The Roll Group Pension Scheme

Implementation Statement for the year ending 5 April 2024

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 2024.

The Trustees have, in their 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 during the scheme year 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 January 2024, as a result of the improvement in the funding level experienced by the Scheme. As part of this review exercise, the Trustees:

- Considered Value at Risk analysis
- Undertook analysis to explore how assets could be matched against expected liability cashflows of 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 following the end of the Scheme year:

- High Yield Bond and Absolute Credit Fund allocations were removed

- Allocation to Multi-Asset Credit was reduced to 8%
- Allocation to Buy & Maintain Credit was increased to 30%
- Allocation to Liability matching portfolio and Cash was increased to 47% to target the liability hedge ratio to 100% on the Self-Sufficiency basis.
- An allocation of 15% to Asset Backed Securities was introduced.

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 Asset Back Securities as part of the investment 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.

The Trustees seek to appoint managers that have strong stewardship policies and processes 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. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
Legal & General Investment Management	Yes	Yes
M&G	Yes	Yes
RLAM	Yes	Yes
Columbia Threadneedle	Yes	Yes
Insight	Yes	Yes
TwentyFour Asset Management	Yes	Yes

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	01/04/2023-31/03/2024	01/04/2023-31/03/2024	01/04/2023-31/03/2024
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	536	27	100
Number of engagements over the year	830	35	125

Engagement	LGIM Retirement Income Multi-Asset Fund	LGIM Future World Annuity Aware Fund	M&G Total Return Credit Investment Fund
Period	01/04/2023-31/03/2024	01/04/2023-31/03/2024	01/04/2023-31/03/2024
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	1,334	72	9
Number of engagements over the year	1,651	165	11

Engagement	TwentyFour Absolute Return Credit Fund Buy & Hold	Insight Maturing Buy and Maintain Bond Funds 2021-2025
Period	01/04/2023-31/03/2024	01/04/2023-31/03/2024
Engagement definition	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 their 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 their 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 their 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 Insight also engage on ESG issues where they think they can influence improved behaviour, providing it is not detrimental to the return potential of investments. 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	65	29
Number of engagements over the year	70	67

Note: RLAM did not provide engagement data in time for this statement.

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	01/04/2023-31/03/2024	01/04/2023-31/03/2024	01/04/2023-31/03/2024
Number of meetings eligible to vote at	3,035	142	413
Number of resolutions eligible to vote on	39,303	1,855	4,353
Proportion of votes cast	99.8%	100.0%	99.7%
Proportion of votes for management	81.8%	75.4%	78.6%
Proportion of votes against management	18.1%	24.6%	21.4%
Proportion of resolutions abstained from voting on	0.1%	0.0%	0.0%

Note: Figures may not sum exactly due to rounding.

Voting behaviour	LGIM Retirement Income Multi-Asset Fund
Period	01/04/2023- 31/03/2024
Number of meetings eligible to vote at	9,981
Number of resolutions eligible to vote on	102,982
Proportion of votes cast	99.8%
Proportion of votes for management	77.4%
Proportion of votes against management	22.4%
Proportion of resolutions abstained from voting on	0.2%

Note: Figures may not sum exactly due to rounding.

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.mandg.com/~/media/Files/M/MandG-Plc/documents/mandg-investments-policies/mg-investments-engagement-policy-may-2022.pdf
RLAM	https://www.rlam.com/globalassets/media/literature/reports/stewardship-and-responsible-investment-report.pdf?utm_source=RI+webpage&utm_medium=Website&utm_campaign=Stewardship+Report+2024&utm_term=Download+report+button
Columbia Threadneedle	https://docs.columbiathreadneedle.com/documents/Responsible%20Investment%20-%20Engagement%20policy%20and%20approach.pdf?inline=tru
Insight	https://www.insightinvestment.com/globalassets/documents/responsible-investment/stewardship-code/uk-eu-responsible-stewardship-at-insight-2024-report.pdf
TwentyFour	https://www.twentyfouram.com/regulatory

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	Shell Plc	BP Plc	Glencore Plc
Date of Vote	2023-05-23	2023-04-27	2023-05-26

Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.5	1.9	1.3
Summary of the resolution	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 4 - Re-elect Helge Lund as Director	Resolution 19: Shareholder resolution "Resolution in Respect of the Next Climate Action Transition Plan"
How the fund manager voted	Against (against management recommendation)	Against (against management recommendation)	For (Against Management Recommendation)
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 the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.	LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain	Governance: A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's	In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-

	concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.	filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following our multi-year discussions with the company since 2016 on its approach to the energy transition.
Outcome of the vote	80% (Pass)	N/A	29.2% (Fail)
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is assessed to be "most significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	High Profile Meeting and Engagement: LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate.	Pre-declaration and Engagement: LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the word's largest companies on their strategic management of climate change.

