



Colas (UK) Pension Plan – DC Section (' the Plan')

Implementation Statement

September 2023

1. Introduction

The Trustee is required to make publicly available online a statement (“the Implementation Statement”) covering the Colas (UK) Pension Plan – DC Section (“the Plan”) in relation to the Plan’s Investment Principles (the “SIP”).

The SIP was last updated in 2020. A copy of the current SIP signed and dated September 2020 can be found here <https://www.colas.co.uk/pension-plan-sip/>

This Implementation Statement covers the Plan year from 6 April 2022 to 5 April 2023. It sets out:

- Details of any review of and/or changes made to the Statement of Investment Principles (“SIP”);
- How, including the extent to which, the Plan’s SIP has been followed over the year;
- How, including the extent to which, the Trustee’s policies on exercising voting rights and engagement have been followed over the year; and
- The voting by or on behalf of the Trustee, including the most significant votes cast and any use of a proxy.

A copy of this Implementation Statement is available on the following website: <https://www.colas.co.uk/pension-plan-sip/>

During the Plan year, the Trustee agreed to transfer the Plan’s assets to the Legal and General (“LGIM”) Master Trust. The transfer happened over Q2 2023 so there are no assets left in the Plan. However, this report has been produced as at the end of the Plan year, when assets were still invested.

2. Summary of changes to the SIP during the Plan year

The SIP had last been updated in 2020 and there were no changes to the SIP during the Plan year.

3. Implementation of the Trustee’ policies during the Plan year

The following wording sets out the actions taken by the Trustee over the year to 5 April 2023 in order to follow various policies within the SIP.

Policy	Trustee actions over the Plan Year
Plan governance	<p>The Trustees are responsible for the governance and investment of the Plan’s assets. They consider that the investment structure set out in this SIP is appropriate for the Plan, as it allows the Trustees to make the important decisions on investment policy, while delegating the day-to-day aspects to the Underlying Managers, the Fiduciary Manager, the Platform Manager or the relevant Advisers as appropriate.</p> <p>The Trustees believe that they should be collectively involved in the investment decision-making and have therefore decided not to appoint an Investment Sub-Committee to deal with investment matters.</p>

	<p>The Trustees maintain a Statement of Investment Arrangements (“SIA”) which sets out the specifics of investment implementation. This document is referred to later in this SIP.</p> <p>The Trustee is satisfied with the current governance structure and made no changes to the Plan governance policy during the Plan Year.</p>
<p>Investment Objectives</p>	<p>In setting investment objectives, the Trustees recognise that members will have differing investment needs and tolerances for risk, which may change over time. The Trustees also take into account the expected level of investment expertise among members, the likelihood of members seeking professional advice in respect of their investment choices and the resulting risk of inappropriate decision-making by members.</p> <p>The Trustees’ objectives are therefore to:</p> <ul style="list-style-type: none"> • provide a suitable and understandable range of investment options for members, with appropriate investment guidelines, target returns and risk (where risk is measured by fluctuations in returns and the level of any falls in value); • provide a default option that takes an appropriate level of risk on behalf of the member in pursuit of growth, according to their age and/or planned retirement date; and • ensure contributions payable by the employers and members are invested in accordance with the options selected by members. <p>As part of an investment strategy review during the Plan year and with consideration for the above objectives, the Trustee decided to move the Plan to the Legal and General Master Trust.</p>
<p>Default Investment Strategy</p>	<p>Aims and objectives of the default strategy</p> <p>The Trustees’ aims and objectives in relation to the default strategy are to support members’ investment needs where members either choose the default option or do not choose any option.</p> <p>The kinds of investment to be held and the balance between different kinds of investments: the kinds of investments to be held within the default strategy are split into the asset classes below. Each fund within the default strategy holds these assets in varying proportions, depending on their objectives and risk targets (expressed as a percentage of global equity volatility).</p> <ul style="list-style-type: none"> • Equity • Investment Grade Credit • Non-Investment Grade Credit • Property • Gilts • Cash or equivalent • Alternatives <p>Risks (including the ways in which risks are to be measured and managed): outlined in the ‘Risks’ section.</p> <p>Expected return on investments: The Trustee uses long-term inflation-linked benchmarks and short-term index-based benchmarks for each fund within the</p>

