ABC International Bank Plc Retirement Benefit & Life Assurance Scheme

Statement of Investment Principles

20 February 2025

1 Introduction

1.1 This is the Statement of Investment Principles prepared by the Trustees of the ABC International Bank Plc Retirement Benefit & Life Assurance Scheme (the Scheme). This statement sets down the principles governing decisions about investments for the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004; and
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Occupational Pension Schemes (Investment) (Amendment) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2 In preparing this statement the Trustees have consulted ABC International Bank plc, the Principal Employer, and obtained advice from Barnett Waddingham LLP the Trustees' investment consultants. Barnett Waddingham is authorised and regulated by the Financial Conduct Authority.

1.3 This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.

1.4 The Trustees will review this statement at least every three years or if there is a significant change in the policy on any of the areas covered by the statement.

1.5 The investment powers of the Trustees are set out in Clause 6 of the Definitive Trust Deed & Rules, dated 2 February 1996. This statement is consistent with those powers.

2 Choosing Investments

2.1 The Trustees' policy is to set the overall investment target and then monitor the performance of their managers against that target. In doing so, the Trustees consider the advice of their professional advisers, who they consider to be suitably qualified and experienced for this role.

2.2 The day-to-day management of the Scheme's assets is delegated to one or more fund managers. The Scheme's fund managers are detailed in Appendix 1 to this Statement. The fund managers are authorised and regulated by the Financial Services Authority and are responsible for stock selection and the exercise of voting rights.

2.3 The Trustees review the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the fund managers with respect to performance within any guidelines set. The Trustees' will also consult the employer before amending the investment strategy.

3 Investment Objectives

3.1 The Trustees' main investment objectives are

- to ensure that they can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to manage the expected volatility of the returns achieved in order to control the level of volatility in the Scheme's required contribution levels;
- to invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new deficit reducing contributions from the participating employer, the cost of benefits which the Scheme provides;
- to reduce the risk of the assets failing to meet the liabilities over the long term;

- to minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives.

3.2 The Trustees are aware of the relationship that exists between the particular investment portfolio that is held and the level of funding of the Scheme's liabilities at any time. The Trustees have obtained exposure to investments that they expect will meet the Scheme's objectives as best as possible.

4 Kinds of investments to be held

4.1 The Scheme can invest in a wide range of asset classes including:

- Equities;
- Bonds;
- Cash;
- Property;
- Alternatives, including private equity, commodities, hedge funds, infrastructure, currency, high yield debt and derivatives;
- Annuity policies.

4.2 Any investment in derivative instruments is only made to contribute to a reduction in the overall level of risks in the portfolio or for the purposes of efficient portfolio management.

4.3 No investment in employer-related investments is permitted, except where this is by virtue of inclusion in an index which any managers are benchmarked against.

5 The balance between different kinds of investments

5.1 The Scheme invests in assets that are expected to achieve the Scheme's objectives. The allocation between different asset classes is contained within Appendix 1 to this Statement.

5.2 The Trustees consider the merits of both active and passive management for the various elements of the portfolio and may select different approaches for different asset classes. The current arrangements are set out in Appendix 1 to this Statement.

5.3 From time to time the Scheme may hold cash and therefore deviate from its strategic or tactical asset allocation in order to accommodate for any short term cashflows requirements or any other unexpected items.

5.4 The Trustees are aware that the appropriate balance between different kinds of investments will vary over time and therefore the Scheme's asset allocation will be expected to change as the Scheme's liability profile matures.

6 Risks

6.1 The Trustees have considered the following risks for the Scheme with regard to its investment policy and the Scheme's liabilities:

6.2 **Risk versus the liabilities** The Trustees will monitor and review the investment strategy with respect to the liabilities following each actuarial valuation. The investment strategy will be set with consideration of the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.

6.3 **Asset Allocation risk** The asset allocation is detailed in Appendix 1 to this Statement and is monitored on a regular basis by the Trustees.

6.4 **Fund manager risk** The Trustees monitor each of the Scheme's fund managers' performance on a regular basis in addition to having meetings with each manager from time to time as necessary, usually on an annual basis. The Trustees have a written agreement with each fund manager, which contains a number of restrictions on how each fund manager may operate.

6.5 **Concentration risk** Each fund manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.