LGIM FTSE Developed Core Infrastructure Index Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	NextEra Energy, Inc.	Union Pacific Corporation	American Tower Corporation
Date of Vote	2023-05-18	2023-05-18	2023-05-24
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.5	5.2	4.1
Summary of the resolution	Resolution 1b - Elect Director Sherry S. Barrat	Resolution 1e - Elect Director Lance M. Fritz	Resolution 1f - Elect Director Robert D. Hormats
How the fund manager voted	Against (against management recommendation)	For (in line with management recommendation)	Against (against management recommendation)
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 the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Independence: A vote against is applied as LGIM expects the Lead Director to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and	Joint Chair/CEO: While LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns, a vote in favour is applied in this situation given the company's commitment	Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least 1 female.

	background. 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.	to separate the Chair and CEO roles in 2024.	
Outcome of the vote	N/A	N/A	98% (Pass)
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	Thematic - Board Leadership: 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).	Thematic - Board Leadership: 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).	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

LGIM Global Real Estate Equity Index Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Prologis, Inc.	Public Storage	Realty Income Corporation
Date of Vote	2023-05-04	2023-05-02	2023-05-23
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	7.4	3.0	2.5

Summary of the resolution	Resolution 1j - Elect Director Jeffrey L. Skelton	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	Resolution 1h - Elect Director Michael D. McKee
How the fund manager voted	Against (against management recommendation)	For (against management recommendation)	Against (against management recommendation)
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 their policy not to engage with their investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Independence: A vote against is applied as LGIM expects the Chair of the Board to have served on the board for no more than 15 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

	the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.		
Outcome of the vote	N/A	34.7% (Fail)	95.1% (Pass)
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is assessed to be "most significant"	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, LGIM's flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/

LGIM Retirement Income Multi-Asset Fund	**Vote 1**	**Vote 2**	**Vote 3**
Company name	Prologis, Inc.	Microsoft Corporation	Apple Inc.
Date of Vote	2023-05-04	2023-12-07	2024-02-28
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3	0.2	0.2
Summary of the resolution	Resolution 1j - Elect Director Jeffrey L. Skelton	Resolution 1.06 - Elect Director Satya Nadella	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy
How the fund manager voted	Against (against management recommendation)	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 the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with their investee companies in the three weeks prior to an AGM as engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be

	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 the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.		providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.
Outcome of the vote	N/A	N/A	Fail
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Thematic - Board Leadership: 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.	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.

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 2023 (latest available) is shown overleaf:

LGIM - Firm-level	**Case Study 1**	**Case Study 2**	**Case Study 3**
Name of entity engaged with	Aegon Ltd	Sainsbury's	Exxon Mobil
Topic	Governance	Social: Income inequality - living wage (diversity, equity and inclusion)	Environment: Climate change (Climate Impact Pledge)
Rationale	Following the disposal of Aegon Netherlands to ASR, Aegon no longer had insurance activities in the Netherlands. This transaction had transformed Aegon into an international insurance and asset management company. Since now over 99.5% of Aegon's insurance businesses are not located in jurisdictions where Solvency II is the governing capital framework, Aegon made the decision to redomicile in Bermuda under the supervision of the Bermuda Supervision Authority (BMA). This required a vote by shareholders at an Extraordinary General Meeting on 30 September. While the business rationale was sound, the main concerns	With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is the second largest supermarket 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. 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	As one of the world's largest public oil and gas companies, LGIM 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, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under their Climate Impact Pledge, LGIM publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's