	<p>default strategy. The funds are on a quarterly basis against these targets, with the assistance of the Fiduciary Manager.</p> <p>Realisation of investments: funds used within the default strategy are unitised, pooled funds which are dealt daily.</p> <p>Financially material investment considerations and non-financial matters: detailed in the 'Other Considerations' section.</p> <p>Corporate governance and stewardship policy: detailed in 'Other Considerations' section.</p> <p>The Trustee is satisfied that these policies were followed during the Plan year.</p> <p>Best interest of members and beneficiaries: In designing the default strategy, the Trustees focus on member needs and outcomes, and are cognisant of the impact of their policies, aims and objectives.</p> <p>The Trustees have selected a combination of aims and objectives within the default, in order to achieve an investment strategy which it believes is in the best interests of relevant members and beneficiaries. This belief is supplemented by undertaking regular (at least triennial) investment strategy reviews of the default strategy, investment governance (at least quarterly) and value for member reviews (in conjunction with the advisers).</p> <p>As outlined in the 'Investment Objectives' section, and with regard to the above considerations, the Trustee decided to switch the Plan to the Legal and General Master Trust during the Plan year.</p>
<p>Investment Strategy</p>	<p>Investment Options</p> <p>The investment strategy involves a default lifestyle arrangement and a range of funds available on a self-select basis.</p> <p>Performance Objectives</p> <p>Diversification</p> <p>The choice of investment options for members is designed to ensure that members are able to choose investments that are adequately diversified and suitable for their profile. The Trustee monitored the strategy regularly over the Plan year to ensure that it continues to be comfortable with the choice of funds offered to members. The fund range will be reviewed as part of the investment strategy review in 2023.</p> <p>Suitability</p> <p>The Trustee has taken advice from the Fiduciary Manager to ensure that the range of investment options offered to members is suitable. Members are responsible for choosing which of the Self-Select funds is most appropriate or choosing to rely on the default strategy for the investment of their own and their employer's contributions, based on their own individual circumstances.</p> <p>Active and Passive Management</p> <p>The Trustee takes advice from their Advisers on the choice of whether to offer active and/or passive fund options, which is in part determined by the range of</p>

	<p>Investment Managers offered by the Platform Manager. These managers are selected by the Fiduciary Manager.</p> <p>Review</p> <p>The Trustee will review, in conjunction with the Investment Advisers, any investment option offered to members that either underperforms its benchmark over a significant timeframe or carries a level of risk which may be thought to be unreasonable in the context of the Plan’s investment objectives. There will be no obligation to make any changes to the range of funds offered to members as part of such a review.</p> <p>The Trustee is satisfied that the above policies were followed during the Plan year.</p>
<p>Strategy Implementation</p>	<p>Fund Options</p> <p>Outlined in the ‘Investment Strategy’ section.</p> <p>Investment of Contributions</p> <p>A member’s contributions will be invested in line with their selected choice of funds. Where a member has not made an active selection, their contributions will be invested in the default fund.</p> <p>Transitions</p> <p>The Trustee, in conjunction with its Advisers, will look to mitigate the potential risks and costs to members as a result of any investment transitions to the best of its ability.</p> <p>The Trustee is satisfied that these policies were followed during the Plan year.</p>
<p>Monitoring</p>	<p>Managers</p> <p>The Trustees, or Advisers on behalf of the Trustees, will monitor the performance of the default strategy and self-select funds against their own or the Trustees’ own specified benchmarks.</p> <p>The Trustees will regularly review the activities of the Fiduciary Manager to satisfy themselves that the Fiduciary Manager continues to carry out its work competently and has the appropriate knowledge and experience to provide fiduciary management services to the Plan.</p> <p>As part of this review, the Trustees will consider whether or not the Fiduciary Manager is carrying out their work competently. The Trustees will evaluate the Fiduciary Manager based on, amongst other things:</p> <ul style="list-style-type: none"> • The default strategy and self-select funds’ performance versus their respective benchmarks. • The level of risk within the portfolios given the specified risk tolerances. • Has regard to the suitability of each investment and each category of investment.