6.6 **Governance risk** Each asset manager is expected to undertake good stewardship and positive engagement in relation to the assets held. The Trustees monitor these and will report on the managers' practices in their annual Implementation Statement.

6.7 **ESG/Climate risk** The Trustees have considered long-term financial risks to the Scheme and ESG factors as well as climate risk are potentially financially material and will continue to develop its policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments in order to avoid unexpected losses.

6.8 **Loss of investment** The risk of loss of investment by each fund manager and custodian is assessed by the Trustees.

6.9 **Liquidity risk** The Scheme invests in assets such that there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme's cash flow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.

6.10 **Covenant risk** The creditworthiness of the employer and the size of the pension liability relative to the employer's earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.

6.11 **Solvency and mismatching** Risk is addressed through the asset allocation strategy and ongoing triennial actuarial valuations. The Trustees are aware that the asset allocation required to minimise the volatility of the solvency position may be different from that which would minimise the volatility on the Scheme's funding basis.

6.12 **Currency risk** The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.

7 Expected return on investments

7.1 The Trustees have regard to the relative investment return and risk that each asset class is expected to provide. The Trustees are advised by their professional advisors on these matters, who they deem to be appropriately qualified experts. However, the day-to-day selection of investments is delegated to the fund managers.

7.2 The Trustees recognise the need to distinguish between nominal and real returns and to make appropriate allowance for inflation when making decisions and comparisons.

7.3 In considering the expected return from investments, the Trustees recognise that different asset classes have different long-term expected returns and expected volatilities relative to the liabilities.

7.4 Having established the investment strategy, the Trustees monitor the performance of each fund manager against an agreed benchmark as frequently as appropriate according to market conditions and the Scheme's funding position. The Trustees meet the Scheme's fund managers as frequently as is appropriate, normally on an annual basis, in order to review performance.

8 Realisation of investments

8.1 The Trustees have delegated the responsibility for buying and selling investments to the fund managers. The Trustees have considered the risk of liquidity as referred to above.

8.2 Ultimately, the investments will all have to be sold when the Scheme's life comes to an end. In this situation, the Trustees are aware of the fact that the realisable value of some investments, were there to be a forced sale, might be lower than the market value shown in the Scheme accounts.

9 Financially material considerations, non-financial matters, the exercise of voting rights, and engagement activities

9.1 The Trustees believe that Environmental, Social and Governance ("ESG") factors, including but not limited to climate change, are financially material – that is, they have the potential to impact the value of the Scheme's investments from time-to-time. The Trustees have set policies in relation to these matters. These policies are set out in Appendix 2 to this statement.

Policy on the exercise of voting rights and engagement activities

9.2 The Scheme currently invests in pooled investment funds only. The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the relevant fund managers. In doing so, the Trustees expect that the investment managers will use their influence as major institutional investors to exercise the Trustees' rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

9.3 The Trustees will monitor and engage with the investment managers about relevant matters (including matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance), through the Scheme's investment consultant.

9.4 Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will, with input from their investment consultant, monitor and review the information provided by the investment managers. Further details on how the Trustees assess this are set out in Appendix 2.

9.5 The Trustees acknowledge the importance of ESG and climate risk within their investment making framework. When delegating investment decision making to their investment managers they provide their investment managers with a benchmark (i.e. the set performance benchmark for the pooled funds in which they invest), which they expect the investment managers to either follow or outperform.

9.6 The Trustees are firmly of the belief that ESG and climate risk considerations extend over the entirety of a company's corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

9.7 The Trustees consider it to be a part of their investments managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme. Where the Trustees use pooled funds the Trustees expect the investment manager to employ the same degree of scrutiny.

9.8 Should an investment manager be failing in these respects, this should be captured in the Scheme's regular performance monitoring.

9.9 Through their consultation with the Principal Employer when setting this Statement of Investment Principles the Trustees have made the Principal Employer aware of their attitude to ESG and climate related risks, how they intend to manage them and the importance that the pensions industry as a whole, and its regulators, place on them.

9.10 The Scheme's investment consultants, Barnett Waddingham, are independent and no arm of their business provides asset management services. This, and their FCA Regulated status, makes the Trustees confident that the investment manager recommendations they make are free from conflict of interest.

9.11 The Trustees expect all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

9.12 In selecting and reviewing their investment managers, where appropriate, the Trustees will consider investment managers' policies on engagement and how these policies have been implemented.