	with this proposal for LGIM were that the new regulatory framework would adversely impacted shareholders rights, and potentially its capital position. The key issues included: 1) No pre-emptive rights for existing shareholders on the issuance of common shares; (2) No shareholder approval would be required for share buybacks; and (3) No shareholder approval would be required for annual final dividend payments, amongst other issues. Consequently, LGIM decided to engage with Aegon management team ahead of the EGM in order to highlight their concerns on the weakening of shareholder rights under the proposed redomicile and amendments to the Company's Articles of Incorporation. Given concerns amongst investors and third-party service providers, such as ISS, LGIM sought to influence the proposals and push for enhanced shareholders rights ahead of the vote. Additionally, LGIM wanted to better	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. 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 across their Tier 1 and ideally Tier 2, supply chains. LGIM expect the company board to challenge decisions to pay employees less than the living wage. LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees. In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at	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. Their in-depth engagement is focused on helping companies meeting these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM’s minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions). Their Climate Impact Pledge 'red lines' for the oil & gas sector are: - Has the company committed to net-zero operational emissions? - Does the company have time-bound methane reduction/zero flaring targets? - Does the company disclose its climate-

	understand the impact of the new supervisory environment on the business to ensure that it would not adversely impact both creditors and shareholders.	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. UN SDG 1: No poverty and SDG 8: Decent work and economic growth	related lobbying activities, including trade association memberships, and explain the action it will take if these are not aligned with a 1.5°C scenario? UN SDG 13: Climate action
What the investment manager has done	LGIM were in touch with Aegon's Investor Relations team in early September ahead of a planned meeting with the CEO and management team at a roadshow in the US. LGIM noted their initial concerns with some of the proposed changes to the Company's Articles of Incorporation following the redomicile to a lower shareholder rights jurisdiction. This concern was also picked up by the main proxy advisory firms, ISS and Glass Lewis, who recommended negatively in respect of the proposed move. Following engagement on 14 September, Aegon	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. LGIM 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, LGIM then joined ShareAction in co-filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer. This escalation succeeded insofar as, in April	LGIM have been engaging with Exxon Mobil since 2016 and they have, over time, participated willingly in discussions and meetings. Under their Climate Impact Pledge, LGIM identified a number of initial areas for concern, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities. Levels of individual typically engaged with include the Head of Sustainability, Lead Independent Director,

	announced amended proposals on 15 September, that now provided for enhanced shareholder rights to more closely align with provisions previously in place, especially around capital management authorities. LGIM also met with Aegon's CEO on 18 September. Given the importance of the vote on the Company's business performance, but potential negative effects on shareholder and creditor rights, the meeting was attended by the investment stewardship team as well as credit analysts both in London and the US. There was another follow-up meeting with the CEO only two days later, where changes to the proposals were discussed.	2022, Sainsbury's moved all its London-based employees 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, contractors, i.e. cleaners and security guards, operating within Sainsbury's operations were excluded from the uplift. In the previous four years LGIM have held eight company meetings with Sainsburys, with the continued main focus on social inequality, whilst also covering broader topics such as capital management and biodiversity. They met with the CEO as well as the Chairman. In 2023, LGIM led its own campaign on income inequality where they targeted the largest global food retailers. Sainsbury's is one of the 15 companies LGIM are	the Company Secretary and Investors Relations. LGIM's regular engagements with Exxon Mobil have focused on their expectations under the Climate Impact Pledge, as well as several other material issues for the company, including capital allocation and business resiliency. The improvements made have not so far been sufficient in their opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with their Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as they considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related

	targeting. The campaign has as a consequence, a vote against the Chairman if LGIM's minimum requirements are not met by the time of their AGM in 2025.	shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting their continued wish for the company to take sufficient action on climate change in line with our minimum expectations. Further escalating their engagement, LGIMA and CBIS co-filed a shareholder resolution at Exxon's 2023 AGM, requesting the company to disclose the quantitative impact of the IEA NZ scenario on all asset retirement obligations (AROs). The proposal was centred around disclosure and seeking greater insight into the potential costs associated with the decommissioning of Exxon's assets in the event of an accelerated energy transition. LGIM believe this is a fundamental level of information for the company's shareholders, in light of growing investor concerns about asset retirement obligations (AROs) in a carbon constrained future, and that it is financially material information. The

			proposal received over 16% support from shareholders which, although lower than LGIM would have liked, demonstrates an increasing recognition of the importance of this issue for investors.
Outcomes and next steps	With pressure applied on the Company by both investors and proxy advisers, LGIM were able to push for improved shareholder rights and amended terms ahead of the vote taking place at the EGM. Both ISS and Glass Lewis changed their vote recommendations on the proposal upon the announcement on 15 September by the Company of changed terms and commitments, and LGIM felt comfortable to support all resolutions at the EGM. The redomicile of Aegon was overwhelmingly approved by shareholders with 98.7% of shares voted in favour.	Since LGIM co-filed the shareholder resolution in 2022, 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. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM continue to engage with Sainsburys and have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff. While the company may have been in the process of raising salaries, LGIM's campaigned	Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding their key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, improved disclosure of lobbying activities and more recently, the commitment made by the company to join the leading global partnership on methane, OGMP 2.0. However, there are still key areas where LGIM require further improvements, including inclusion of Scope 3 emissions targets, further quantifiable disclosure of business resiliency and asset retirement obligations across