	<ul style="list-style-type: none"> Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical. <p>If the Trustees are not satisfied with the Fiduciary Manager, they will ask the Fiduciary Manager to take steps to rectify the situation. If the Fiduciary Manager still does not meet the Trustees' requirements, the Trustees will remove the Fiduciary Manager.</p> <p>Advisers</p> <p>The Trustees will monitor the advice given by the Advisers on a regular basis.</p> <p>Statement of Investment Principles</p> <p>The Trustees will review this SIP at least triennially, or as soon as is practical following any changes to the investment strategy, and modify it with consultation from the relevant Advisers and the Employer if deemed appropriate. There will be no obligation to change this SIP, the Fiduciary Manager, Platform Manager or Adviser as part of such a review.</p> <p>Trustees Recordkeeping</p> <p>The Trustees maintain a record of all investment related decisions they have taken, together with the rationale in each case.</p> <p>The Trustee is satisfied that these policies were followed during the Plan year.</p>
<p>Fees</p>	<p>Managers</p> <p>Fees are charged as a proportion of the size of assets invested. The charges have been negotiated and will continue to be reviewed regularly.</p> <p>Value for Members</p> <p>The Trustees review all sources of fees levied on members' accounts (including management charges, additional expenses and Platform charges as appropriate) to ensure value for members is present. The Trustees consider, among other items, the absolute level of charges, the competitiveness of the Plan's charges relative to the marketplace and the levels of service provided by each of the Advisers.</p> <p>The Trustee is satisfied that the fees charged are acceptable and provide good value for members.</p>
<p>Risks</p>	<p>This part of the Implementation Statement sets out how risks identified in the SIP have been monitored and managed within the Plan in the Plan Year. The Trustee covers only the most material risks here. The Trustee is however satisfied that risks are monitored in line with the policy contained in the SIP on the basis set out below.</p> <p>The Trustee did not make any change to its policy on risks during the Plan Year.</p> <p>The Trustee sets investment guidelines for the Fiduciary Manager which are intended to manage a range of risks identified by the Trustee (including Underperformance risk, Country risk and Concentration risk) which the Trustee intends are mitigated by minimum or maximum amounts of diversification, liquidity and counterparties.</p>

	<p>The Trustee is satisfied that the Fiduciary Manager has operated within these restrictions throughout the Plan Year. The Trustee has monitored the Fiduciary Manager against the investment guidelines on a quarterly basis through quarterly monitoring reports and is satisfied that the guidelines have been adhered to on the basis of those reports. As such, the Trustee made no explicit change to the investment guidelines set for the Fiduciary Manager over the Plan Year.</p>
<p>Other Considerations</p>	<p>Corporate Governance and Stewardship</p> <p>The SIP sets out how the Trustee delegates responsibility around corporate governance and stewardship to the Fiduciary Manager. The Trustee believes that the specific policies set out in the SIP have been complied with this year based on the below (and see also section 4 on Engagement).</p> <p>The Fiduciary Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change the Underlying Investment Managers. The Plan’s investments are generally made via pooled investment funds. As such, direct control of the process of engaging with the companies that issue these securities (whether equities, bonds etc.) is delegated to the Underlying Investment Managers.</p> <p>The Trustee continues to believe it is appropriate to delegate voting and engagements decisions to their Underlying Investment Managers in order to achieve an integrated and joined up approach to ESG factors, voting and engagement together. In this way as the Underlying Investment Managers consider ESG factors as part of the investment decisions being taken on behalf of the Trustee, the Trustee is satisfied that they can also take account of direct engagement or other factors relating to any voting or engagement and respond to these (as appropriate).</p> <p>The Trustee continues to be satisfied with its Fiduciary Manager and Underlying Investment Managers’ voting and engagement behaviour and has therefore not sought to influence voting behaviours at this time. Although the Trustee does not intend to change its position at this time, it will continue to monitor the voting and engagement records on an ongoing basis.</p> <p>The Fiduciary Manager has been provided with a copy of the relevant SIP and is required to exercise its functions on behalf of the Trustee with a view to giving effect to the principles and policies contained in the SIP. The Fiduciary Manager undertakes regular reviews of all Underlying Investment Managers.</p> <p>The SIP sets out that the Trustee will periodically review the Fiduciary Manager for elements such as performance. The Trustee will review the performance of the Fiduciary Manager against their investment consultant objectives, including details of voting, engagement and voting on the underlying fund resolutions. The next review is due in the 2023 Plan Year.</p> <p>Details of the voting and engagement for the majority of the Plan’s Investment mandates where voting and engagement is relevant are included in section 4 of this Implementation Statement.</p> <p>No changes were made to the corporate governance and stewardship policies during the Plan year.</p> <p>Financially Material Investment Considerations</p>

