

Imperial Tobacco Pension Fund Implementation Statement

June 2025

Background and Implementation Statement

Background

The Department for Work and Pensions (“DWP”) has increased regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (“ESG”) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their Statement of Investment Principles (“SIP”) and demonstrate adherence to these policies in an implementation statement.

Statement of Investment Principles (“SIP”)

The latest SIP can be found [here](#) and changes to the SIP are detailed further on the following pages.

Implementation Statement

This Implementation Statement is to provide evidence that the Fund continues to follow and act on the principles outlined in the SIP. This statement details:

- actions the Trustee has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Trustee has followed policies on engagement, covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies they invest
- voting behaviour covering the year up to 31 March 2025 for and on behalf of the Fund including, where available, the most significant votes cast by the Fund or on its behalf
- the policies in place to ensure the default strategy of the DC section remains in the best interest of its members.

Summary of key actions undertaken over the Fund's reporting year

- During the year, the Trustee regularly reviewed the position of the DB Section and potential options for further risk reduction. This included reviewing the LDI portfolio and monitoring cash inflow from illiquid assets.
- Over the reporting year, the Trustee reviewed and updated the hedge ratio target to 92% of the liability benchmark, which is intended to broadly reflect sensitivities in insurer pricing. As at 31 March 2025, the Fund's hedge ratio was 92%.
- As the portfolio hedge ratio aligned with the target hedge ratio, the IC agreed a priority list for investing available cashflow, with next steps being to increase the yield headroom and begin investing in corporate bonds. An initial investment in corporate bonds was made in the final quarter of the reporting year.
- The Trustee had agreed to terminate its Secured Income mandate held with M&G in September 2023, with redemptions paid out over four quarterly tranches following an initial waiting period. The final redemption was received in January 2025.
- During the reporting year, the Trustee undertook a review of the DC Section's platform provider and decided to change provider to Legal & General (L&G) from Aegon Asset Management. This was completed within the financial year with the transfer of accrued assets to L&G's off-the-shelf default solution taking place in January 2025.

Implementation Statement

This statement demonstrates that the Trustee of the Imperial Tobacco Pension Fund has adhered to its investment principles and its policies for managing financially-material considerations including ESG factors and climate change.

Signed: T Lukic

Position: Chair of the Trustee Board of the Imperial Tobacco Pension Fund

Date: 30 June 2025

Managing risks and policy actions

Trustee policies for managing risks

The Trustee has identified the following risks that it has considered in the Fund's SIP. These risks and the Trustee's policies are set out in the tables below.

The key actions the Trustee has taken over the accounting year to address some of these risks have been highlighted in the table.

Defined Benefit Section

Risk / Policy	Definition	Policy	Actions
Interest rate and inflation	The Fund suffers a financial loss through exposure to interest rate and inflation risks on its liabilities or through exposure to interest rate and inflation risks on its assets, which differ from those on the liabilities.	The Trustee uses LDI to hedge a portion of the interest rate and inflation exposure, reducing the risk.	The Trustee has a segregated LDI portfolio to provide a bespoke interest rate and inflation hedge that replicates the majority of the sensitivities of the Fund's liabilities to these risk factors. The Trustee considers the liquidity of the Fund's assets when setting the target hedge ratio.
Credit	Default on payments by issuers of corporate bonds and other debt assets the Fund holds or through reductions in the market values of those assets.	The Trustee diversifies this risk by investing in a range of credit opportunities.	The Trustee has sold its Secured Income mandate managed by M&G to increase liquidity. Credit risk remains elsewhere in the portfolio, and allocations to these assets are expected to fall gradually over time. The Trustee has reintroduced the segregated Buy & Maintain portfolio.
Longevity	The risk that life expectancy and actual survival rates exceed expectations or the Fund's pricing assumptions.	The Trustee considers the risks associated with longevity when implementing the investment policy.	The Fund previously purchased a bulk annuity policy which covers part of the Fund's overall longevity risk.
Concentration	Over-exposure to a single asset which suffers losses relative to the Fund's liabilities.	The Trustee has set an investment strategy that uses multiple asset types, strategies, regions and sectors to ensure diversification.	No action.

Currency	The Fund suffers a financial loss through exposure to currencies other than sterling.	The Investment Managers are responsible for hedging any currency risk to reduce the potential impact of overseas currency exposure on the performance of mandates with exposure outside of the UK.	No action.
Counterparty	The Fund suffers a financial loss as a result of the failure of a counterparty to meet its obligations to the Fund (or to a fund in which the Fund invests).	The Fund and the counterparty both post collateral to the other party on a daily basis to account for market movements in the value of derivatives held.	No action.
Manager	The risk associated with one manager having responsibility for all of the Fund's assets.	The Trustee reduces this risk by dividing the assets between a number of investment managers.	No action.
Custodian	A custodian defaults or fails in its safekeeping of the Fund's assets leading to a financial loss for the Fund.	The Trustee has a written agreement in place with the custodian to assure the physical security of the Fund's assets held by the custodian.	No action.
Liquidity	The Fund is unable to raise cash when it needs to without incurring excessive costs.	The Trustee considered the liquidity of the Fund's assets in the context of likely cash flow needs.	The Trustee has taken steps to increase liquidity over the year to help support the LDI portfolio and wider cashflow requirements.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can have a material impact on investment risk and return outcomes.	The Trustee has a separate policy for ESG factors, and this can be found later in this document.	<p>ESG actions undertaken:</p> <ul style="list-style-type: none"> The managers' ESG policies were reviewed and presented to the Investment Committee in a Sustainability Integration Assessment report. As part of the Task Force on Climate-related Financial Disclosure ("TCFD") requirements, the Trustee conducted a review of the DB and DC Section's climate-related metrics. <p>More details of the ESG policy and how it was implemented are presented later in this statement.</p>