	engagement and shareholder resolution would have fast tracked the end result. It has also made the company aware of how important this topic is to their investors.	relevant scenarios, capital allocation, and improving the level of ambition regarding interim targets. LGIM are also seeking further transparency on their lobbying activities. The company remains on the divestment list (for relevant funds), but engagement with them continues. In terms of next steps, LGIM will continue their direct engagements with the company under their Climate Impact Pledge and separately, to better understand and challenge Exxon on their approach to the energy transition, where financial material issues such as disclosure the potential costs to retire their long-lived assets and decarbonisation levers being some of the key discussion points. LGIM will also be engaging with proxy advisors and fellow investors to better understand their voting rationale.

Information on the most significant engagement case studies for M&G as a company for the funds containing public equities or bonds as at 31 March 2024 (latest available) is shown overleaf:

M&G – Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	AIA GROUP LTD	BRAMBLES FINANCE PLC	DXC TECHNOLOGY CO
Topic	Governance - Board Composition & Effectiveness	Governance - Executive Remuneration	Social - Diversity & Inclusion
Rationale	Encourage insurance company AIA to increase Board diversity.	To ask Australian sustainable logistics business Brambles to more explicitly link remuneration KPIs to sustainability targets, reflecting the company's role as a promoter of, and practitioner in, the circular economy. M&G also encouraged the company to commit to net zero through SBTi - it has a near term SBTi approved 1.5° target but has not yet committed to a net zero target through the initiative. In addition, M&G asked Brambles to consider reporting on specific milestones on the path to achieving the goals of its decarbonisation strategy, with specific ties to remuneration.	To encourage DXC to increase board level gender diversity to 33% in line with our voting policy.
What the investment manager has done	M&G call with IR, Lance Burbidge.	M&G met with members of the company's investor relations team.	M&G sent a letter to the company to make their expectations known.
Outcomes and next steps	M&G initiated discussions on improving board diversity (and succession planning) on 9th September	Brambles was very receptive to M&G requests and explained that the relatively long list of reported personal objectives, linked to 30%	M&G await to hear back from the company and will update in due course.

	2021. Since then, AIA has added two female directors to its board. Most recently, 20 Sept 2023, AIA announced the appointment of Ms. Nor Shamsiah Binti Mohd Yunus as an Independent Non-executive Director and a member of the Nomination Committee of the Company. The new addition means AIA now has 3 female directors on the board of directors (23% female representation).	of short term incentives, were tailored to individual roles - it would look to provide a clearer picture on a role-by-role basis. It also suggested a follow-on call with the head of sustainability to discuss more granular milestones connected to its decarbonisation strategy, which we will follow up on. Once we have the breakdown of objectives by role, depending on that outcome, M&G will write to the chair of the remuneration committee to outline their expectations. M&G are also sending the company examples of remuneration best practice to help guide the outcome.

Information on the most significant engagement case studies for RLAM as a company for the funds containing public equities or bonds as at 31 March 2024 (latest available) is shown overleaf:

RLAM – Firm-level	**Case Study 1**	**Case Study 2**
Name of entity engaged with	IntegraFin Holdings	AJ Bell Plc
Topic	Board	Diversity
Rationale	To understand and provide feedback to the company's board on governance issues pre-AGM.	To discuss the 2024 year-end deadline to meet the Parker Review for FTSE 250 firms.
What the investment manager has done	n/a	RLAM requested more information about the company's progress to meet this target and provide any feedback that may help improve its practices.