The SIP was changed in 2019 and 2020 to reflect new regulatory requirements relating to financially material factors (including ESG and climate change). This section explains the actions taken and decisions made in connection with those changes.

The Trustee considers ESG factors (and stewardship) when considering changes to the investment strategy and in appointing and reviewing investment managers. The Trustee's expectations for any current or future investment manager depends on the asset class involved, the degree of discretion given to the Fiduciary Manager, and the time horizon over which the Trustee expects to hold the investment.

The Fiduciary Manager who takes investment decisions on behalf of the Trustee is expected to follow the Trustee's SIP in respect of financially material factors, specifically ESG and climate change. The Trustee receives and reviews quarterly monitoring reports which include a matrix of ESG scores of the Plan's portfolio including TCFD ("Taskforce for climate-related financial disclosures") carbon metrics of the portfolio.

The Fiduciary Manager considers the impact on the ESG characteristics and climate change at a total portfolio level and implications for risk and return on investments.

When the Fiduciary Manager invests the Plan's assets in equities, it typically uses a mandate where it can directly invest to take account of relevant factors such as ESG. For example, in its primary equity mandate with BNYM, an Underlying Investment Manager, the Fiduciary Manager seeks to avoid investing in companies with poor or worsening ESG credentials, where ESG represents a risk to the value of the investment and seeks to invest in those companies with good or improving ESG credentials, where ESG represents an opportunity for investment growth. Another ESG focused credit fund was introduced into the Plan's portfolio over the Plan Year.

Where the Fiduciary Manager selects Underlying Investment Managers where it cannot directly allow ESG factors, how an Underlying Investment Manager evaluates ESG factors and mitigates ESG risks forms an important part of its evaluation at both investment and operational due-diligence stages. This may lead to the exclusion of potential Underlying Investment Managers (as explained above).

The Trustee is satisfied with the Fiduciary Manager's approach to financially material investment considerations as outlined within the SIP.

The Trustee is satisfied it has complied with this policy through the Plan Year.

No changes were made to the policy on financially material investment considerations in the Plan Year.

Non-Financial Factors

In line with the SIP, the Trustee continued not to take into account non-financial matters (such as members' ethical considerations, social and environmental impact matters or future quality of life considerations for

	<p>members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold.</p> <p>The Trustee did not change its policy on non-financial matters during the Plan Year.</p> <p>Security of Assets</p> <p>As outlined in the SIP, appropriate due diligence is done on the financial strength, custody and administration agreements of the underlying investment managers and Platform Manager before an appointment is made and this is reviewed regularly by the Advisers in conjunction with the Trustee.</p> <p>The Trustee is satisfied that these policies have been followed over the Plan year.</p>
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4. How the Trustee’s policies on exercising voting rights and engagements have been followed over the Plan year

The Trustee uses the Fiduciary Management service of Schroders IS Limited as their Investment Manager and Adviser (it is referred to as the "Fiduciary Manager" in the Implementation Statement). Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it

appointed its first governance resource, and has recorded and monitored ESG engagements since then. Schroders’ ESG credentials are as follows:

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment
- A- rating for Carbon Disclosure Project
- Advanced ESG recognition from Morningstar
- Engagement Blueprint awarded ESG Engagement Initiative of the Year at Environmental Finance’s Sustainable Investment Awards 2022
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021

The Fiduciary Manager can appoint other investment managers to manage part of the Plan’s assets (these are referred to as “Underlying Investment Managers”). The Plan invests in some assets with voting rights attached (e.g. equities) and with engagement possible in relation to most asset classes. Whilst the Trustee has delegated responsibility to the Fiduciary Manager and Underlying Managers for voting and engaging on its behalf, the Trustee regularly reviews the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee’s beliefs and objectives.