Defined Contribution Section

Risk / Policy	Definition	Policy	Actions
Inflation Risk	The real value (i.e. post inflation) value of members' accounts decreases.	The Trustee offers a default option which invests in a diversified range of assets which are likely to grow in real terms. There are also self-select fund options available across a range of asset classes, with the majority expected to keep pace with inflation. Members can set their own investment allocations, in line with their requirements versus inflation.	The Trustee reviewed the ongoing suitability of the investment arrangements and agreed to appoint a new DC platform provider and implement a new well-diversified, default investment solution. This is now managed by L&G. The Trustee, along with their investment advisors, monitor this on an ongoing basis.
Pension Conversion Risk	Members' investments do not match how they would like to use their pots in retirement.	The Trustee makes available a universal default in addition to six lifestyle strategies for DC members, each targeting either cash, drawdown or annuity purchase at retirement. The default investment option is a lifestyle strategy which targets flexible access income drawdown as a retirement destination.	The Trustee, as part of the move to L&G, reviewed the range of lifestyle strategies available to ensure they reflected the varying needs of members.
Market Risk	The value of securities, including equities and interest-bearing assets, can go down as well as up.	The default investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members by the Trustee.	The Trustee monitored the performance of different markets and the impact on the fund performance throughout the year as part of their quarterly reporting and meeting structure.
Counterparty Risk	A counterparty, either an underlying holding or pooled arrangement, cannot meet its obligation.	Investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members by the Trustee.	No action.
Currency Risk	The value of an investment in the member's base currency may change as a result of fluctuating foreign exchange rates.	Investment strategy is set with the intention of diversifying this risk to reach a level of risk deemed appropriate for the relevant members by the Trustee. Within the diversified growth funds the currency risk management is delegated to Investment Managers.	No action.
Operational Risk	A lack of robust internal processes, people and systems.	The Investment Consultant's ratings for fund managers include consideration of management of operational risk. Furthermore, L&G, who now manage the day-to-day management of the portfolio,	The Trustee monitors the fund managers as part of its quarterly Investment Committee meetings, with the Investment Consultant providing material and advice to assist in this process.

Liquidity Risk		have a rigorous manager due-diligence process.	
	Assets may not be readily marketable when required	The Trustee accesses daily dealt and daily priced pooled funds through a unit-linked insurance contract from L&G. Illiquid assets are accessed via a fund structure which is priced daily, with liquidity of the illiquid assets managed within this structure.	There is a small allocation to illiquids as part of the new default at L&G. The appropriateness of this was considered as part of their appointment. Managing liquidity within the portfolio is key and the Trustee has determined that L&G are able to manage this appropriately.
Valuation Risk	The value of an illiquid asset is based on a valuer's opinion, realised value upon sale may differ from this valuation.	The investment strategy predominantly invests in liquid assets. However, there is exposure to illiquid assets within some of the funds. The diversified growth funds may hold illiquid assets. However, the management of valuation risk is delegated to Investment Managers.	There is a small allocation to illiquids as part of the new default at Legal & General. The appropriateness of this was considered as part of their appointment.
Environmental, Social and Governance Risk	ESG factors can have a significant effect on the performance of the investments held by the Fund e.g. extreme weather events, poor governance.	<p>The Trustee has a separate policy for ESG factors, and this can be found later in this document.</p> <p>In addition, the Trustee has made available a range of sustainable focussed funds in the self-select range.</p>	<p>The Trustee reviewed the extent to which ESG is embedded within the processes of the investment managers as part of the continued review of the default carried out over the year as well as the platform review.</p> <p>In addition, the following ESG actions were undertaken:</p> <ul style="list-style-type: none"> • The managers' ESG policies were reviewed and presented to the Investment Committee in a Sustainability Integration Assessment report. • As part of the Task Force on Climate-related Financial Disclosure ("TCFD") requirements, the Trustee conducted a review of the DB and DC Section's climate-related metrics. <p>More details of the ESG policy and how it was implemented are presented later in this statement.</p>
Manager Skill / Alpha Risk	Returns from active investment management may not meet expectations, leading to lower-than-	The Trustee makes use of a number of actively managed funds to DC members where they deem appropriate. The actively managed funds made available are reviewed by its Investment Consultant,	The Trustee monitors the performance and ratings of the active funds regularly throughout the year at the quarterly Trustee meetings.

	expected returns to members.	based on forward-looking expectations of meeting objectives.
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Changes to the SIP

DB SIP – updated in September 2024

The Trustee is reviewing its current governance structure and continuing to develop an effective system of governance, in line with the applicable regulatory guidance, and this is noted within the SIP. The consideration of ESG matters (including climate factors) relating to the Fund’s investments will be included within the effective system of governance.

The SIP has also been updated to include the collateral management policy which will be reviewed approximately annually, or more frequently following significant market movements.

DC SIP – updated in January 2025

Following a review of the default investment strategy and a subsequent review of the provider, the Trustee has appointed L&G as the DC platform provider going forward. The SIP was updated to reflect the Trustee’s beliefs and policies in relation to L&G’s off-the-shelf default solution (the Target Date Funds range).

The SIP has also been updated to reflect the Trustee’s beliefs on illiquid assets as, subject to effective implementation, the Trustee believes these assets can add value to members’ retirement savings. The default investment strategy allocates 1% to the Private Markets Access Fund within the growth stage for members retiring after 2040. Members within the default investment strategy approaching retirement also have an allocation to illiquid assets, via private credit and physical property.

In addition to the default, the Trustee has made available six different lifestyle investment options built to be suitable for a member who wishes to take either cash, an annuity (secured income) or follow income drawdown (variable income) at retirement. Three of the six offer members a more ESG focussed option, targeting the same three retirement outcomes listed above.

Implementing the current ESG policy and approach

ESG as a financially material risk

The SIP describes the Trustee's policy with regards to ESG as a financially material risk. This section details the Trustee's ESG policy and how it is implemented, as well as the Trustee's ESG beliefs.

The Trustee agreed the ESG beliefs set out in the ESG Policy in December 2020. The policy was updated in 2022 to reflect climate related ESG beliefs as part of the TCFD requirements and was refined following review in 2023. The following information reflects the 2023 update of the Trustee's ESG Policy. The annual review of the ESG Policy took place following the Fund year end and no changes were implemented.

Rationale for the policy

The Fund is a large institutional investor, investing on behalf of its members. As part of the Trustee's fiduciary duty, which includes a comprehensive approach to risk management, it has been recognised that ESG factors, including, but not limited to, climate change, can be financially material. The Trustee recognises that there is a need for the Fund to be a long-term, responsible investor to achieve sustainable returns.

