The Roll Group Pension Scheme

Implementation Statement for the year ending 5 April 2023

Introduction

This implementation statement has been prepared by the Trustees of the Roll Group Pension Scheme (the "Scheme"). The Scheme provides benefits calculated on a defined benefit (DB) basis for members in the DB Section and benefits calculated on a defined contribution (DC) basis for members in the DC Section.

The statement:

- sets out how, and the extent to which, the policies set out in the Statement of Investment Principles (SIP) have been followed over the year;
- describes any review of the SIP, including an explanation of any changes made; and
- describes the voting behaviour by, or on behalf of, the Trustees including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustee's policies contained in the SIP are underpinned by their beliefs as investors, which have been developed in consultation with their investment consultant.

Trustees' overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 5 April 2023.

The Trustees have, in its opinion, followed the Scheme's voting and engagement policies during the year, by continuing to delegate to each investment manager, the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

Review of the SIP

The Trustees' policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

The SIP was reviewed following the scheme year end to incorporate changes to the investment arrangements. This review resulted in the Trustees' policy in relation to their arrangements with their investment managers being updated in July 2023.

Policy in relation to the kinds of investments to be held

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding which kinds of investments are to be held.

The Scheme may invest in quoted and unquoted securities of UK and overseas markets including:

- Equities
- Fixed interest and index-linked bonds and/or debt instruments.
- Cash
- Property
- Private equity
- Hedge funds and pooled investment vehicles considered appropriate for tax-exempt registered occupational pension schemes

All investments made during the year have been in line with their Statement of Investment Principles.

Investment strategy and objectives

Investment strategy (DB Section)

The Scheme's investment strategy has been agreed by the Trustees having taken advice from the investment consultant in relation to the suitability of investments and the need to diversify and takes due account of the Scheme's liability profile along with the level of disclosed surplus or deficit.

The agreed investment strategy is based on an analysis of the Scheme's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from growth seeking assets, like equities, are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustees are prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

The Trustees' primary objectives are:

- To provide appropriate security for all beneficiaries.
- To achieve long-term growth sufficient to provide the benefits from the Scheme.
- To achieve an appropriate balance between risk and return with regards to the cost of the Scheme and the security of the benefits.

All investments decisions made during the year have been in line with the above objectives

A review of the investment strategy was carried in June 2022 and October 2022, as a result of the significant improvement in the funding level experienced by the Scheme. As part of this review exercise, the Trustee:

- Considered Value at Risk analysis
- Undertook analysis to explore how assets could be matched against expected cashflows for the Scheme
- Explored different asset classes which they may wish to include within the investment strategy
- Considered the fees and expenses payable and the effect that any changes in investment strategy would have on these

As a result of that review the following changes were made to the asset allocation benchmark:

- the Scheme's equities allocation was removed

- the Scheme' DGF allocation was removed
- the Scheme's allocation to LDI, Gilts and Cash was increased to 59%%
- the Scheme's allocation to short dated credit was reduced to 2%
- the Scheme introduced an allocation of 9% to Buy & Maintain Credit

Policy in relation to the balance between various kinds of investments and the realisation of investments (DB Section)

The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market, where relevant, each manager will maintain a diversified portfolio of securities.

Under normal market conditions the Trustees expect to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress. Dealing spreads and liquidity are monitored periodically by the investment consultant.

During the year, the Trustees received training on Maturing Buy & Maintain as part of the strategy review.

Policy in relation to the expected return on investments (DB Section)

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach / maintain a fully funded status under the agreed assumptions.

During the year, the Trustees considered the return expected from their assets as part of their investment strategy review and compared this against the assumptions set out in the published valuation report.

Investment strategy (DC Section)

The Scheme provides members in the DC Section with a range of funds in which to invest. These aim to allow members to achieve the following:

- maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement;
- protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs; and
- tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

The Trustees also provide a default strategy that has been designed having taken due regard to the membership profile of the Scheme, including consideration of:

- The size of members' retirement savings within the Scheme.
- Members' current level of income and hence their likely expectations for income levels post retirement.
- The fact that members may have other retirement savings invested outside of the Scheme.
- The ways members may choose to use their savings to fund their retirement.