A copy of the SIP has been provided to the Fiduciary Manager, and the Fiduciary Manager is expected to follow the Trustee’s investment policies when providing Fiduciary Management services. However, given that the investments with the Underlying Investment Managers are generally made via pooled funds (where the Plan’s investments are pooled with those of other investors), the Fiduciary Manager does not

have direct control over voting or engaging with the companies that issue the underlying securities. This process lies with the Underlying Investment Manager, who may have different engagement priorities than the Trustee. Therefore, the Trustee requires the Fiduciary Manager to integrate stewardship activities such as voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change, into the selection or monitoring of Underlying Investment Managers. The Trustee believes it is appropriate to delegate the decision of appointing and monitoring Underlying Investment Managers to the Fiduciary Manager, who will be able to influence the Underlying Investment Manager's voting and engagement policies. Consequently, the Trustee can largely exercise their stewardship policy as set out in the Plan's SIP.

The Trustee has aligned its stewardship priorities with the Fiduciary Managers' Engagement Blueprint (which sets out the six engagement themes the Plan's Fiduciary Manager believes to be most financially material), given the Trustee believes that these themes are issues material to the long-term value of the investments. These issues also reflect expectations and trends across a range of stakeholders, and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately should enhance the value added to the Plan's investment, and hence benefit the Plan's members and beneficiaries. Therefore the Trustee believes that companies that address those issues, when they are material and relevant, will drive improved financial performance.

The Trustee has therefore prioritised reporting on engagements which relate to the six key engagement priorities which align with the Fiduciary Manager. These are Climate, Natural Capital & Biodiversity, Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance.

Voting and Engagement Summary

On behalf of the Trustee, monitoring of voting and engagement was carried out by the Fiduciary Manager. The Fiduciary Manager exercised voting rights in relation to the pooled funds managed by the Underlying Investment Managers, in line with its voting policy.

Most voting rights and engagement regarding the Plan's investments relate to underlying securities within these pooled funds. At a general meeting of a company, the Underlying Investment Managers exercise voting rights and engage with the company issuing the security in line with their policies, which the Fiduciary Manager may have influenced. Nonetheless, the pooled funds themselves often confer certain rights around voting or policies, which the Fiduciary Manager exercises on behalf of the Trustee, and we cover these here.

Summary

The key areas the Trustee notes from voting and engagement activity across their underlying managers over the year to 31 March 2023 is set out below. Voting activity is set out in the Appendix and engagement activity over the year has been collated separately with a summary provided here:

- Most managers were able to provide evidence of high levels of engagement activity.
- The **Bank of New York Mellon ("BNYM") Global Equity Fund** makes up the majority of the Plan's investments in equity assets, with equity being the only asset class to hold voting rights. The Trustee reviewed the BNYM semi-annual proxy voting reports (links included in Appendix) and noted that BNYM prioritised stewardship with each of their underlying holdings on areas broadly in line with Schroders Solutions' engagement themes.
- Mobius Life did not vote on behalf of the Trustee. This is due to their policy not to vote at the fund level as they cannot represent all their underlying investors. This is common practice in the industry. However, Mobius Life does actively engage with asset managers and is in support of the UK Stewardship Code. Mobius contact each of the asset managers they invest with on an annual basis to ensure they are complying with their governance requirements at a company level and in their investment approach.
- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, and some good progress has been achieved such that many of the Underlying Investment Managers' ESG credentials have improved over the Plan Year.