The Trustee believes that it should be a responsible steward of its assets and consider the wider impacts, where possible, of its investment decisions on the environment and society. Where possible, and in line with the beliefs set out in the Policy, positive ESG outcomes will be targeted within the investment portfolios.

Impact of the policy on investment decision making

The Trustee decides the Fund's investment strategy and asset allocation. This includes which asset classes the Fund should be invested in. In making any portfolio construction decisions, the Trustee will have regard for the policy.

Within each asset class, the Trustee delegates the day-to-day investment decision making to the investment managers e.g. holding a bond issued by a particular company or exposure to a particular sector. In appointing and reviewing the Fund's investment managers, the Trustee, with the assistance of its investment consultant, considers the managers' expertise, track record and stated policies and frameworks on ESG related issues. As part of the initial and ongoing due diligence of the Fund's investment managers, the Trustee assesses and monitors their considerations of ESG factors and how these are incorporated into their investment decision making.

In addition, the Trustee will consider opportunities that may arise from regulation on ESG factors or market dislocations and will receive training and updates periodically to update them on these trends and opportunities.

Implementing the policy

The Trustee will implement the policy through the following steps:

- i. The Trustee will continue to develop its understanding of ESG factors through annual training on ESG and keep themselves up to date on the latest sustainable investment opportunities.
- ii. The Trustee's ESG beliefs will be formally reviewed annually or more frequently if required by the Trustee.
- iii. The Trustee will incorporate ESG criteria as part of new manager selection exercises, with explicit consideration of ESG factors for any segregated mandates.

- iv. The Trustee, with support from its investment consultant, will undertake annual reviews of the investment managers' approach to integrating ESG factors.
- v. Following the initial review, actions will be identified where investment managers are misaligned with the Trustee's ESG beliefs. The investment consultant will engage with each manager on the Trustee's behalf to remedy these issues where possible.
- vi. The investment managers' stewardship and engagement activities will be monitored on an ongoing basis and the Trustee will seek to understand the effectiveness of these activities.
- vii. The Investment Committee will receive any relevant climate-related updates from the investment consultant and investment managers, potentially covering the investment managers' climate capabilities, progress on various climate workstreams and any relevant market or regulatory updates.
- viii. The Trustee, with support from its investment consultant, will produce an annual TCFD report.

Monitoring and reviewing the policy

The Trustee will monitor the Fund's assets against this policy on an ongoing basis, with the assistance of its investment consultant. The Trustee views the development of the policy as an ongoing process as approaches to integrating ESG factors continue to evolve over time. When reviewing the policy, the Trustee will take account of any significant developments in the market to assess whether they are taking a best practice approach.

The Trustee's ESG beliefs

The Trustee has formulated a set of ESG beliefs to help underpin overall investment decision making. The Trustee's ESG beliefs have been summarised below.

Risk Management	<ol style="list-style-type: none"> 1. ESG factors can be financially material; identifying and mitigating these risks where possible forms part of the Trustee's fiduciary duty. 2. Whilst the Trustee wishes to invest in managers and funds that exhibit best practice in terms of ESG integration, the Trustee will continue to maximise the risk / reward profile of any investment. Any positive tilts to ESG factors will be made where the Trustee feels that these investments will generate superior long-term returns and/or lower risk. 3. The Trustee will consider the ESG values and priority areas of the Sponsor. 4. The Trustee recognises that climate change risk poses significant investment risk that could become incrementally more severe over time.
Approach / Framework	<ol style="list-style-type: none"> 5. The Trustee will seek to understand how investment managers integrate ESG considerations into their investment decisions and include reference to ESG capabilities in future evaluation criteria when selecting new investment managers. 6. Specialist ESG fund/s will be offered in the self-select range in the DC section.
Voting & Engagement	<ol style="list-style-type: none"> 7. The Trustee will seek to understand each investment manager's approach to engaging with portfolio companies and the effectiveness of these activities. 8. Managers investing in companies' debt, as well as equity, have a responsibility to engage with the management of investee companies on ESG issues. 9. Engaging with investment managers is an effective way of initiating change and ensuring better alignment with the Trustee's ESG beliefs. There is a desire to engage with investment managers in the first instance rather than sell the Fund's holdings if issues are identified.
Reporting & Monitoring	<ol style="list-style-type: none"> 10. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training to develop and maintain an understanding of these factors. 11. Through the Trustee's regular reporting and ongoing due diligence of the Fund's investment managers, supported by its investment consultant, the Trustee will seek to monitor suitable ESG metrics to understand the impact of investments. 12. The Trustee will take advice from its investment consultant to set appropriate ESG targets for the Fund.

Collaboration	<ol style="list-style-type: none">13. Investment managers should sign up and comply with common codes and practices such as the UN PRI and the UK Stewardship Code. If they do not sign up, they should provide a valid reason why.14. Investment managers should engage and collaborate with other market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, social issues, risk management and debtholder rights.
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ESG summary and engagement with the investment managers

Sustainability Integration Assessment results

In Q1 2025, Isio assessed the ESG processes of the Fund's investment managers. The results were reported back to the Investment Committee in the form of a Sustainability Integration Assessment.

The review was conducted in line with the Trustee's ESG beliefs and Isio gave each manager an overall ESG score and climate score, and rated them in each of the following areas:

- Risk Management
- Investment Approach/Framework
- Stewardship
- Reporting
- Collaboration

Using the results, Isio advised the Trustee on the potential engagement points, and progress against these points will be monitored over time.

A summary of Isio's view on each of the managers' ESG process, and the key engagement points, is outlined in the following table. Since the assessment, the Fund invested in a bespoke buy & maintain corporate bond mandate which was in its restructuring period at the end of the reporting year (i.e. the investment manager is using an initial three month period to build up the mandate gradually). As such, the mandate is not included in the table below but it aims to embed climate-aligned investment guidelines over the long term and will be reviewed formally in the next annual assessment.

