek to ensure their voting rights are used to enhance and protect the long-term interests and value of their clients' investments. Schroders receives both ISS research and Custom guidelines for each event, with only a few resolutions referred to Schroders for a final decision. Schroders complements this with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. They seek to align their approach to voting with their wider active ownership priorities. This can include voting against the board recommendations; for example, by holding directors to account on ESG topics, and supporting shareholder proposals, which are becoming increasingly frequent and important levers for change. Schroders will oppose management if they believe that doing so is in the best interests of shareholders and their clients.

In applying the policy, Schroders considers a range of factors, including the circumstances of each company, performance, governance, strategy and personnel. They may also take advice from third parties, including their provider of voting services (at present ISS). The overriding principle governing their voting is to act in the best interests of their clients.

9. Description of voting behaviour during the Plan Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to its investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year. However, the Trustees monitor managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustees' expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- LGIM passive equity funds
- LGIM Infrastructure Equity MFG Fund
- Schroders Diversified Growth Fund

We have not included any AVC funds on materiality grounds.

The Trustees have sought to obtain the relevant voting data for Sections 9.2 and 9.3, from all the investment managers listed above, but were unable to include voting data for Phoenix, the DC provider. The Trustees will continue to work with their advisers and investment managers with the aim of providing this voting information in future implementation statements.

In addition to the above, the Trustees contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. None of the other funds that the Plan invested in over the Plan Year held any assets with voting opportunities.

9.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which its managers have in place. The Trustees reviewed these policies in August 2022, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustees' views.

9.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the Plan Year is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6	Fund 7	Fund 8
Manager name	LGIM	LGIM	LGIM	LGIM	LGIM	LGIM	LGIM	Schroders
Fund name	UK Equity Index Fund	North America Equity Index Fund	Europe (ex UK) Equity Index Fund	Japan Equity Index Fund	Asia Pacific (ex Japan) Developed Equity Index Fund	World Emerging Markets Equity Index Fund	Infrastructure Equity MFG Fund	Diversified Growth Fund
Total size of fund at 31/03/2023	£13.9bn	£22.2bn	£7.8bn	£4.1bn	£3.2bn	£4.4bn	£1.3bn	
Value of Plan assets at end of the Plan Year (£ / % of total assets)	£3.2m	£4.8m	£4.9m	£1.6bn	£1.6m	£0	£6.8m	£16.1m
Number of equity holdings at 31/03/2023	541	624	744	841	530	1,679	87	1,059
Number of meetings eligible to vote	733	676	618	505	503	4,231	86	1,270
Number of resolutions eligible to vote	10,870	8,543	10,391	6,267	3,590	36,506	1,073	15,662
% of resolutions voted	99.9%	99.4%	99.9%	100.0%	100.0%	99.9%	100.0%	95%
Of the resolutions on which voted, % voted with management	94.5%	65.4%	81.0%	88.8%	70.8%	79.5%	76.1%	89%
Of the resolutions on which voted, % voted against management	5.5%	34.6%	18.5%	11.3%	29.2%	18.4%	23.9%	10%

Of the resolutions on which voted, % abstained from voting	0.0%	0.1%	0.5%	0.0%	0.0%	2.1%	0.0%	0%
Of the meetings in which the manager voted, % with at least one vote against management	37.9%	97.2%	79.1%	71.5%	74.4%	53.9%	82.6%	51%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.2%	26.6%	9.7%	9.2%	17.9%	6.8%	19.2%	2%

Figures may not sum to 100% due to rounding.

Apart from the Value of Plan assets at end of Plan Year, the information in this table is over the year to 31 March 2023 due to data availability from the investment managers.

9.3 Most significant votes over the Plan Year

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have retrospectively created a shortlist of most significant votes by requesting each manager provide a longlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[2] for creating this shortlist.

The Trustees has interpreted "significant votes" to mean those that:

- align with the Trustees' stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; and/or
- the Plan or the sponsoring company may have a particular interest in.

The Trustees have reported on one of these significant vote per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustees.

[2] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

Legal & General Investment Management

UK Equity Index Fund

- **Royal Dutch Shell Plc , 24/05/2022.**

  Vote cast: Against resolution.

  Outcome of the vote: 0.80% voted for.

  Management recommendation: Against resolution.

  Summary of resolution: Approve the Shell Energy Transition Progress Update

  LGIM's rationale for the voting decision: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

  Approximate size of the mandate's holding at the date of the vote: 6.7%

  The reason this vote is considered to be "most significant": LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. The vote is also relevant to the Trustees' stated stewardship priority of climate change.