- Each manager demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Underlying Investment Managers showed they carried out a good level of engagement activity over the Plan Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- In this Implementation Statement, the Trustee considered relevant examples in relation to its own stewardship priorities. Examples are provided in the appendix.

The Trustee is satisfied that the voting and engagement activity undertaken by the Fiduciary Manager and underlying Investment Managers was in line with the Trustee's policies contained in the SIP and that no changes are required to these policies at this time.

Appendix A: Voting and engagement by the Fiduciary Manager in relation to underlying pooled funds held on behalf of the Trustee

There are c. 15 underlying investment managers used by the Fiduciary Manager. Set out below is the voting statistics for the most material equity holdings during the period that held voting rights, namely the BNY Mellon Global Equity, Vanguard S&P 500 and Legal and General (“LGIM”) World Equity Index funds. The Fiduciary Manager has defined significant votes as those which fit the criteria below:

- The underlying fund makes up at least 2.5% of assets within any of the default strategy’s blended funds
- The votes relate to companies which comprise at least 1% of the underlying fund
- The votes are related to the engagement priorities set by the Trustee

Within other asset classes there are no voting rights; however, fixed income managers can still engage with underlying companies, as demonstrated below.

As outlined above, the Fiduciary Manager has only considered allocations which represent at least 2.5% of assets within any of the default strategy’s blended funds as at 31 March 2023. Of those managers, we have listed those that provided voting and engagement data below. The Fiduciary Manager has not shown or considered allocations to cash or gilt funds.

Please note that the voting statistics provided may slightly differ depending on the exact composition the Plan holds. Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.

Asset class	Fund name	Maximum allocation within DC blended fund
Equity	BNY Mellon Global Equity fund	52.5%
Equity	Vanguard S&P 500 ETF	4.0%
Equity	LGIM World Equity Index	3.1%
Bonds	Neuberger Berman Global Flexible Credit fund	4.2%

Equity

Summary of voting activity for the 12 months to 31/03/2023 –BNYM Global Equity Fund, Vanguard S&P 500, LGIM World Equity Index:

	BNYM Global Equity Fund	Vanguard S&P 500 ETF	LGIM World Equity Index
Total meetings eligible to vote	926	509	3145
Total resolutions eligible to vote	11,723	6,755	38,823

% of resolutions voted on, for which you were eligible	93%	99%	100%
% did voted with management	93%	98%	79%
% voted against management	7%	1%	20%
% abstained	0%	0%	1%
% of resolutions voted contrary to the recommendation of your proxy adviser	0%	0%	14%

Most significant votes

Engagement Theme	Manager	Examples
Climate Change	LGIM, Vanguard	Alphabet Inc., Berkshire Hathaway
Human Rights	BNYM, LGIM, Vanguard	Apple, Amazon, Meta Platforms Inc.

BNYM

Human Rights: Apple

In March 2023, BNYM voted in favour of a resolution which required Apple to their median gender and race pay gaps.

Currently, Apple does not report their median pay gap, only statistically adjusted gaps. Apple does report median pay in the UK due to legal requirements and there is a sizeable gap. In BNYM's view, the company already has the ability to provide this information globally, and the board response inadequately addresses the proposal concerns.

Significant as it focuses on identifying and mitigating potential human capital risks at the company which could affect the long term value of the company.

The outcome of the vote failed. However, BNYM will continue to monitor Apple's progress, and request production of this report through engagement.

LGIM

Human Rights: Amazon

In May 2022, LGIM voted against the resolution to elect direct Daniel P. Huttenlocher, because Mr Huttenlocher was a long standing member of the Leadership Development and Compensation Committee, which in LGIM's view was accountable for human capital management failings.

LGIM pre-declared its vote intention for this resolution which in their view demonstrates its significance.

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

Climate Change: Alphabet Inc.:

In June 2022, LGIM voted in favour of a resolution requiring the company to report on the physical risks of climate change.

The rationale of the voting decision was:

- LGIM expects companies to be taking sufficient action on the key issue of climate change.

About 18% of shareholders supported the resolution.

LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.

