AAF McQuay UK Pension Plan

Engagement Policy Implementation Statement for the year ended 31 March 2025

During the year ending 31 March 2025, the Plan's investment policies were implemented in line with the principles set out in the Plan's Statement of Investment Principles (SIP).

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager, Legal and General (L&G) and to encourage the manager to exercise those rights in accordance with the Statement of Investment Principles. The Plan invests through pooled fund arrangements and so acknowledges that the investment manager exercises those rights in accordance with their own corporate governance policies on behalf of all investors in its funds. In doing so L&G takes account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code.

The Trustees have considered L&G's stewardship activities in relation to the specific funds the Plan holds having received specific training from L&G on the topic. The Trustees reviewed L&G's approach to stewardship and are comfortable with the activity taken on the Plan's behalf.

The Trustees conclude that, based on these considerations, L&G has followed the requirements of the SIP.

Voting behaviour

L&G's voting decisions are made by their Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the 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. The full voting record and L&G's voting policies can be found on L&G's website: https://vds.issgovernance.com/vds/#/MjU2NQ==/

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and they do not outsource any part of the strategic decisions. L&G's use of ISS recommendations is purely 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 we receive from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with L&G'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 L&G consider are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

L&G summarises its voting record across all markets each quarter. This information is available on request. The Trustees receive regular updates from L&G in its quarterly reporting on these activities.

Examples of L&G's engagement activities during the 12 months to 31 March 2025:

Active ownership, which is a broader topic than voting in isolation, forms a key part of how L&G conducts responsible investing. This is reflected in the following activities conducted on behalf of the Plan.

- Company engagement
- Using voting rights globally, with one voice across all active and index funds
- Addressing systemic risks and opportunities
- Seeking to influence regulators and policymakers
- Collaborating with other investors and stakeholders

The examples below demonstrate some of the specific initiatives undertaken by L&G in this regard during the year.

L&G Climate impact pledge

At the end of June 2024, L&G published their Climate Impact Pledge results from their latest cycle of engagement which aims to raise market standards and encourage companies to play their part in achieving the goals of the Paris Agreement. Highlights include:

1. 5,000+ companies assessed across 20 climate-critical sectors: L&G communicated with over half of the 5,000+ companies assessed in April 2024, their largest campaign to date. 455 companies were identified as subject to voting sanctions. Of these, 106 were companies in emission-intensive sectors that do not meet L&G's new baseline expectations
2. 100+ 'dial-mover' companies were assessed with greater scrutiny: 37 of these companies were identified as being subject to voting sanctions (down from 43 in 2024), indicating progress from L&G's engagement with these companies. Two companies were added to the divestment list for failing to meet L&G's expectations
3. 86% of the total carbon emissions attributable to L&G's equity and debt holdings are covered by the Pledge

Deforestation campaign

Continuing their deforestation campaign from 2023 L&G wrote to companies again in April 2024 to inform them of their deforestation assessment results and potential sanctions. Through their Climate Impact Pledge, they engaged through their written campaign with half of the 5,000+ companies assessed quantitatively, and also directly with several 'dial-mover' companies in sectors where deforestation is critical, such as apparel, food, and forestry.

L&G expect companies in 'deforestation-critical' sectors with exposure to forest-risk commodities within their portfolios, for which they have data, to have:

- A public deforestation policy
- A programme of actions to deliver on that policy

L&G also assess how robust the policies and plans are, including whether there is a commitment to zero deforestation exposure; inclusion of targets related to deforestation management; and development and adoption of traceability systems.

As a result of 2024 engagements L&G have identified 119 companies that they will vote against where possible as a result of them lagging their minimum expectations on deforestation. L&G also added a company to their divestment list for a lack of a deforestation policy, among other climate concerns.

Policy dialogue

UK highlights: Social factors in pension investment decisions consultation

L&G responded to the consultation by the Taskforce for Social Factors, a UK organisation which aims to support pension Plan trustees and the wider pensions industry in the consideration of social risks and opportunities. The consultation includes more than 30 recommendations about how social factors can be better incorporated into investment decisions.