Defined Benefit Section

Manager and Fund	ESG Summary	Actions identified
DTZ Property Portfolio	ESG integration is a key component of DTZ's investment process. The firm has a clear pathway in place in order to reach Net Zero by 2040 and encourages ESG-related improvements across their asset base through asset management plans to mitigate ESG risks. DTZ engage with ESG organisations and initiatives such as GRESB and provide quarterly reporting of ESG initiatives to boost EPC ratings and mitigate flood risks.	DTZ should introduce nature and/or biodiversity factors as explicit stewardship priorities. DTZ should look to provide evidence of engagement to enhance social and nature-based factors of the Fund's assets. DTZ should also aim to become a signatory of the 2020 UK Stewardship Code and Net Zero Asset Management Initiative.
AXA Secured Finance	AXA has firm-wide stewardship policies in place across climate, nature and social factors and has a mandatory ESG training programme for analysts and PM teams. Whilst positive at the firm-level, integration of ESG considerations at the mandate level	AXA should centralise ESG engagement across the firm to maximise impact. AXA should look to improve the Net Zero commitment coverage of assets.

	is weak. This is partly due to securitised assets offering limited data accessibility and potential for engagement and as the fund is outside of its investment period, material ESG improvements are unlikely.	AXA should provide examples and case studies where engagement has been taken to manage ESG risks.
Hayfin Private Debt	Whilst Hayfin has an established firm-wide ESG policy, integration of the policy and fund-level ESG objectives is severely limited in relation to the Private Debt vintages invested in by the Fund with no signs of improvement. This is mainly due to the vintages being past their investment periods.	<p>Hayfin should look to integrate ESG specialists within PM teams.</p> <p>Hayfin should consider aiming to achieve predefined measurable social impacts and outcomes.</p> <p>Hayfin should extend the exclusions with the funds to UNGC violators.</p>
PGIM Ground Lease Property	<p>The nature of the strategy means PGIM hold the assets at an “arms’ length”, resulting in limited influence over the management of ESG related issues.</p> <p>PGIM has a firm-wide ESG policy in place, however the portfolio does not have a separate ESG policy or quantifiable ESG objectives in place.</p> <p>PGIM collaborate with a number of external, global organisations and use Moody’s ESG solutions/EPC ratings to support monitoring of ESG risks.</p>	<p>PGIM should provide reporting of ESG metrics.</p> <p>PGIM should provide evidence where it has engaged on underlying assets to enhance value creation.</p> <p>PGIM should become a signatory of the Net Zero Asset Manager’s Initiative and consider producing white papers which support the favorable outcomes of ESG.</p>
LGIM LDI	<p>LGIM is actively committed to integrating ESG considerations into LDI funds via their Active ESG tool and counterparty engagements. Their dedicated ESG team plays a crucial role in responsible investment and stewardship, ensuring premium risk management through their proprietary tools.</p> <p>At a firm level, LGIM demonstrate a robust approach to ESG and stewardship and is a member or signatory to over 50 key ESG initiatives.</p>	<p>LGIM should consider expanding the approach to assessing green gilts to complement a relative value assessment in order to create positive externalities within the portfolio.</p> <p>LGIM should introduce a formal ESG training program for its employees with defined training priorities.</p>

The Defined Benefit Section of the Fund also holds a buy-in policy with Standard Life. The Trustee reviews monitoring on Standard Life’s ESG credentials on an approximately annual basis.

Defined Contribution Section

For this section, we are reporting on the funds which make up the DC Section’s default investment strategy. We will continue to monitor update of the self-select options and may consider including popular self select funds in future reporting

Isio will be engaging with L&G on the Trustee’s behalf, to review their ESG policies and set actions and priorities. Isio will report back to the Trustee on a periodic basis on any progress the investment managers have made against these proposed actions.

Manager and Fund	ESG Summary	Actions identified
L&G Target Date Funds (managed by LGIM)	<p>LGIM have strong firm-level policies, including a net zero by 2050 commitment, and have a strong approach to stewardship and collaboration.</p> <p>The fund range excludes companies involved in thermal coal mining agreeing to the Paris-aligned plan to phase out coal by 2040. LGIM can provide clear engagement examples and outcomes in line with the firm-level policies.</p>	<p>LGIM should look to introduce a formal ESG training program with defined priorities.</p> <p>LGIM should introduce strategy level quantifiable ESG objectives.</p> <p>LGIM should consider utilising ESG scorecards within private assets.</p> <p>LGIM should consider implementing nature-related objectives at the fund level.</p>

Engagement

As the Fund invests via fund managers, the managers provided details on their engagement activity including a summary of the engagements by category. The managers also provided examples of any significant ESG-related engagements where relevant.

Defined Benefit Section – 12 months to 31 March 2025 (unless stated otherwise)

Fund name	Engagement summary	Commentary
DTZ Property Portfolio	Total engagements: 167 Environmental: 167	DTZ operates a stakeholder engagement programme to engage with all stakeholders and ensure they are supportive of the ESG programme, procedures, and objectives DTZ have in place. An annual survey is distributed to tenants to gauge satisfaction and to understand their ESG needs. DTZ confirmed that 167 tenants were sent the annual customer satisfaction survey and 101 have responded, a moderate increase in responses from last year (75 responses from 167 tenants).
AXA Secured Finance	Total engagements: 15 (covering E, S and G)	AXA's engagement efforts focussed on Collateral Loan Obligation (CLO) managers to verify that their industry exclusions list aligns with AXA's exclusions list. If there is misalignment, AXA request confirmation of any exposure to the industries in AXA's exclusions list and engage with the manager to confirm that they will not invest in such industries anymore. Examples of significant engagements include: Golden Tree, Onex & Benefit Street Partners - Prior to investing in these CLOs, AXA discussed ESG stipulations in the documentation provided to ensure alignment with AXA's requirements. AXA pushed for an enhanced investment policy at the CLO transaction level in line with AXA's sector exclusion policy. As a result, the CLO managers agreed to align their ESG policies surrounding CLO transactions with AXA's requirements.
Hayfin Direct Lending fund II	Hayfin currently do not provide details of their engagement activity for DLF II.	Given DLF II ended its investment period in 2019 and Hayfin are only the lenders, Hayfin's ability for engagement is limited. However, they do take corporate engagement seriously and it is reflected in the other vintages in their funding/investment period.
Hayfin Direct Lending fund III	Lending fund III Total engagements: 2 Environmental: 2 Social: 0 Governance: 0 Other: 0	At a fund-level, Hayfin determines engagement objectives based on the unique challenges portfolio companies are facing on their ESG journeys. Engagement outcomes can be derived from Hayfin's individual efforts and collaborative efforts, depending on whether Hayfin is a majority or minority lender. Hayfin is typically able to engage more thoroughly with borrowers where it is the majority or sole lender.