Policy in relation to the balance between various kinds of investments and the realisation of investments (DC Section)

The investment managers maintain a diversified portfolio of stocks or bonds within each of the funds offered to members under the DC Section (both within the default and self-select options).

Under normal market conditions the Trustees expect to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress. Dealing spreads and liquidity are monitored periodically by the investment consultant.

During the year, the Trustees discussed the performance of the asset classes invested in and the attributes of the asset classes that contributed to that.

Policy in relation to the expected return on investments (DC Section)

The default option is expected to provide an appropriate return on members' investments, based on the Trustees' understanding of the membership of the DC Section and having taken into account the risk considerations set out in the SIP.

Risk capacity and risk appetite

Policy in relation to risks (DB Section)

Although the Trustees acknowledge that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustees recognise other contributory risks, including the following. Namely the risk:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- Of the investment managers failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Scheme's Sponsoring Employer to meet its obligations.

The Trustees manage and measure these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustees undertake monitoring of the investment managers' performance against their targets and objectives on a regular basis. The Trustees monitor manager risks through the quarterly investment monitoring reports and cost disclosure documents provided by and discussed with the investment consultant.

Policy in relation to risks (DC Section)

The Trustees have considered risk from a number of perspectives. These are the risk that:

- the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
- investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
- investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,
- the default option is not suitable for members who invest in it, and

- fees and transaction costs reduce the return achieved by members by an inappropriate extent.

The investment strategy for the default option has been chosen with the aim of reducing these risks. The self-select funds and alternative lifestyle strategies available have been chosen to provide members with the flexibility to address these risks for themselves.

To help address these risks, the Trustee also reviews the default option used and the fund range offered at least every three years, taking into account changes to the membership profile, developments within DC markets (including both product development and trends in member behaviour) and changes to legislation.

Stewardship in relation to the Scheme's assets

Policies in relation to investment manager arrangements

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

The Trustees, in conjunction with their investment consultant, have introduced a process to obtain and review the investment holding turnover costs incurred on the pooled funds used by the Scheme on an annual basis.

In addition, the Trustees receive information on any trading costs incurred as part of asset transfer work within either the DB or the DC Section, as and when these occur. The exercise is only undertaken if the expected benefits outweigh the expected costs. The Trustees note that, in respect of the DC Section, trading costs are also incurred in respect of member switches (including within the lifestyle strategy).

The investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the investment managers on behalf of the Trustees, including performance reviews, manager oversight meetings and operational due diligence reviews.

Stewardship of investments

The Trustees have a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustees can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustees, in conjunction with their investment consultant, select their investment managers and choose the specific pooled funds to use in order to meet specific Scheme policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustees have decided not to take non-financial matters into account when considering their policy objectives with respect to the DB Section. However, they have included an Ethical Fund within the DC Section self-select fund options.

Stewardship - monitoring and engagement

The Trustees recognise that the investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustees detailing their voting activity.

The Trustees' also delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustees does not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on each investment manager's websites.

The latest available information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

Engagement	LGIM Global Equity Fixed Weights (50/50) Index Fund – GBP Currency Hedged Fund	LGIM FTSE Developed Core Infrastructure Index Fund	LGIM Global Real Estate Equity Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	466	16	96
Number of engagements over the year	731	23	116

Engagement	LGIM Retirement Income Multi-Asset Fund	LGIM Future World Annuity Aware Fund	M&G Total Return Credit Investment Fund

Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	715	82	10
Number of engagements over the year	1,010	171	11