10 Agreement

10.1 This statement was agreed by the Trustees, and replaces any previous statements. Copies of this statement and any subsequent amendments will be made available to the employer, the fund managers, the actuary and the Scheme auditor upon request.

Appendix 1 Note on investment policy of the Scheme as at February 2025 in relation to the current Statement of Investment Principles

Choosing investments

The Trustees have appointed Legal and General Investment Management to provide the investment platform for the Scheme's assets.

The Trustees have appointed the following fund managers to carry out the day-to-day investment of the fund:

- Legal and General Investment Management

The fund managers are authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters in addition to advice received from the fund managers on suitability of investments.

The fee arrangements with the fund managers are summarised in the Trustees' Investment Manager Arrangement Summary document.

The Trustees have AVC contracts with Alba Life, and Friends Provident for the receipt of members' Additional Voluntary Contributions. The arrangement is reviewed from time to time.

Kinds of investments to be held

The Trustees have considered all asset classes and have gained exposure to the following asset classes

- Bonds
- Alternative asset classes (through multi-asset funds)
- Liability-driven investments

The balance between different kinds of investment and rebalancing

The asset allocation has been agreed after considering the Scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification.

The investment benchmarks and objectives for each fund manager are given below:

Fund manager	Benchmark	Objective
Legal and General Investment Management		
Sterling Liquidity Fund	SONIA	To provide diversified exposure and a competitive return in relation to SONIA
Leveraged Gilts & Index-Linked Gilts	Gilt and/or Index-Linked Gilt indices	To track the respective benchmarks (gross of fees)
Unleveraged Gilts & Index-Linked Gilts	Gilt and/or Index-Linked Gilt indices	To track the respective benchmarks (gross of fees)
Synthetic Leveraged Credit Fund	Markit 10 Year CDX & iTraxx Index - GBP Hedged	To gain capital efficient exposure to changes in credit spreads

The performance of fund managers will be monitored as frequently as the Trustees consider appropriate in light of the prevailing circumstances. The monitoring takes into account both short-term and long-term performance.

The Scheme has a strategic asset allocation as set out in the table below. The Trustees recognise that the asset allocation of investments in different asset classes will vary over time as a result of market movements. The Trustees seek to maintain a balance between maintaining the asset allocation in line with its benchmark and limiting the costs of rebalances. The Scheme will rebalance when the Trustees consider it appropriate, to the allocation shown in the table below:

Portfolio	Allocation
Liability Driven Investment (LDI)	**75%**
Synthetic Credit	**9%**
Sterling Liquidity Fund	**16%**
Total	**100%**

The current Legal and General Investment Management LDI portfolio has been based on the estimated Scheme liabilities as at 30 September 2024. The portfolio composition will be reviewed by the Trustees as appropriate, to ensure that the portfolio remains suitable.

Investments and disinvestments

A cash balance has been withheld in the Legal & General Sterling Liquidity Fund. The purpose of this cash holding is to cover any shortfall in Scheme cashflow and expense requirements.. As a result, in the first instance, any cashflow requirements will be sourced from the Sterling Liquidity Fund and any investment will be paid into the Sterling Liquidity Fund.

Appendix 2 Note on financially material considerations, non-financial matters, the exercise of voting rights and engagement activities

Financially Material Considerations

The Trustees have received training from their investment advisors to consider the financial materiality of environmental, social and governance issues, including climate change (referred to together as “ESG issues”).

The Trustees have considered long-term financial risks to the Scheme and believe that Environmental, Social and Governance (“ESG”) factors, including climate change (referred to together as “ESG issues”), are potentially financially material – that is, they have the potential to impact the value of the Scheme’s investments. The Trustees have a policy to consider these, alongside other factors, when selecting and reviewing the Scheme’s investments.

The Trustees are supportive of the UK Stewardship Code published by the Financial Reporting Council and expect the Scheme’s investment managers to have corporate governance policies in place which comply with these principles. The Trustees will review the signatory status of all of their managers following anticipated revisions to the UK Stewardship Code in 2019.

The Trustees appreciate that the method of incorporating ESG in the investment strategy and process may differ between asset classes. The Trustees are also cognisant of the different investment timeframes that may apply to investments. The Trustees believe that ESG issues, including climate change issues, may have a greater impact over a longer timeframe, compared to investments that are held for a shorter timeframe.