Whilst DLF III's investment period has ended, it holds some assets that are also held within DLF IV, which reports under Article 8 of the SFDR. Engagements are therefore only covered under deals which overlap between DLF III and DLF IV.

Examples of significant engagements include:

Looping – Hayfin has incorporated an ESG-linked margin ratchet into the company's loan agreement, requiring annual evaluation and reporting on three key performance indicators (KPI): a 5% year-on-year reduction in single-use plastic consumption, measurable improvement in the borrower's Employee Net Promoter Score (eNPS*), and the establishment of a carbon footprint analysis framework to drive subsequent progress in reducing the company's carbon footprint.

*An eNPS score is an employee satisfaction rating that is achieved through employee surveys

PGIM Ground Lease Property Portfolio	PGIM currently do not provide details of their engagement activity for the Ground Lease Property portfolio.	The nature of the Ground Lease Property portfolio means that PGIM hold the assets at an "arm's length", resulting in limited influence over the management of ESG-related issues. PGIM would be able to engage with the leaseholder in the event of discussing an asset management deal but there have been no instances of this across the portfolio during the reporting year.
LGIM LDI	Total engagements: 37 Environmental: 21 Social: 1 Governance: 11 Other: 4	The Fund's LDI portfolio has a counterparty panel of 16. Over the reporting period in question LGIM engaged with 14 of 16 counterparties. A breakdown of these engagements by topic areas can be seen to the left. LGIM also engage with governments and regulators regarding LDI matters, including topics such as RPI reform, the pension scheme exemption for derivative clearing and green gilt issuance.

Defined Contribution Section – 12 months to 31 March 2025

For this section, we are reporting on the funds which make up the default strategy and which captures c.94% of the DC Section's assets at the end of the reporting year. As the Fund invests via fund managers, the managers provided details on their engagement activity including a summary of the engagements by category. The managers also provided examples of any significant ESG-related engagements where relevant.

For this section, we are reporting on the funds which make up the default strategy and which capture c.94% of the DC Section's assets at the end of the reporting year. As the Fund invests via fund managers, the managers provided details on their engagement activity including a summary of the engagements by category. The managers also provided examples of any significant ESG-related engagements where relevant.

Fund name	Engagement summary	Commentary
Target Date Fund 3 2015-2020	<p>Total Engagements: 3,538</p> <p>Environmental: 2,807</p> <p>Social: 636</p> <p>Governance: 454</p> <p>Other: 702</p>	<p>Engagement with companies is completed at a firm wide level rather than on a fund basis.</p> <p>LGIM has a dedicated ESG team who dictate the extent of voting and engagement activities for underlying funds/investments.</p> <p>LGIM have provided firmwide engagement policy reports that set out their engagement priorities. Their stewardship priorities are built on six 'super themes' covering ESG. These 'super themes' are Climate, Nature, People, Health, Governance and Digitisation.</p> <p>Their voting policies are reviewed annually and take into account feedback from clients.</p> <p>Engagement company: Nestle</p> <p>Engagement example (Health):</p> <p>In the fourth quarter of 2022 LGIM co-signed, with peers, letters to twelve food and beverage manufacturers, under the leadership of ShareAction's Healthy Markets Initiative. Nestle was among the companies LGIM wrote to. In the individual tailored letters, they encourage the companies to do more in several areas. These include, for example, transparency around their nutrition strategy, demonstrating progress on their nutrition strategy, committing to disclosures around the proportion of the company's portfolio and sales associated with healthy food and drinks products (using government-endorsed nutrient-profiling models), and setting targets to increase the proportion of these sales. LGIM also praised companies for the positive steps taken so far.</p> <p>Following the letter, together with the Healthy Markets Initiative, LGIM met with Nestle several times in 2023 to discuss concerns, particularly regarding their definition of "healthy" products, and their plans not just to monitor but also actively to increase their sales of healthier products. Levels of individual typically engaged with include professions such as general counsel and company secretary, and executive director.</p> <p>In late 2022, Nestle announced that they would report on their global portfolio using the nutrient profiling system Health Star Rating (HSR). As a member of ShareAction's healthy markets initiative, LGIM were pleased to see this development. Nestle announced on 28 September 2023 that they aim "to grow the sales of their more nutritious products</p>

		<p>by CHF20-25 billion by 2030. This represents about 50% growth over 2022 sales.”</p> <p>The target applies to Nestlé products with a Health Star Rating (HSR) of 3.5 stars or more, together with its specialized nutrition products, including baby foods, vitamin and mineral supplements and medical nutrition. These already account for close to 60% of the company's food and beverage sales.</p> <p>While they acknowledge that a target has been set, LGIM's main concerns are as follows:</p> <ul style="list-style-type: none"> • Nestlé's new target is broadly in line with the company's current overall growth guidance, meaning if sales of unhealthier products increase in line with this guidance, there would be no improvement linked to consumer health and diets • Some of the products counted as 'nutritious' by Nestlé are outside the scope of government-endorsed nutrient profile models (including commercial baby foods and coffee). By increasing sales of out-of-scope products classified by Nestlé as nutritious, the company could meet its target without having any positive impact on public health. <p>Reflecting their shared concerns with ShareAction, they agreed in early 2024 to co-file a shareholder resolution with several other investors at Nestlé's AGM, calling on the company to:</p> <ul style="list-style-type: none"> • Set key performance indicators (KPIs) regarding the absolute and proportional sales figures for food and beverage products according to their healthfulness, as defined by a government-endorsed Nutrient Profiling Model.
Target Date Fund 3 2020-2025	<p>Total Engagements: 3,562</p> <p>Environmental: 2,826</p> <p>Social: 639</p> <p>Governance: 455</p> <p>Other: 710</p>	<p>Engagement company: Volkswagen AG</p> <p>Engagement example (Human Rights):</p> <p>LGIM engaged with Volkswagen AG in late 2022 after MSCI first flagged Volkswagen with regards to controversy around its presence in Xinjiang in China, which led to scrutiny by the press and third parties. Initially, the focus of LGIM's engagement was to stress the importance of the issue to the company in relation to its access to the bond market. Since the audit and resolving the MSCI controversy, their approach has shifted towards finding a solution that draws a line under the issue. LGIM have had regular engagement with the company ranging from the investor relations team up to the chief financial officer.</p> <p>In meetings over 2024, Volkswagen has indicated that it has been working on various solutions to resolve this issue. In November, the company announced that its stake in the plant in Xinjiang had been sold to their joint venture partner. This removes responsibility from Volkswagen, which should de-risk the company's exposure to the region in future. Operationally this divestment is not expected to have any negative impact on the company's strategic direction. It is unlikely that LGIM will need to engage further on this topic in future given this solution has been reached. In their discussions with the company, it has indicated that discussions with important stakeholders such as LGIM have helped indicate the urgency of the matter to senior management and to achieve a resolution.</p>