Engagement	Royal London Asset Management	**TwentyFour Absolute Return Credit Fund Buy & Hold**	**Insight Maturing Buy and Maintain Bond Funds 2021-2025**
Period	01/01/2023-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	n/a	For TwentyFour's investment grade credit funds, they count engagements which are significant discussions on a specific topic. For funds including high yield and ABS they currently also include engagements to gather missing data or challenge data as engagements as within those universes, the data availability through 3rd party databases is still very low.	Philosophically, financial materiality has always been at the core of why Insight have engaged with institutions. A financially material factor is one that is deemed relevant and likely to have a positive or negative impact on the financial value of that investment. It is a core part of Insight's process to engage with issuers on such factors which include, but are not limited to, strategy, capital allocation and competitive positioning. ESG factors can also drive engagement where Insight's analysts believe them to have financial relevance. In this sense they are part of the mosaic of factors that should be considered for effective financial analysis. Increasingly, however, Insight's clients would like them to use theor influence, which is generated by their capital, to go beyond engaging solely on financially material issues and to seek, where possible, to mitigate potential externalities by engendering more sustainable practices. In most circumstances more sustainable behaviours are fully aligned to better long-term risk/return profiles of investments and therefore we also engage on ESG issues where we think we

			can influence improved behaviour, providing it is not detrimental to the return potential of the investment we make. These two rationales drive why Insight engage and lead, broadly, to conducting two types of engagement: 1. Fundamental engagements – focus on financial materiality and business fundamentals. Typically, these engagements may include ESG issues where they are deemed to be relevant to the investment case, but they do not necessarily involve a longer-term, structured programme. 2. ESG engagements – focus on addressing an issuer's performance or impact relating to one or more ESG issues. Typically, such engagements will be longer term, structured around measurable objectives, and may be influenced by our thematic priorities as a firm. Classical financial analysis organically leads to fundamental engagements as analysts seek to gain full understanding of all the risk factors that may impact an investment. However, systematic analysis of ESG factors requires the consideration of additional data and themes which may be outside of an analyst's normal investigative skillset. To help frame the nature of an engagement Insight look to categorise ESG themes to understand if they fall under a standard fundamental engagement process or if they would benefit from a specific ESG engagement.
Number of companies engaged with over the year	185	80	50
Number of engagements over the year	195	87	122

Exercising rights and responsibilities

The Trustees recognise that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustees consider the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by the investment managers (for mandates that contain public equities) is as follows:

Voting behaviour	LGIM Global Equity Fixed Weights (50/50) Index Fund – GBP Currency Hedged Fund	LGIM FTSE Developed Core Infrastructure Index Fund	LGIM Global Real Estate Equity Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Number of meetings eligible to vote at	3,197	144	404
Number of resolutions eligible to vote on	41,099	1,802	4,349
Proportion of votes cast	99.8%	100.0%	99.5%
Proportion of votes for management	81.9%	75.9%	79.9%
Proportion of votes against management	18.0%	24.0%	20.1%
Proportion of resolutions abstained from voting on	0.1%	0.1%	0.1%

Voting behaviour	**LGIM Retirement Income Multi-Asset Fund**
Period	01/04/2022- 31/03/2023
Number of meetings eligible to vote at	10,213
Number of resolutions eligible to vote on	104,764
Proportion of votes cast	99.8%
Proportion of votes for management	78.0%
Proportion of votes against management	21.4%
Proportion of resolutions abstained from voting on	0.7%

Trustees' engagement

The Trustees have undertaken a review of each investment manager's engagement policy including their policies in relation to financially material considerations.

The Trustees have considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

The Trustees have reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustees recognise that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the Engagement Policies for the investment managers and platform provider can be found here:

Investment manager	Engagement Policy (or suitable alternative)
Mobius Life (Investment Platform Provider)	https://mobiuslife.co.uk/documents/ML-Modern-Slavery-Statement.pdf
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
M&G	https://www.mandgplc.com/~/media/Files/M/MandG-Plc/documents/mandg-investments-policies/15-06-20-MandG-Shareholder-Rights-Directive-Engagement-Policy.pdf
RLAM	https://www.rlam.co.uk/institutional-investors/responsible-investment/responsible-investment-at-rlam/
Columbia Threadneedle (formerly BMO)	https://docs.columbiathreadneedle.com/documents/Responsible%20Investment%20-%20Engagement%20policy%20and%20approach.pdf?inline=tru