Outcomes and next steps	The Remuneration Committee Chair will be stepping down before the end of the year and aims to finish the renumeration policy review. This departure necessitates a recruitment process to appoint a new Non-Executive Director (NED), with a specific focus on meeting the 40% gender target by selecting a female candidate. While succession plans for executives are firmly in place, RLAM remain cautious of meeting future recruitment needs due to executive related pay challenge. The remuneration policy continues to be a point of contention, particularly the lack of a robust long term incentive plan and the reliance on discretionary assessments for rewards. RLAM intend to engage in further dialogue with the outgoing Remuneration Committee Chair to discuss the future direction of pay plans.	The Chair is highly focused on achieving the objectives set by the Parker Review within this year and exhibits confidence in meeting these goals. Additionally, there is a noted interest in addressing the ethnicity pay gap through reporting measures, although this goal has not yet been realised. RLAM will continue to monitor the company's efforts in recruiting another NED to the board to further this progress.

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 2024 (latest available) is shown overleaf:

TwentyFour – Firm-level	**Case Study 1**	**Case Study 2**	**Case Study 3**
Name of entity engaged with	NatWest (NWG)	Standard Chartered (STANLN)	Severn Trent (SVTLN)
Topic	Environment - Climate change	Environment - Climate change	Environment - Pollution, Waste
Rationale	TwentyFour engaged with NatWest for more information on their environmental policies	TwentyFour engaged with Standard Chartered regarding their fossil fuel	Update meeting with the CFO Helen Miles where TwentyFour pushed them on their

	as part of their Carbon Emissions Engagement Policy. TwentyFour was particularly focused on their green product offering and the decarbonisation of their AUM.	financing lending activities as part of their Carbon Emissions Engagement Policy. TwentyFour asked for comments on recent trends which have improved but in their view not materially so, and also their long term plans.	environmental strategy and pollution challenges, and the issues faced by the water sector as a whole.
What the investment manager has done	NatWest have a target to provide £100 billion of climate and sustainable funding and financing between 1 July 2021 and the end of 2025. As part of this they aim to provide at least £10 billion in lending for EPC A and B rated residential properties between 1 January 2023 and the end of 2025. During H1 2023 they provided £16.0 billion of climate and sustainable funding and financing, which included £2.3 billion in lending for residential properties with EPC ratings A and B. Additionally, NatWest have expanded their operational net zero target to now include emissions reduction targets for their operational value chain targeting a 50% reduction by 2030 (not just own operations). Regarding their AUM they have a target to	STANLN have stopped funding new coal plants globally as of 2018. Additionally, they will provide no financing to the expansion of coal power plants or retrofits etc. - they have some criteria for financing where coal is a small but declining portion of revenues and where this threshold increases each year to 2030. Current coal clients will be subject to enhanced due diligence such as they must report on GHG emissions annually to improve transparency and place greater scrutiny on their emissions. Regarding their oil and gas sector target, this aligns with the International Energy Agency's Net Zero Emissions by 2050 Scenario (IEA NZE). This science-based scenario is consistent	Given the challenges facing the sector reducing spills/pollution events is the key challenge and goal facing the company. During the current regulatory period which runs till 2025 total pollution has fallen by 22%, in the next regulatory period which runs from 2025-2030 they plan to make further strides with aims to reduce pollutions by 30%, leakages by 16% and a 30% reduction in storm overflow spills. During the meeting management stressed how seriously they take environmental improvement and their aim to remain an industry leader. Over the period they have investment plans of £13bn a large portion of which is to upgrade the environmental resilience of the network – part of this funding is from

	reduce the carbon intensity by 50% for in scope assets by 2025 from a 2019 baseline. NatWest also plan to move 70% of in scope AUM to a net zero trajectory by 2025.	with the Paris Agreement commitment to limit global temperature rises to within 1.5°C and is a recognised market standard. Employing the IEA NZE guidelines results in a target reduction in absolute financed emissions of 29% by 2030. In terms of any O&G exclusions, they exclude unconventional O&G extraction - for conventional they have a number of sustainability criteria the lender must meet to be eligible such as a target for zero-routine production flaring and venting for new assets, and for existing assets they are implementing economically viable solutions to eliminate legacy flaring and venting no later than 2030. Regarding the decision to exit the Science Based Targets initiative (SBTi), they believe the latest proposal for Financial Institutions from the SBTi lacks sector guidance that adequately considers the transition of their clients and markets. As such, they have chosen not to seek SBTi validation for	already secured equity, debt issuance but also from the expected rise in customer bills. More broadly Severn Trent remain the best performer under Ofwat's methodology and for the fourth year in a row they have been awarded a 4 star rating from the Environmental Agency, the only company in the sector to do so in 2022. Additionally, given the infrastructure investment needed across the sector in the next AMP, they have bolstered their supply chain, building relationships with suppliers directly and front loaded equipment orders. Severn Trent acknowledged the challenges the water sector faces but stressed they remain focused on their own environmental goals with no interest in M&A.