Target Date Fund 3 2025-30	Total Engagements: 3,562 Environmental: 2,826 Social: 639 Governance: 455 Other: 710	Please see above.
Target Date Fund 3 2030-2035	Total Engagements: 3,562 Environmental: 2,826 Social: 639 Governance: 455 Other: 710	Please see above.
Target Date Fund 3 2035-2040	Total Engagements: 3,389 Environmental: 2,863 Social: 617 Governance: 429 Other: 694	<p>Engagement company: Shell PLC</p> <p>Engagement example (Environment):</p> <p>LGIM believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under their Climate Impact Pledge, they publish their minimum expectations for companies in these 20 climate-critical sectors. Accordingly, they expect the company to meet their minimum expectations as set out in their relevant Climate Impact Pledge sector guides; companies failing to do so may be subject to voting sanctions (and/ or divestment sanctions, for companies selected for in-depth engagement).</p> <p>LGIM's current objectives for their engagement with Shell are:</p> <ul style="list-style-type: none"> - Demonstration of alignment to Shell's 1.5C objectives through enhanced disclosure of scenarios and assumptions - Enhanced disclosure across the company's value chain (scope 3) to demonstrate agility when (if) markets are pivoting (against a range of inputs and scenarios) - Enhanced lobbying disclosure (specifically in regions where hydrocarbon exposure is expected to remain material) - Remuneration: KPIs linked to progress made towards a balanced multi-energy transition including elements like biofuels, EV charging, CCS and hydrogen - Disclosure and application of responsible divestment standards in asset sale process <p>Having voted against the company's Energy Transition Strategy in 2021, 2022 and 2023, LGIM assessed the plan put forward in their 2024 AGM very carefully against their published expectations.</p> <p>LGIM have met with Shell eleven times in 2024 to discuss their approach to the climate transition (with reference to LGIM's objectives, which set out where they believe they are falling short). Levels of individual typically engaged with include the Chair and the Head of Investor Relations.</p> <p>LGIM acknowledge the substantive progress the company has made in respect of climate-related disclosure over recent years, and LGIM view positively the commitments to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, and the company's pledge not to pursue frontier exploration activities beyond 2025.</p> <p>Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and liquified natural gas business this decade, LGIM</p>

		<p>expect Shell to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050.</p> <p>LGIM therefore voted against the company's Energy Transition Strategy in their 2024 AGM.</p>
Target Date Fund 3 2040- 2045	<p>Total Engagements: 3,389</p> <p>Environmental: 2,683</p> <p>Social: 617</p> <p>Governance: 429</p> <p>Other: 694</p>	<p>Engagement company: Apple</p> <p>Engagement example (Governance):</p> <p>LGIM believe that AI should drive long-term innovation, productivity and value creation. To secure these gains, they believe investors must engage with companies and policymakers on baseline expectations for governance, risk management and transparency.</p> <p>Apple is among several companies that have outsized influence on the integration of AI into the economy. LGIM believe companies like Apple should be transparent in their uses of AI and their risk management processes. Apple discloses very little about its approach to managing AI risk, and is behind its peers on disclosure of policies and guidelines.</p> <p>The objective of this engagement is for Apple to improve its transparency, governance and risk management regarding its development and use of AI, in line with their expectations published in 2023.</p> <p>LGIM met with Apple in 2024, ahead of the Apple AGM, in order to discuss a shareholder resolution that had been filed, asking them to produce a transparency report on the company's use of AI in its business operations and disclose any ethical guidelines that the company has adopted regarding the company's use of AI technology. LGIM wanted to understand how Apple is approaching these issues and supported this shareholder resolution at the company's AGM and pre-declared their vote, given the significance of this topic and Apple's position as a market leader in the tech industry.</p> <p>Subsequently, they met with Apple a second time for a detailed discussion of governance of AI and risk management at the company.</p> <p>Levels of individual typically engaged with include senior counsel and the head of investor relations.</p> <p>Since then, Apple has published responsible AI principles in the months following the AGM.</p>
Target Date Fund 3 2045- 2050	<p>Total Engagements: 3,389</p> <p>Environmental: 2,683</p> <p>Social: 617</p> <p>Governance: 429</p> <p>Other: 694</p>	<p>Engagement company: JP Morgan Chase & Co</p> <p>Engagement example (Environment):</p> <p>LGIM believe banks have a prominent role to play in financing the global transition to net zero. As one of the world's leading financial institutions with an extensive financial geographical footprint, including in emerging markets, JPMorgan's commitments to green financing have a big potential impact across many emitting sectors. They have therefore selected the bank as one of their 'in depth' engagement companies under LGIM's Climate Impact Pledge.</p> <p>JPMorgan has made commitments to set targets to transition to net zero greenhouse gas emissions by 2050 or sooner, and to set interim targets for 2030, consistent with a 1.5C</p>