Information on the most significant votes for each of the funds containing public equities is shown below:

LGIM Global Equity Fixed Weights (50/50) Index Fund – GBP Currency Hedged Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Royal Dutch Shell Plc	BP Plc	Rio Tinto Plc
Date of Vote	2022-05-24	2022-05-12	2022-04-08
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.4	1.5	1.3
Summary of the resolution	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 3 - Approve Net Zero - From Ambition to Action Report	Resolution 17 - Approve Climate Action Plan
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	Voted in line with management	Voted in line with management	LGIM publicly communicates its vote instructions on its website with the 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.
Rationale for the voting decision	Climate change: 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	Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to	Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for

	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.	set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	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.
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 assessed to be "most significant"	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.		

LGIM FTSE Developed Core Infrastructure Index Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Union Pacific Corporation	NextEra Energy, Inc.	American Tower Corporation
Date of Vote	2022-05-12	2022-05-19	2022-05-18
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.1	5.6	4.4
Summary of the resolution	Resolution 1e - Elect Director Lance M. Fritz	Resolution 1j - Elect Director Rudy E. Schupp	Resolution 1f - Elect Director Robert D. Hormats
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the 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.		
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.	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	Diversity: A vote against is applied as the company has an all-male Executive Committee.

		LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	
Outcome of the vote	91.7% of shareholders supported the resolution.	85.9% of shareholders supported the resolution.	98.1% 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 assessed to be "most significant"	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). 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 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

	board chair/CEO roles.		

LGIM Global Real Estate Equity Index Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Prologis, Inc.	Realty Income Corporation	Simon Property Group, Inc.
Date of Vote	2022-05-04	2022-05-17	2022-05-11
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.2	2.1	2.0
Summary of the resolution	Resolution 1a - Elect Director Hamid R. Moghadam	Resolution 1d - Elect Director Reginald H. Gilyard	Resolution 1c - Elect Director Karen N. Horn
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the 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.		
Rationale for the voting decision	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. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an	Diversity: A vote against is applied as the company has an all-male Executive Committee. Board mandates: A vote against is applied as LGIM expects a CEO (or Chair/CEO) or Non-Executive Director not to hold too many external positions to ensure	Diversity: A vote against is applied as the company has an all-male Executive Committee. 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. Average board tenure: A vote

	appropriate mix of independence, relevant skills, experience, tenure, and background.	they can undertake their duties effectively.	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. 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.
Outcome of the vote	92.9% of shareholders supported the resolution.	89.5% of shareholders supported the resolution.	82.1% 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 assessed to be “most significant”	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). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. LGIM also 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). LGIM has a

	distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.		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 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.

LGIM Retirement Income Multi-Asset Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Prologis, Inc.	Royal Dutch Shell Plc	Rio Tinto Plc
Date of Vote	2022-05-04	2022-05-24	2022-04-08
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3	0.2	0.1
Summary of the resolution	Resolution 1a - Elect Director Hamid R. Moghadam	Resolution 20 - Approve the Shell Energy Transition Progress Update	Resolution 17 - Approve Climate Action Plan
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management,	LGIM publicly communicates its vote instructions on its	Voted in line with management.	LGIM publicly communicates its vote instructions on its

did they communicate their intent to the company ahead of the vote	website with the 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.		website with the 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.
Rationale for the voting decision	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. 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.	Climate change: 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.	Climate change: 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.
Outcome of the vote	92.9% of shareholders supported the resolution.	79.9% 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 assessed to be “most significant”	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). 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 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Information on the most significant engagement case studies for LGIM as a company for the funds containing public equities or bonds as at 31 December 2022 (latest available) is shown overleaf:

LGIM - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	ExxonMobil	BP Plc	J Sainsbury Plc
Topic	Environment: Climate change (Climate Impact Pledge)	Environment: Climate change (Climate Impact Pledge)	Social: Income inequality - living wage (diversity, equity and inclusion)
Rationale	As one of the world's largest public oil and gas companies in the world, we believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for significant influence across the industry as a whole, and particularly in the US. At LGIM, we believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under our Climate Impact Pledge, we publish our minimum expectations for companies in 20 climate-critical sectors. We select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in our view are not yet leaders on sustainability; by virtue of their influence, their	As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence our focus on this company for in-depth engagements. As members of the CA100+ we commit to engaging with a certain number of companies on their focus list and on account of our strong relationship with BP, we lead the CA100+ engagements with them. At LGIM, we believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under our Climate Impact Pledge, we publish our minimum expectations for companies in 20 climate-critical sectors. We select roughly 100 companies for 'in-depth' engagement -	Ensuring companies take account of the ‘employee voice’ and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of our stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, our work on income inequality and our expectations of companies regarding the living wage have acquired a new level of urgency. LGIM’s expectations of companies: i) As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business

	improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. Our in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag our minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions). UN SDG 13: Climate action	these companies are influential in their sectors, but in our view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. Our in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag our minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions). UN SDG 13: Climate action	across their supply chains. ii) We expect the company board to challenge decisions to pay employees less than the living wage. iii) We ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees. iv) In the midst of the pandemic, we went a step further by tightening our criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern. With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is one of the largest supermarkets in the UK. Although Sainsbury's is currently paying

			higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited. UN SDG 8: Decent work and economic growth
What the investment manager has done	We have been engaging with Exxon Mobil since 2016 and they have participated willingly in our discussions and meetings. Under our Climate Impact Pledge, we identified a number of initial areas for concerns, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack if integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities. Our regular engagements with Exxon Mobil have focused on our minimum expectations under the Climate Impact Pledge. The improvements made	We have been engaging with BP on climate change or a number of years, during the course of which we have seen many actions taken regarding climate change mitigation. BP has made a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. Our recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate	Sainsbury's has recently come under scrutiny for not paying a real living wage. LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. We joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, we then joined ShareAction in filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer. This escalation succeeded insofar as, in April 2022,

	have not so far been sufficient in our opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with our Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, we placed Exxon Mobil on our Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as we considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, our engagement with the company continues. In terms of further voting activity, in 2022 we supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting our continued wish for the company to take sufficient action on climate change in line with our minimum expectations. Levels of individual typically engaged with include lead independent director,	targets before considering any potential diversification into clean energy. BP has also announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050. We met with BP several times during 2022. In BP's 2022 AGM, we were pleased to be able to support management's 'Net Zero – from ambition to action' report (Resolution 3). Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an increase in capital expenditure to low-carbon growth segments. Levels of director typically engaged with include the chair, the CEO, head of sustainability, and investor relations.	Sainsbury's moved all its London-based employees (inner and outer) to the real living wage. We welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, there are still some who are excluded. This group comprises contracted cleaners and security guards, who fulfil essential functions in helping the business to operate safely. Levels of individual typically engaged with include the Chair, the CEO, and head of investor relations.

	investor relations, director and CFO.		
Outcomes and next steps	Since 2021, we have seen notable improvements from Exxon Mobil regarding our key engagement requests, including disclosure of Sope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, and improved disclosure of lobbying activities. However, there are still key areas where we require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. We are also seeking further transparency on their lobbying activities. The company remains on our divestment list (for relevant funds), but our engagement with them continues.	We will continue engaging with BP on climate change, strategy and related governance topics. Following the company's decision to revise their oil production targets, we met with the company several times in early 2023 to discuss our concerns.	Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. We welcome these actions which demonstrate the value the board places on its workforce. We have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.

No information on the most significant engagement case studies has been provided for the Royal London and M&G.