A summary of the Trustees’ views for each asset class in which the Scheme invests is outlined below.

Synthetic Credit

The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme’s credit holdings. Within in this, however, the Trustees acknowledge that ESG factors may be more financially material to some types of credit (e.g. corporate bonds) over other types of credit (e.g. synthetic credit) depending on the nature of the underlying investments. The Trustees recognise that fixed income assets do not typically include voting rights, however, they support engagement with companies by their managers. However, they understand that this may not be possible where exposure to credit markets is obtained using derivatives. Altogether, the incorporation of ESG issues and engagement activities should be consistent with, and proportionate to, the rest of the investment process.

LDI and money market

The Trustees believe there is limited scope for the consideration of ESG issues to improve risk-adjusted returns in these asset classes because of the nature of the instruments used within the LDI funds and the fact that money market investments are short term.

It is worth noting that when transacting in LDI and money market funds, the Trustees required due diligence is undertaken to assess the credit-worthiness of the counterparty both at the start of and throughout any investment, whilst at the same time looking to achieve best execution. The Trustees believe this is more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

The Trustees are comfortable that all of their current investment managers have a suitable approach to taking ESG into account in the management of the respective funds in each particular asset class, and within applicable guidelines and restrictions. This position is monitored periodically, at least annually, and the Trustees views on these issues will be taken into account when appointing and reviewing fund managers in future. Before considering any new mandate, the Trustees will consider whether the manager is a signatory to the United Nations supported Principles for Responsible Investment (PRI).

The Trustees have instructed their investment advisors, Barnett Waddingham, to incorporate ESG issues into their ongoing monitoring of the fund managers.

Aligning the investment strategy and decisions of the asset manager with the Trustees' investment policies

Prior to appointing the investment manager, the Trustees discuss the investment manager's approach to the management of ESG and climate related risks with the Scheme's investment consultant, and how they are aligned with the Trustees' own investment aims, beliefs and constraints.

When appointing an investment manager, in addition to considering the investment manager's investment philosophy, process and policies to establish how the manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will use another manager for the mandate.

The Trustees carry out a strategy review at least every three years where they assess the continuing relevance of the strategy in the context of the Scheme's membership and their aims, beliefs and constraints. The Trustees monitor the investment managers' approach to ESG and climate related risks on an annual basis.

In the event that the investment manager ceases to meet the Trustees desired aims, including the management of ESG and climate related risks, using the approach expected of them, their appointment will be terminated.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager. The Trustees acknowledge that by investing in pooled funds, the scope to influence the investment managers is limited.

Incentivising asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustees are mindful that the impact of ESG and climate change may have a long-term nature. The Trustees recognise that the potential for change in value as a result of ESG and climate risk, may occur over a much shorter term than climate change itself.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over an agreed predetermined rolling timeframe. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. Where a fund may have an absolute return or shorter term target, this is generally supplementary to a longer term performance target.

The Trustees expect investment managers to be voting and engaging on behalf of the fund's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts. The Trustees do not expect ESG considerations to be disregarded by the investment manager in an effort to achieve any short term targets.

How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies

The Trustees monitor the performance of their investment managers over the medium to long time periods that are predetermined and consistent with the Trustees' investment aims, beliefs and constraints.

The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall they receive less. In some instances, a performance fee may also be applied. Details of the fee structures for the Scheme's investment managers are contained in the Trustees' Investment Manager Arrangement Summary document.

The Trustees believe that this fee structure, including the balance between any fixed and performance related element, enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

The Trustees ask the Scheme's Investment Consultant to assess if the asset management fee is in line with the market when the manager is selected, and the appropriateness of the annual management charges are considered regularly as part of the review of the Statement of Investment Principles.

How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees acknowledge that portfolio turnover costs can impact on the performance of their investments. Overall performance is assessed as part of the regular investment monitoring process.

During the investment manager appointment process, the Trustees consider both past and anticipated portfolio turnover levels. When underperformance is identified, deviations from the expected level of turnover may be investigated with the investment manager concerned if it is felt they may have been a significant contributor to the underperformance. Assessments reflect the market conditions and peer group practices.

The duration of the arrangement with the asset manager

For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment aims, beliefs and constraints is assessed every three years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Non-financially material considerations

The Trustees do not take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future qualify of life of the members and beneficiaries of the Scheme (referred to as "non-financial matters" in the relevant Regulations) in the selection, retention and realisation of investments.