	<p>trajectory. Under LGIM's Climate Impact Pledge, they have had in-depth discussions with JPMorgan on their coal policy, their scope 3 emissions and the sectors to which their 1.5 degree alignment applies.</p> <p>In November 2024, JPMorgan published their recent climate report, which includes targets on nine sectors, based on the IEA NZE50 scenario, including updated targets on oil & gas and energy mix and absolute emissions disclosures to augment intensity target ranges. LGIM welcome the tightened targets and additional sectors. Following the update to its emissions targets, LGIM are focussing their discussions on the company's sustainable finance strategy in helping to finance the transition to net zero.</p> <p>In 2024, LGIM met with them four times. Levels of individual typically engaged with include the executive director of the ESG Investor Relations team and the head of sustainability reporting and policy, and members of their Centre for Carbon Transition team.</p> <p>In terms of the objectives, the company has disclosed a discussion on its energy supply ratio, which provides information on the bank's financing mix. LGIM continue to discuss methodologies around this strategy and consider this objective to be 'in progress'.</p> <p>LGIM will continue their engagement on both climate and governance matters over the coming year.</p>
<p>Target Date Fund 3 2050- 2055</p>	<p>Total Engagements: 3,389 Environmental: 2,683 Social: 617 Governance: 429 Other: 694</p> <p>Engagement company: Toyota Motor Corp Engagement example (Governance): As a longstanding member of the Asian Corporate Governance Association network ('ACGA') Japan Working Group, LGIM engages with Japanese companies, including Toyota Motor Corporation, to improve their corporate governance and sustainability practices.</p> <p>Recently, the company has been implicated in a few controversies regarding the quality and safety of products at its subsidiaries, and the governance of group companies has also been questioned.</p> <p>Toyota is one of the world's largest and most influential companies. They have long pushed their multi-pathway strategy of decarbonisation, incorporating a mixture of vehicle types - hybrids, EVs, fuel cell. These will have important roles in transitioning to net zero transportation. In certain regions that are making rapid progress towards EVs, Toyota have received negative press on their lobbying practices. LGIM have been clear in their engagement that Toyota should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment.</p> <p>In addition to a number of email exchanges, LGIM met with the company three times in 2024. Levels of individual <u>typically engaged with include the Head of Investor Relations</u></p>

		<p>and the Finance Director.</p> <p>Their voting at the company's recent AGM reflects their ongoing concerns about independence on the board and diversity. Reasons for their vote against the re-election of the Chair included accountability for a lack of transparency regarding advisory roles of the former CEO, responsibility for certification irregularities and, on the topic of climate change, a vote sanction under LGIM's Climate Impact Pledge due to apparent misalignment of the company's stated ambitions and its forward-looking strategy. LGIM also supported a shareholder proposal requesting greater transparency regarding climate lobbying activities.</p> <p>LGIM will continue to engage with the company on corporate governance and are pleased with the progress Toyota is making on lobbying disclosures and are encouraged that they are responding proactively to investor feedback.</p>
Target Date Fund 3 2055-2060	Total Engagements: 3,389 Environmental: 2,683 Social: 617 Governance: 429 Other: 694	Please see above.
Target Date Fund 3 2060-2065	Total Engagements: 3,389 Environmental: 2,683 Social: 617 Governance: 429 Other: 694	Please see above.
Target Date Fund 3 2065-2070	Total Engagements: 3,389 Environmental: 2,683 Social: 617 Governance: 429 Other: 694	Please see above.
Target Date Fund 3 2070-2075	Total Engagements: 3,389 Environmental: 2,683 Social: 617 Governance: 429 Other: 694	Please see above.

Note: L&G have confirmed that as their ICSWG (Investment Consultants Sustainability Working Group) guides are only produced on a calendar year basis, they are not able to provide engagement data for the scheme year end. The engagement data therefore covers the period from 31 December 2023 to 31 December 2024. Given that engagements are often ongoing and across multiple years, we believe that the engagements outlined above are still relevant. Furthermore, given the overlap of funds within the different target date vintages, there are engagements that hold true for multiple vintages.

Voting

DB Section

Given the DB Section does not have any equity investments, there are no voting actions to report.

DC Section

For this section, we are reporting on the funds which make up the default strategy and which captures c.94% of the DC Section's assets.

As the Fund invests in pooled funds managed by fund managers, where applicable each manager has provided details on their voting actions, including a summary of the activity covering the reporting year up to 31 March 2025. The managers were also asked for examples of any significant votes.

The Trustee has adopted the managers' definition of significant votes and has not set stewardship priorities. The managers have provided examples of votes they deem to be significant.

Description of voting processes

Legal and General Investment Management (LGIM)

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. Their voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration in develop their voting and engagement policies and help to define strategic priorities in the years ahead.

Decisions are made by LGIM's Investment Stewardship team and in accordance with LGIM's relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents. Each member of their team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures the stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Fund name	Voting summary	Examples of most significant votes
Target Date Fund 3 2015-2020	Meetings eligible to vote on: 10,467 Resolutions eligible to vote on: 106,186 Proposals voted: 99.8% For votes: 77.3% Against votes: 21.9% Abstain votes: 0.8% Use of proxy voter: Yes (ISS's ProxyExchange) Votes contrary to the proxy advisor: 13.7%	Canon, Inc - <i>Date of vote: March 28, 2025</i> - <i>Reasoning for significant vote: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</i> - <i>Approx. holding size: 0.01%</i> - <i>Summary of resolution: Elect Director Mitarai, Fujio</i> - <i>Manager vote: Against</i> - <i>Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.</i> - <i>Voting rationale: A vote against is applied due to the lack of meaningful diversity on the board.</i> - <i>Outcome of vote: n/a</i>

Target Date Fund 3 2020-2025	<p>Meetings eligible to vote on: 10,534</p> <p>Resolutions eligible to vote on: 106,571</p> <p>Proposal voted: 99.8%</p> <p>For votes: 77.2%</p> <p>Against votes: 22.0%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 13.7%</p>	<p>Microsoft Corporation</p> <ul style="list-style-type: none"> - Date of vote: December 10, 2024 - Reasoning for significant vote: This shareholder resolution is considered significant due to the relatively high level of support received. - Approx. holding size: 0.18% - Summary of resolution: Report on AI Data Sourcing Accountability - Manager vote: For - Vote against management, was intent communicated ahead of the vote: n/a - Voting rationale: LGIM believes a vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models - Outcome of vote: Fail
Target Date Fund 3 2025-30	<p>Meetings eligible to vote on: 10,534</p> <p>Resolutions eligible to vote on: 106,571</p> <p>Proposal voted: 99.8%</p> <p>For votes: 77.2%</p> <p>Against votes: 22.0%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 13.7%</p>	<p>Westpac Banking Corporation</p> <ul style="list-style-type: none"> - Date of vote: December 13, 2024 - Reasoning for significant vote: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf. - Approx. holding size: 0.05% - Summary of resolution: Elect Margaret Seale as Director - Manager vote: For - Vote against management, was intent communicated ahead of the vote: n/a - Voting rationale: A vote in favour is applied despite the proportion of women on the Board having fallen below one-third of board members as at the 2024 AGM. However, support is warranted given the Company exceeded its goal of 40% female directors by the 2024 year-end, with some recent board changes at the AGM throwing it out of kilter. LGIM expect companies to increase female participation both on the board and in leadership positions over time and will monitor Westpac's performance in this regard. - Outcome of vote: Pass
Target Date Fund 3 2030-35	<p>Meetings eligible to vote on: 10,534</p> <p>Resolutions eligible to vote on: 106,571</p> <p>Proposal voted: 99.8%</p> <p>For votes: 77.2%</p> <p>Against votes: 22.0%</p>	<p>BHP Group Limited</p> <ul style="list-style-type: none"> - Date of vote: October 30, 2024 - Reasoning for significant vote: This shareholder resolution is considered significant due to the relatively high level of support received. - Approx. holding size: 0.16% - Summary of resolution: Approve Climate Transition Action Plan