Information on the most significant engagement case studies for TwentyFour Asset Management LLP as a company for the funds containing public equities or bonds as at 31 March 2023 (latest available) is shown overleaf:

TwentyFour – Firm-level	**Case Study 1**	**Case Study 2**	**Case Study 3**
Name of entity engaged with	Paragon	BHP Group Ltd	Southern Company
Topic	Environment - Climate change	Social - Public health	Environment - Climate change
Rationale	This was an engagement as part of our Carbon Emissions Engagement Policy. Following the UK Government's proposed regulation for buy-let-let properties to have a minimum EPC rating of C, we reached out to understand Paragon (a sponsor of Residential Mortgage Backed Securities) plans to reach this target. We questioned how much of their £150 million green bond has been allocated to new green financing. Finally, our ESG scoring provider Asset4 by Refinitiv scores Paragon very poorly on innovation – while innovation is a more challenging area for the banking sector we questioned their progress on green mortgages and other environmental incentive products. This engagement is aligned with the SDG Climate Action goal.	In Q1 2022 we reached out to the multinational miner, BHP regarding the collapse of the Fundão tailings dam in Brazil in 2015 and their lack of action since. We had concerns that they showed a lack of care of the environment in which they work and the treatment of those affected by their business which does not align with our values. This engagement is aligned with the SDG Good Health & Well Being and Clean water & Sanitation goals.	Southern Company has the highest carbon intensity in our credit portfolios and higher than its European peers, so environmental improvement is very important. We had a call with the firm's investor relations team in Q4 22 to understand its emissions reduction and net zero plans, and its timelines for exiting coal and full Scope 3 emissions disclosure. This engagement is aligned with the SDG Climate Action goal.

What the investment manager has done	In Q2 2022 we spoke to Paragon who are currently in discussion with the UK government on how to meet the challenging EPC target. The lender is unable to force landlords to upgrade their properties, but they are actively communicating with their buy-to-let customers on this issue and encouraging action. With the launch of its green mortgage product, which offers reduced rates to new applicants with a property rated C or above, Paragon is aiming to lower the concentration poorly rated properties in its mortgage portfolio. We learned that some £142m of the £150m green bond proceeds have already been invested in eligible green loans – these are mainly in B rated EPC properties, with A rated EPCs still very rare in the UK. Paragon's progress on innovation is not fairly captured in our current ESG score for the bank and we will look to update this, reflecting its green mortgage offering and the extension of its motor finance policy to cover lending on	In BHP's response, only 96 of the 553 households displaced have been rebuilt and all 42 of the programs identified by the Renova Foundation are behind schedule. They provided insufficient detail on mitigation of future incidents nor actions taken to clean up and compensate for the disaster.	This was a very constructive and honest call with management. Regulation differs between the US and Europe, so while the plan is to exit coal as soon as possible, local commissions have the final say and they have pushed back and actually extended the decommissioning timeline due to the ongoing energy crisis – this is outside the issuer's control. Overall, on coal the desire and the plan is to exit but external factors are hindering this. Southern Company plans to make a more formal net zero commitment in the near future and disclose Scope 3 emissions in 2023. We pushed management to sign up for the Science Based, however since many environmental decisions are out of their control (such as the closure of their coal plants) they are currently unable to sign up to the SBTi's. Management also highlighted that due to the greater consumption of coal due to the energy crisis, carbon intensity is unlikely to change

	battery electric vehicles.		much over the next 18 months.
Outcomes and next steps	This was a useful engagement, and we were relatively pleased with the news on the green bond proceeds. We will continue to monitor Paragon's progress on EPC ratings across its portfolio and the uptake on its green mortgage product, and we will update the issuer's innovation score to reflect new information. The engagement gave us additional comfort in the progress they are making and we remain invested.	The lack of action since the disaster highlights intrinsic social and governance concerns despite a strong raw ESG score. We do not invest.	A relatively satisfactory response and no reason not to invest. Many factors are unfortunately out of management's control but there is a lot of work ahead to catch up with European peers. We will continue to monitor progress.