		their targets and have instead pursued alternative third-party assurance. They recognise that SBTi has a role to play in the wider sustainability ecosystem and otherwise remain engaged with them on relevant initiatives.	
Outcomes and next steps	Satisfactory response, maintain engagement to make sure they continue on track to meet their targets.	Overall whilst their response was sufficient, TwentyFour think there is more they can do but acknowledge that they are a big lender in less developed markets and the transition away from fossil fuel financing will not happen overnight. TwentyFour will maintain engagement and monitor updates to their policies.	Happy to hold, Severn Trent remain a leader in the water sector. Continue to monitor environmental progress.

Information on the most significant engagement case studies for Insight as a company for the funds containing public bonds as at 31 March 2024 is shown below:

Insight - Firm-level	**Case Study 1**	**Case Study 2**	**Case Study 3**
Name of entity engaged with	NatWest Group plc	Heathrow Funding Ltd	Equinor Asa
Topic	Environment - Climate change Social - Human and labour rights	Environment - Climate change	Environment - Climate change
Rationale	The issuer is a major retail and commercial	The issuer is a UK airport, offering facility maintenance,	The issuer is an energy company, one of the largest oil and

	bank with operations in the UK. Their services include current accounts, credit cards, loans, overdrafts, mortgages, home and life insurance and investing for retail customers. They registered an increase in climate and sustainable funding and financing year-on-year from £24.5bn (2022) to £29.3bn (2023). This engagement is aligned to SDG10 reduced inequalities and SDG13 climate action.	baggage handling, air traffic control, on board catering and aircraft fuelling services. Insight previously engaged with the issuer to better understand its decarbonisation strategy. The company is targeting net zero by 2050. The 2 main challenges the issuer faces are: The degree of the issuer's influence on airlines to decarbonise their fleet Its net zero plan relies on technology which is costly and/or unproven (e.g. sustainable aviation fuel (SAF), hydrogen etc.) This engagement is aligned to SDG13 climate action.	gas operator in northern Europe, and one of the world's largest offshore operators. Insight engaged with the issuer after MSCI changed its definition of unconventional oil and gas exposure to exclude drilling in areas of the Arctic which were ice-free throughout the year, e.g. the Barents Sea. The issuer has a number of sites in this region. Insight do not agree with MSCI's change in definition due to increased probability of pollution and the impact of spills in Arctic assets. Furthermore, the issuer's water disclosures were weak, and the company failed to disclose data for the water-related Principal Adverse Impacts (PAI) indicator. The issuer publishes basic water-related metrics such as regular discharges of oil to the sea and the withdrawal and consumption of freshwater in 2022. This engagement is aligned to SDG13 climate action.

What the investment manager has done	The issuer maintains a leading position in financing environmental impact but it has had a number of governance controversies, including the recent departure of its CEO and Chairman due to the de-banking scandal. The issuer's continued investment to maintain its leadership position in climate strategy is contingent on the new CEO's position on ESG, which remains unclear. Its focus on ESG was in part accelerated by its former CEO and saw strong targets being set, reporting of financed emissions for its material sectors and strong fossil fuel financing policies being introduced in its transition into a leaders in low carbon opportunities. It also provided an estimate of its facilitated emissions for the first time. The issuer retains a dark green rating for its green bonds under our proprietary impact bond assessment framework due to strong ESG performance with well-defined use-of-proceeds categories that are likely to have	In a previous engagement with the issuer in 2022 they were not aware of Carbon Disclosure Project (CDP). Insight were pleased that corporate has since started reporting to CDP however they opted to do a private submission where a score has not been assigned. This means that the data doesn't feed through to Insight's models. At he last meeting with the issuer, Insight asked them to get their decarbonisation targets approved by Science-Based Targets initiative (SBTi) due to the materiality of the airlines industry to carbon emissions. In 2023, their target was approved by SBTi: The issuer commits to reduce absolute scope 1, 2 and scope 3 GHG emissions by 46.2% by 2030 from a 2019 base year. Regarding its ESG reporting Insight fed back that their sustainability reporting is strong. The company has set targets against the key focus areas of the sustainability strategy and the report is balanced.	On its transition strategy, the issuer reported good progress against its energy transition plan, with Scope 1 and Scope 2 emissions significantly below the industry average. The company has also increased its low carbon capex from 14% to 20%. The issuer's 2030 absolute emissions reduction target is focused on Scope 1 and Scope 2 emissions. The issuer has only set an intensity-based Scope 3 emissions reduction target as it believes that an absolute reduction target will have unintended consequences by encouraging assets to be sold, which has no impact on global emissions. The issuer stated it is not considering changes to its renewables capex despite peers recently changing their strategy due to weaker than expected returns from renewables. On unconventional oil and gas exposure, Insight asked the issuer if it has had any oil spills in the Arctic or Barents Sea. The issuer responded that