	<p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 13.7%</p>	<ul style="list-style-type: none"> - <i>Manager vote: For resolution</i> - <i>Vote against management, was intent communicated ahead of the vote: n/a</i> - <i>Voting rationale: LGIM believes it is clear that BHP has made significant strides in carrying out its core role in the transition in a sustainable manner and has demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with their framework for assessing mining company transition plans. Therefore, LGIM will be supporting BHPs CTAP.</i> - <i>Outcome of vote: n/a</i>
Target Date Fund 3 2035-2040	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 14.0%</p>	<p>Starbucks Corporation</p> <ul style="list-style-type: none"> - <i>Date of vote: March 12, 2025</i> - <i>Reasoning for significant vote: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</i> - <i>Approx. holding size: 0.14%</i> - <i>Summary of resolution: Elect Director Jorgen Vig Knudstorp</i> - <i>Manager vote: Against</i> - <i>Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.</i> - <i>Voting rationale: A vote against is applied as LGIM expects a company to have at least one-third of women on the board. LGIM also expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.</i> - <i>Outcome of vote: n/a</i>
Target Date Fund 3 2040-2045	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 14.0%</p>	<p>Analog Devices, Inc.</p> <ul style="list-style-type: none"> - <i>Date of vote: March 12, 2025</i> - <i>Reasoning for significant vote: 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.</i> - <i>Approx. holding size: 0.13%</i> - <i>Summary of resolution: Elect Director Vincent Roche</i> - <i>Manager vote: Against</i> - <i>Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.</i> - <i>Voting rationale: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</i> - <i>Outcome of vote: Pass</i>

Target Date Fund 3 2045-2050	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 14.0%</p>	<p>Applied Materials, Inc.</p> <ul style="list-style-type: none"> - Date of vote: March 6, 2025 - Reasoning for significant vote: LGIM views gender diversity as a financially material issue for clients, with implications for the assets they manage on their behalf. - Approx. holding size: 0.18% - Summary of resolution: Elect Director Judy Bruner - Manager vote: Against - Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. - Voting rationale: A vote against is applied as LGIM expects a company to have at least one-third of 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. - Outcome of vote: n/a
Target Date Fund 3 2050-2055	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 14.0%</p>	<p>Medtronic Plc</p> <ul style="list-style-type: none"> - Date of vote: October 17, 2024 - Reasoning for significant vote: 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. - Approx. holding size: 0.12% - Summary of resolution: - Manager vote: Against - Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. - Voting rationale: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. - Outcome of vote: n/a
Target Date Fund 3 2055-2060	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p>	<p>The Procter & Gamble Company</p> <ul style="list-style-type: none"> - Date of vote: October 8, 2024 - Reasoning for significant vote: 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. - Approx. holding size: 0.43% - Summary of resolution: Elect Director Jon R. Moeller - Manager vote: Against - Vote against management, was intent communicated ahead of the vote: LGIM publicly

	<p>Votes contrary to the proxy advisor: 14.0%</p>	<p><i>communicates its vote instructions on its website with the rationale for all votes against management.</i></p> <ul style="list-style-type: none"> - <i>Voting rationale: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</i> - <i>Outcome of vote: Pass</i>
Target Date Fund 3 2060-2065	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 14.0%</p>	<p>Cisco Systems, Inc.</p> <ul style="list-style-type: none"> - <i>Date of vote: December 9, 2024</i> - <i>Reasoning for significant vote: 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.</i> - <i>Approx. holding size: 0.34%</i> - <i>Summary of resolution: Elect Director Charles H. Robbins</i> - <i>Manager vote: Against</i> - <i>Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.</i> - <i>Voting rationale: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</i> - <i>Outcome of vote: Pass</i>
Target Date Fund 3 2065-2070	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange)</p> <p>Votes contrary to the proxy advisor: 14.0%</p>	<p>Oracle Corporation</p> <ul style="list-style-type: none"> - <i>Date of vote: November 14, 2024</i> - <i>Reasoning for significant vote: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</i> - <i>Approx. holding size: 0.21%</i> - <i>Summary of resolution: Elect Director Bruce R. Chizen</i> - <i>Manager vote: Against</i> - <i>Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management.</i> - <i>Voting rationale: 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. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. 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.</i>

		<p><i>Board mandates: A vote against is applied because LGIM have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions. Withhold votes are warranted for incumbent Governance Committee members Jeffrey Berg, Bruce Chizen, Leon Panetta, and William Parrett for the substantial pledging activity and significant concerns regarding risk oversight.</i></p> <p><i>Outcome of vote: n/a</i></p>
Target Date Fund 3 2070-2075	<p>Meetings eligible to vote on: 9,687</p> <p>Resolutions eligible to vote on: 97,761</p> <p>Proposal voted: 99.8%</p> <p>For votes: 76.9%</p> <p>Against votes: 22.3%</p> <p>Abstain votes: 0.8%</p> <p>Use of proxy voter: Yes (ISS's ProxyExchange) Votes contrary to the proxy advisor: 14.0%</p>	<p>Accenture plc</p> <ul style="list-style-type: none"> - Date of vote: February 6, 2025 - Reasoning for significant vote: 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. - Approx. holding size: 0.22% - Summary of resolution: Elect Director Julie Sweet - Manager vote: Against - Vote against management, was intent communicated ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. - Voting rationale: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. - Outcome of vote: Pass

Proxy voting:

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

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

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