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

Vanguard

Climate Change: Berkshire Hathaway

In April 2022, Vanguard voted in favour of the two resolutions outlined below:

- A resolution requiring the company to report on climate-related risks and opportunities.
- A resolution requiring the company to report on Greenhouse Gas emissions reduction targets.

In both instances, Vanguard believes the reports would address material risks and disclosure gaps, while not being overly prescriptive. Vanguard also believe the reports would be in the best long-term interest of shareholders. Both of these votes failed.

Human Rights: Meta Platforms Inc.

In May 2022, Vanguard voted in favour of the resolution outlined below:

- A resolution requiring the company to publish a third party human rights impact assessment.

Vanguard believes the report would address material risks and disclosure gaps, while not being overly prescriptive. Vanguard also believes the report would be in the best long-term interest of shareholders. This vote failed.

Bonds

Summary of engagement activity for the 12 months to 31/03/2023

Neuberger Berman (“NB”) Global Flexible Credit fund

Natural Capital and Biodiversity: EG Group

NB engaged with EG Group throughout 2022, regarding sustainable upgrades for electric vehicle (EV) infrastructure. Specifically, NB encouraged EG Group to set a quantified public target to substantially increase the number of EV charging stations across the group by 2030, as well as to publicly disclose sustainability data in an annual report.

EG Group rolled out 80 EV chargers across their network in 2020 and by early 2022, as part of an investor presentation where they publicly provided ESG updates for the first time, they advised that this number had increased to 250 chargers across 98 sites in the UK and Europe.

The company declared they are in the process of setting specific ESG targets, and plan to publish an annual sustainability report starting in 2023. NB were encouraged by the company’s increase in public disclosure, and they continue to engage with the company to encourage them to specifically focus on goals and disclosure related to EV charging stations going forward.

Natural Capital and Biodiversity: Sappi

NB engaged with Sappi throughout 2022 with regard to their reporting on water management. Specifically, NB encouraged Sappi to Report aligned with CDP (formerly known as the Carbon Disclosure Project), specifically by responding to their Water Security information requests.

Sappi has previously responded to CDP's information requests related to both climate change and forests, but not water security. The company disclosed that they are not reporting on water security through the CDP information requests due to the difficulties of combining the company's geographical regions into a single global assessment. Additionally, the company states the majority of the areas in which Sappi operates are low risk water areas.

Despite not disclosing in alignment with CDP, Sappi does make detailed comments on water usage and security in the company's annual sustainability report. NB continue to encourage the company to report aligned with CDP given this is a trusted, standardised corporate disclosure forum on environmental impact that allows investors to compare environmental performance across companies.

NB's engagement with Sappi is ongoing as they also continue to engage on a goal related to sustainable land use by increasing the share of wood-based raw materials that are supplied by sustainability certified forests via the Forest Stewardship Council or Programme for the Endorsement of Forest Certification.

Appendix B – ESG, Voting and Engagement Policies

Links to the voting and engagement policies for both Investment Manager and Underlying Investment Managers can be found here:

Investment Manager & Underlying Investment Manager	Voting & Engagement Policy
Schroders Solutions (formerly known as River and Mercantile Investments Limited)	The voting and engagement policies have been provided to the Trustee separately
BNYM	https://www.mellon.com/insights/insights-articles/2021-proxy-voting-report.html
Vanguard	Disclosure of rationale of voting can be found: https://global.vanguard.com/portal/site/portal/investment-stewardship/perspectives-commentary
LGIM	https://www.lgim.com/uk/en/capabilities/investment-stewardship/
Neuberger Berman	https://www.nb.com/en/global/esg/engagement

Important Information:

The Implementation Statement is a regulatory requirement under the 2018 changes to the Occupational Pension Plans (Investment) Regulations 2005. It is important that the Trustee of the Plan understand and consider financially material Environmental, Social and Governance (“ESG”) factors and consider its own stewardship obligations. A failure to do this puts Trustee at risk of breaching your legal duties.

This is a Trustee document and the Trustee must review the Implementation Statement draft, provided by its investment adviser, and confirm that they have considered the content prepared and reviewed any associated documentation such as voting policies.