ABC International Bank Plc UK Retirement Benefits & Life Assurance Scheme

Purpose of this statement

This implementation statement has been produced by the Trustees of the **ABC International Bank Plc UK Retirement Benefits & Life Assurance Scheme ("the Scheme")** to set out the following information over the year to **30 September 2024**:

How the Trustees' policies on exercising rights (including voting rights) and engagement activities have been followed over the year;

The voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

This statement does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

How voting and engagement policies have been followed

The Trustees invest entirely in pooled funds, and therefore delegate responsibility for carrying out voting and engagement activities to the Scheme's appointed fund managers.

The Trustees have reviewed the stewardship and engagement activities of the current managers during the year and were satisfied that their policies were reasonable, and no remedial action was required during the period. Each year the Trustees receive and review voting information and engagement policies from the asset managers through this Statement, which they review to ensure alignment with their own policies. Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies.

Conclusions

In reviewing the activities of the past year, the Trustees believe that the policies set out in the Statement of Investment Principles ("SIP") have been effectively implemented.

The Scheme's investment manager, Legal and General Investment Management ("LGIM"), has demonstrated transparency in their voting and engagement activities.

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's policies on exercising rights (including voting rights) and engagement activities. The Trustees are supportive of the key voting action taken by LGIM over the period to encourage positive governance changes in the companies in which the investment managers hold shares.

Stewardship policy

The Trustees' SIP in force at 30 September 2024 describes the Trustees' stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in March 2024 and has been made available online here: ABC-International-Bank-SIP-and-Implementation-Statement.pdf

Stewardship priorities have not been set given the Scheme's proximity to a buy-in transaction. The Scheme divested all its assets from its growth portfolio over the year, hence is no longer invested in any assets with voting rights. However, in line with the policies in the SIP, the Trustees consider climate risk, and ESG factors during manager selection. The Trustees also review the stewardship and engagement activities of the investment managers annually.

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.
- Each year, the Trustees receive and review voting information and engagement policies from the asset managers through this Statement, which they review to ensure alignment with their own policies.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of the fund managers are in alignment with the Scheme's stewardship policies.
- If the Trustees are not comfortable with the fund managers' approach, it will firstly engage with the manager to address the areas concerned. The Trustees also retain the right to divest from a manager if it feels strongly enough about a lack of good practice.

Prepared by the Trustees of the ABC International Bank Plc UK Retirement Benefits & Life Assurance Scheme

December 2024

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 30 September 2024. During the period, the Scheme held equity investments through a pooled diversified growth fund and a pooled equity fund. Both funds were managed by Legal & General Investment Management ("LGIM"). The investment manager of these funds votes on behalf of the Trustees. The Scheme divested all its assets from its growth portfolio part way through the year, on 18 January 2024 as part of a de-risking exercise.

The Scheme's protection portfolio (made up of cash, gilts and synthetic credit) held with LGIM has no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

The table below provides a summary of the voting activity undertaken by each manager during the year to 30 September 2024. The voting data provided is at a fund level.

Manager	LGIM	
Fund name	Global Equity MW(30:70) – 75% GBP Hedged Fund	Diversified Fund
Structure	Pooled	
No. of eligible meetings	7,256	10,451
No. of eligible resolutions	72,429	106,232
% of resolutions voted	99.8%	99.8%
% of resolutions abstained	0.7%	0.6%
% of resolutions voted with management[1]	80.7%	76.5%
% of resolutions voted against management	18.5%	22.9%
Proxy voting advisor employed	LGIM's Investment Stewardship team uses ISS's electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and it does not outsource any part of the strategic decisions. To ensure its proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. LGIM reviews its custom voting policy with ISS annually and take into account feedback from its investors.	
% of resolutions voted against proxy voter recommendation	10.2%	14.1%

[1] As a percentage of the total number of resolutions voted on. Totals may not add up to 100%. Numbers are subject to rounding.
Source: Legal & General Investment Management
Note: segregated mandates allow the Trustees to engage with managers and direct their voting behaviour. Pooled fund structures result in limited scope for the Trustees to influence managers' voting behaviour.