	a positive impact. There are plans to allocate 50% of the net proceeds to refinancing existing mortgages with the remaining 50% allocated to financing new mortgage products over the next 12 months. Human rights is an increasing area of focus for the issuer as evidenced by its publishing of its salient human rights issues as part of its UN Guiding Principles Reporting responsibilities. The issuer expects to improve on its score under the next Banktrack global human rights assessment in 2024 from their current 4.5/14 (“Follower” rating). Of 50 banks assessed, 28 are followers, 12 are front runners with scores between 7-9, with no leaders. The issuer has a special focus on modern slavery and has been accredited as a global living wage employer. During 2023, it developed a standalone Environmental, Social and Ethical (ESE) Human Rights Risk Acceptance Criteria (RAC) which applies	Insight highlighted a number of areas for improvement, including submitting a public disclosure to CDP and also noted some of the issuer’s targets don’t appear to be very ambitious. For example, Heathrow’s target for SAF to be used in airlines operating at the airport by 2030 is only 1% more than the UK government’s ambition. Regarding climate lobbying and trade associations, Insight highlighted that it would be beneficial to see what the issuer is doing to influence the UK government into supporting SAF as a more material part of fuel supply. Insight also flagged biodiversity as an emerging risk area, where Heathrow should respond to the TNFD recommendations by assessing nature impacts and dependencies and highlight how they are addressing these risks.	there were 10 minor spills last year, but none were in the Barents Sea. The issuer also confirmed the remote location of its unconventional oil and natural gas sites in the Barents Sea presents a challenge for spills, due to access issues associated with the clean up. However, the issuer did flag that it is collaborating with operators in the area to run drills to minimise any impact. There is also a large site coming online in the Barents Sea which will be a producing 150,000 bpd at peak. Due to the size of the site, the new site will be a centre for emergency response. On water disclosure, Insight highlighted the issuer’s lack of response to the CDP water questionnaire and the lack of disclosure in the water-related PAI Indicator on water pollution could lead to its exclusion from Insight’s Article 8/9 funds.

requirements around human rights due diligence to additional sectors with heighted human rights risk not already covered by an ESE RAC. This includes a sustainability questionnaire, escalation process, considers supply chain, European regulation CSDDD and identification of best practice examples.

The issuer remains committed to SBTi and will re-submit their target and strategy in 2025. They remain engaged with SBTi despite uncertainty with sector guidance that is causing challenges for explaining their plans for achieving decarbonisation targets by 2030. Work continues on carbon pathway models. They are cognisant of Scope 3 finance emissions that are likely to increase for activities enabling the net zero transition. This is driving their purchase of carbon offsets and credits and training of frontline bankers and relationship managers via a partnership with Edinburgh University and sectoral deep dives. They also

	engage with politicians, civil service and other banks on the transition, offer green mortgages but recognise the limitations of current metrics (e.g., EPCs). They have also appointed their first Head of Nature but is not ready to report against TNFD. Their Dutch subsidiary is leading the research on the LEAP approach and ENCORE tool.		
Outcomes and next steps	Insight continue to monitor the issuer against the targets and plans discussed. Insight reissued the counterparty engagement programme questionnaire in early 2024 which explores these themes in more detail.	The issuer evidenced good progress since the last engagement and Insight were pleased to see that Heathrow has an SBTi-approved decarbonisation target. Insight understand that there are limitations to how much influence the issuer has with the fuel used by airlines but emphasise the unique position the issuer has to encourage and incentivise positive change in the industry. Insight will continue to monitor the progress of the airport’s decarbonisation trajectory.	Insight decided not to adopt MSCI’s change in definition in unconventional oil and gas exposure due to the increased risk associated with oil spills. Although Insight kept the previous definition of unconventional oil and gas, they were pleased to see that the issuer recently dropped below the 5% revenue threshold, meaning it is no longer excluded.