Information on the most significant engagement case studies for Insight as a company for the funds containing public bonds as at 31 March 2023 is shown below:

Insight - Firm-level	**Case Study 1**	**Case Study 2**	**Case Study 3**
Name of entity engaged with	Equinor	Volkswagen	JP Morgan
Topic	Environment	Social	Environmental and Social
Rationale	As part of a general update with Equinor, we covered two ESG topics. Firstly, its carbons emissions and secondly on its product footprint and guidance for its 2023 energy production mix.	Initial engagement on changes implemented following the Diesel-gate scandal, decarbonisation targets and receive updates on its electric vehicle strategy VW provided an update on the various	JP Morgan (JPM) provides global financial services and retail banking. The US company provides services such as investment banking, treasury and securities services, asset management, private

Additionally, we previously engaged with Equinor after it exceeded a 5% threshold measuring the proportion of its revenues generated from unconventional methods such as Arctic Oil. Breaching this threshold meant that Equinor failed our Buy and Maintain purchase agreement. At our previous engagement, Equinor stated that some of the oilfields labelled as ‘unconventional’ should not qualify for that description given the area in which three of the oilfields are located are ice-free most of the year.

At our most recent engagement, Equinor confirmed it views itself as aligned with a 1.5 degree global warming scenario. It also confirmed it has only one target that is Paris-aligned. In addition, we asked about its group-wide emissions reduction targets. Equinor confirmed it has a 50% group-wide emission reduction target by 2030 for Scope 1 and 2 targets but do not have targets for Scope 3 because these emissions are out of their control. We explained that we

issues related to its Diesel-gate controversy. Overall, the legal process is ongoing, with the Porsche lawsuit continuing. Likewise, a class action lawsuit remains operative in Europe, despite reflective action. In the US, the legal consequences from the scandal are largely finished, but several states continue to push for sanctions. VW have set aside €32bn of provisions, including €30bn of cash spent so far and €2bn for impairments. VW stated that legal costs have amounted to €200m.

VW also provided an update on its plan to change its culture following the scandal. The business has instituted a 10 point strategic plan including ESG. VW is also attempting to improve its relationship with customers. It has also set in place several different surveys to gauge opinion’s on culture in the group. However, Mr Potsch (tainted by Diesel-gate) remains in post as Chairman.

We asked about its internal carbon

banking, card member services, commercial banking, and home finance.

We engaged with JPM as part of Insight’s counterparty engagement process on three separate occasions to provide feedback on the Insight counterpart ESG questionnaire and to understand its decarbonisation approach and its Diversity and Inclusion (D&I) policies in more detail

The engagement is aligned to SDG 5 Gender equality and SDG 10 Reduced inequalities and SDG 13 Climate action

	expect oil and gas companies to set Scope 3 targets, in line with many of Equinor's peers. We asked about the issuer's plans for investments in renewables and it revealed gross capex in renewables between 2021 to 2026 will reach approximately 23 billion. Overall, this remains low, with renewables accounting for only 1% of its energy production, and 0.7GW installed capacity versus its ambition of for 2030 to reach 12-16GW. We also asked about its unconventional oil and gas exposure to obtain an update based on our last conversation. Equinor issuer confirmed that Johan Castberg, an Arctic located oilfield in the Barents Sea, remains on track for 2024 but it is still too early for volume/production guidance. The issuer also confirmed it won't rule out more investments in the Barents Sea as it views it as conventional. Finally, Equinor did not reveal its energy mix plans or any guidance for	footprint and VW stated it has a 100% renewables target (excluding China) by 2025. It doesn't have a specific target for China. Its domestic emissions reduction effort is complicated by the fact that coal remains in use in Germany due to issues surrounding supply security. However, overall coal represents a very small part of the mix. In addition, suppliers are contractually obliged to use green energy production and it had an audit process in Germany to measure the energy consumption of its battery technology. The issuer also indicated it has contractually obliged suppliers in China to use green energy. Finally, VW has committed to electrifying key models across it brands during 2022-2024 and by 2033 VW will cease production in Europe of ICE vehicles for mass market brands. Follow-up engagement on Uyghur Forced Labour allegations in its Urumqi plant in Xinjiang, which is a