Significant votes

At this time, the Trustees has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustees has asked the investment managers to determine what they believe to be a "significant vote". The Trustees has not communicated voting preferences to their investment managers over the period, as the Trustees is yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

LGIM have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

LGIM Global Equity MW(30:70) – 75% GBP Hedged Fund

	Vote 1	Vote 2	Vote 3
Company name	**Microsoft Corporation**	**Apple Inc.**	**Shell Plc**
Date	7 December 2023	28 February 2024	21 May 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.9%	2.7%	2.3%
Summary of the resolution	**Elect Director Satya Nadella**	**Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy**	**Approve the Shell Energy Transition Strategy**
How the manager voted	Against	Against	Against
Rationale for the voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	A vote against is applied by LGIM, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	A vote against is applied by LGIM. In light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. LGIM claims it would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a

			material lever in Shell's decarbonization strategy.
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO.	LGIM views diversity as a financially material issue for clients, with implications for the assets it manages on its client's behalf.	LGIM is publicly supportive of so called "Say on Climate" votes and expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.
Outcome of the vote	N/A	The resolution failed to pass.	The resolution passed.
Implications of the outcome	LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.		
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		

Source: Legal & General Investment Management

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beyond the expected

LGIM Diversified Fund

Company name	Prologis, Inc.	Toyota Motor Corp.	National Grid Plc
Date	9 September 2024	18 June 2024	10 July 2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.3%	0.2%
Summary of the resolution	**Elect Director Hamid R. Moghadam**	**Elect Director Toyoda, Akio**	**Approve Climate Transition Plan**
How the manager voted	Against	Against	For
Rationale for the voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	**Independence:** A vote against is applied by LGIM due to the lack of independent directors on the board. LGIM would like to see all companies have a third of the board comprising truly independent outside directors. **Diversity:** A vote against is also applied due to the lack of meaningful diversity on the board. **Climate Change:** A vote against applied by LGIM as it believes there is still a disconnect in Toyota's stated climate ambitions and its current multi-pathway strategy. **Accountability:** A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. LGIM also voted against because it believes, as a long-time top executive, Mr Toyoda should be considered ultimately	A vote in favour is applied as LGIM commended the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science-based targets. LGIM also appreciates the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.

		accountable for a spate of certification irregularities within the Toyota Motor group. LGIM is concerned that previous and current issues concerning legal certifications processes and safety requirements are indicative of a corporate culture that is not being amended to meet stakeholder expectations and legal requirements. For this reason, LGIM believes that Mr Toyoda must be held accountable until remediation measures are taken.	
Criteria on which the vote is considered "significant"	LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO.	LGIM views gender diversity as a financially material issue for its clients, with implications for the assets LGIM manage on their behalf. LGIM also considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting companies in climate-critical sectors.	LGIM is publicly supportive of so called "Say on Climate" votes. It expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.
Outcome of the vote	N/A	N/A	The resolution passed.
Implications of the outcome	LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress.		
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM policy not to engage with investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		

Source: Legal & General Investment Management

Engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

	LGIM	
Fund name	Global Equity MW(30:70) – 75% GBP Hedged Fund	Diversified Fund
Number of engagements undertaken on behalf of the holdings in this fund in the year	2,652	3,874
Number of engagements undertaken at a firm level in the year	4,193	

Source: Legal & General Investment Management

Examples of engagement activity undertaken over the year to 30 September 2024

LGIM: Firm level

The key engagement topics at a firm level over the 12 months to 30 September 2024 included:

- Climate
- Nature
- People
- Health
- Governance
- Digitisation

LGIM's engagement with APA in Q1 2024 is a good example of their commitment to their Climate Impact Pledge. APA is Australia's largest energy infrastructure business, and LGIM has been engaging with the company directly since 2022.

LGIM believes that APA have sufficient scale and influence across its industry and supply chain for its actions to have significant impacts. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with the 1.5°C goal. APA presented Scope 1 and 2 goals for the medium and long term, but this fell short of LGIM's expectation of companies to align their plans with the Paris Agreement and disclose Scope 3 greenhouse gas emissions reduction targets. As a result, LGIM was unable to support APA Group's Climate Transition Plan when it was brought to vote.

In Q1 2024, APA confirmed that they would include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, noting that the feedback from 20% of investors (including LGIM) who voted against their proposed Plan in 2022, had solidified their decision to commit to a Scope 3 target. LGIM believes this displays the effect of their engagement strategy and looks forward to continuing engagement with APA on their journey to net zero.