  Outcome and next steps: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

North America Equity Index Fund

- **Amazon, 25/05/2022.**

  Vote cast: Against resolution.

  Outcome of the vote: 93.3% voted for.

  Management recommendation: For resolution.

  Summary of resolution: Elect Director Daniel P. Huttenlocher.

  LGIM's rationale for the voting decision: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

  Approximate size of the mandate's holding at the date of the vote: 2.8%.

  The reason this vote is considered to be "most significant": LGIM pre-declared its vote intention for this resolution, demonstrating its significance. The vote is also relevant to the Trustees' stated stewardship priority of business ethics.

  Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

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

Europe (ex UK) Equity Index Fund

- **LVMH Moet Hennessy Louis Vuitton SE, 21/04/2022.**

  Vote cast: Against resolution.

  Outcome of the vote: 92% voted for.

  Management recommendation: For resolution.

  Summary of resolution: Re-elect Bernard Arnault as Director.

  LGIM's rationale for the voting decision: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.

  Approximate size of the mandate's holding at the date of the vote: 2.2%

  The reason this vote is considered to be "most significant": LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.

  Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

  Outcome and next steps: LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Japan Equity Index Fund

- **Shin-Etsu Chemical Co., Ltd., 29/06/2022.**

  Vote cast: Against resolution.

  Outcome of the vote: Not disclosed.

  Management recommendation: For resolution.

  Summary of resolution: Elect Director Kanagawa, Chihiro.

  LGIM's rationale for the voting decision: A vote against is applied due to the lack of meaningful diversity on the board. Secondly, the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. In addition, a vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors.

  Approximate size of the mandate's holding at the date of the vote: 1.5%

  The reason this vote is considered to be "most significant": LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manages on their behalf. The vote is also relevant to the Trustees' stated stewardship priority of diversity, equity and inclusion.

  Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

Outcome and next steps: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Asia Pacific (ex Japan) Developed Equity Index Fund

- **Rio Tinto Limited, 05/05/2022.**

  Vote cast: Against resolution.

  Outcome of the vote: 84.3% voted for.

  Management recommendation: For resolution.

  Summary of resolution: Approve Climate Action Plan.

  LGIM's rationale for the voting decision: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we 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.

  Approximate size of the mandate's holding at the date of the vote: 0.95%.

  The reason this vote is considered to be "most significant": LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. The vote is also relevant to the Trustees' stated stewardship priority of climate change.

  Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

  Outcome and next steps: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

World Emerging Markets Equity Index Fund

- **China Construction Bank Corporation, 23/06/2022.**

  Vote cast: Against resolution.

  Outcome of the vote: 95.5% voted for.

  Management recommendation: For resolution.

  Summary of resolution: Elect Graeme Wheeler as Director.

  LGIM's rationale for the voting decision: A vote against is applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.

  Approximate size of the mandate's holding at the date of the vote: 1.1%

  The reason this vote is considered to be "most significant": LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change. The vote is also relevant to the Trustees' stated stewardship priority of climate change.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

Outcome and next steps: LGIM will continue to engage with the company and monitor progress.

Infrastructure Equity MFG Fund

- **SBA Communications Corporation, 12/05/2022.**

  Vote cast: Against resolution.

  Outcome of the vote: Passed.

  Management recommendation: Against resolution.

  Summary of resolution: Elect Director Jack Langer

  LGIM's rationale for the voting decision: Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. Independence: 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.

  Approximate size of the mandate's holding at the date of the vote: 1.8%.

  The reason this vote is considered to be "most significant": LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change. LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manages on their behalf. The vote is also relevant to the Trustees' stated stewardship priorities of climate change and diversity, equity and inclusion.

  Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.

  Outcome and next steps: LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Schroders

Diversified Growth Fund

Alphabet Inc., 01/06/2022

- **Vote cast:** For resolution.
- **Outcome of the vote**: Did not pass.
- **Management recommendation:** Against resolution.
- **Summary of resolution:** Report on Steps to Improve Racial and Gender Board Diversity.
- **Rationale for the voting decision:** The company does not comprise 33% women and the board does not address global diversity as requested in the proposal. Given the nature of the company's business we believe that the board needs to address its global stakeholders in its response to the proposal.

- **Approximate size of the mandate's holding at the date of the vote:** 0.05%

- **The reason this vote is considered to be "most significant":** This vote is significant because diversity, equity and inclusion is one of the Trustees' stated stewardship priorities.

- **Was the vote communicated to the company ahead of the vote:** No.

- **Outcome and next steps**: Schroders will not take any further action on this resolution.

9.4 Votes in relation to assets other than listed equity

The Plan's asset managers which don't hold listed equities did not have voting opportunities during the Plan Year.