		2030 or 2050. It did guide that some projects will come on-stream by 2030 but looking for more opportunities that make sense. This engagement is aligned to SDG 13 Climate Action	50/50 joint venture with SAIC. We attended the investor call with VW's Human Rights Officer following the forced labour allegations from MSCI. We also had a separate call with VW IR regarding this topic. VW stated that MSCI has confirmed there was no forced labour in any of its operations in China. However, MSCI reports the allegations made by some NGOs that some employees in the Urumqi plant might have been transferred from 're-education camps' in the region. VW stated that they are unlikely to cease participation in the Urumqi plant. They first want to send executives to visit the plant and to elaborate a full update on the situation. MSCI will review the red flag if an independent third-party investigation or compliance monitoring agency has concluded (through onsite inspection or an independent audit) that there is no connection to state-sponsored labour-	

		transfer schemes or 'Vocational Education and Training Centres'. This engagement is aligned to numerous SDGs including SDG 3, 8 and 13.	
What the investment manager has done	We have engaged with Equinor on multiple times during the period and begun our ESG discussions with them back in 2020. The meetings have been held on a 121 basis with numerous follow up emails in between. We have met with the capital markets team and IR. Engagements have been led by our energy analyst with the support of the RI Stewardship analysts. All engagement has been on a one-to-one basis.	We engaged with Volkswagen (VW) three times during Q4, initially on the implemented initiatives following the Diesel-gate scandal, to understand its decarbonisation strategy, and then on the company's response to the MSCI ESG controversy on 'allegations of forced labour in its own operations'. Our engagements were held by the Auto analyst and RI Stewardship analyst with the IR team and VW human rights officer. Engagements were both on a 121 basis and group calls.	This was the initial engagement and was with an Executive Director that works within the Centre for Carbon Transition within the group. The meeting was led by our Senior Stewardship Analyst. JPM stated that its decarbonisation approach focuses on its reducing the carbon impact from its banking and financing book, engaging with corporates to identify 'green unicorns' and helping corporates transition to a low carbon world. Meanwhile, JPM's strategy for identifying green unicorns involves lending $2.5 trillion to develop novel technologies that identify long term solutions to advance climate action and sustainable development. During a follow up engagement, JPM outlined in more detail the parameters of its fossil fuel policies, and we discussed the

			areas of weakness. For example, its fossil fuel financing policy only applies to greenfield coal projects and does not commit to a full phase out of coal. On D&I, JPM does not publicly disclose any targets for representation D&I despite having goals. JPM has fairly good D&I gender performance at board level (40%). However, Female representation at executive / senior level is only 29%, which is a significant decrease from mid-level management, where female employees make up 43% of its workforce. JPM only provides ethnic diversity for the US workforce, and disclosure rates are poor in other markets.
Outcomes and next steps	We will continue our separate, more specific engagement with Equinor on its plans for those oilfields deemed 'unconventional' to assess the environment/bio-diversity impact of these projects. Restrictions remain in place as a result of Equinor exceeding the 5% threshold - Excluding the three	We sold VW bonds which were held in our Responsible Horizons fund range. We are continuing to monitor the situation closely and will re-engage on those different topics. We also believe that several areas of improvement are necessary, and we recommend that audits of ethical standards should	Among the counterparties surveyed/assessed JPM's fossil fuel financing polices are some of the weakest. We believe JPM should review and strengthen its fossil fuel policies in reference to IEA (International Energy Agency) Net Zero guidance. Similarly, on its D&I policies, we will

	oilfields suggested to be 'conventional' by Equinor would pushes their controversial revenues score below the threshold, however, given the heightened biodiversity risk in the Arctic, we decided to keep the definition of these oilfields as ‘unconventional’.	occur annually, VW should appoint a new chairman and introduce a renewable energy target in China.	recommend JPM prioritise the provision of more quantitative and data led information. We would welcome greater focus on efforts and initiatives for other diverse groups beyond gender and ethnicity and broadening the application of D&I initiative beyond gender in market outside the US. We continue to use JP Morgan as a Counterparty. Recommendations will be provided to JPM over time and changes will be monitored.