International highlights: Japan climate and energy policy

L&G are ramping up their climate policy engagement in Japan, where preparations for the next round of policy deliberations that determine the nation's mid-term climate and energy policies are underway. L&G continue to advocate for Paris-aligned policies and that provide the right backdrop to enable Japanese businesses, once leaders in low-carbon technologies, to remain competitive.

Asia Stock Exchanges campaign bulletin

Within their Nature Framework, L&G's Natural Capital Management sub-theme captures their efforts to strengthen how companies understand and disclose their risks and opportunities that result from their impact and dependencies on nature. L&G aim to initiate constructive dialogue on the adoption of The Taskforce on Nature-related Financial Disclosures (TNFD) reporting requirements, in order to accelerate global action on tackling nature change.

Across Asia, many globally critical sensitive environments must be safeguarded, and investors do not yet have access to standardised nature-related disclosure of companies with operations and supply chains in these regions.

L&G are currently engaging with the Stock Exchange of Hong Kong, Singapore Stock Exchange, Bursa Malaysia and Stock Exchange of Thailand as they believe stock exchanges have a critical role in the integration and disclosure of corporate nature-related risks and opportunities, impacts and dependencies.

L&G are encouraging these exchanges to align with the targets and goals of the Kunming-Montreal Global Biodiversity Framework and to set clear recommendations within disclosure expectations and listing rules during 2025. Having written to these four exchanges in the second quarter, L&G are commencing dialogue as responses are received.

Company specific

Nippon Steel

Nippon Steel Corporation is the largest steel maker in Japan and one of the largest globally in terms of production. Traditional steelmaking processes are highly carbon intensive, and a shift to green steel will require a policy environment that supports a sufficient supply of low-carbon alternatives. Assessments undertaken by third-party data providers have demonstrated that Nippon Steel lags its peers on climate policy engagement disclosures, and in 2022 InfluenceMap named Nippon Steel as one of the most influential companies blocking climate policy action globally.

We have been engaging with Nippon Steel for many years and specifically through our Climate Impact Pledge since early 2022, the same year in which we added the 'red line' related to climate-related lobbying. The company failed to meet this criterion, so we made it the focus of our engagement with them and expanded our engagement to work collaboratively with other investors to increase our influence. As part of this L&G co-filed a shareholder proposal asking the company to begin producing climate-related reporting.
We were pleased to see our resolution achieved 28% support, one of the highest levels of support recorded for a climate-related shareholder resolution in Japan. We believe this sends a strong message to the company's board and we will continue to engage with the company on this topic.

Significant votes for the Plan during the year

In determining significant votes, L&G takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) and the Plan's Statement of Investment Principles. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/or public scrutiny
- Significant client interest for a vote
- Sanction vote as a result of a direct or collaborative engagement
- Vote linked to an L&G engagement campaign

The Plan was invested c.48% in L&G's Multi-Asset Fund and c.12% in L&G's Multi Asset Target Return Fund as at 31 March 2025. Significant votes for these funds during the year to 31 March 2025 have been summarised in the table below:

The Trustees deem this voting behaviour to be in line with the Plan's stewardship priorities, which include but are not limited to climate change, biodiversity, diversity and ethnicity, remuneration and governance.

L&G Multi-Asset Fund

Company Name	Details of Vote
BHP Group Limited	**Date of vote:** 30 October 2024 **Approximate size of Fund's holding:** 0.23% **Summary of the resolution:** Resolution 13: Approve Climate Transition Action Plan **How L&G voted: For** **Rationale for voting decision:** Climate Change: The critical minerals that mining companies provide are essential to the energy transition. 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 our framework for assessing mining company transition plans. Therefore, L&G will be supporting BHPs CTAP. Going forwards, we will assess the disclosure of progress on BHPs plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of steelmaking. We will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal. **Why was the vote significant?** This resolution was considered significant due to the high level of support received. **Outcome:** The vote passed.
Shell Plc	**Date of vote:** 21 May 2024 **Approximate size of Fund's holding:** 0.54% **Summary of the resolution:** Resolution 22 – Approve the Shell Energy Transition Strategy **How L&G voted:** Against **Rationale for voting decision:** Climate change: We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, 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, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. **Why was the vote significant?** Climate: L&G is publicly supportive of so called "Say on Climate" votes. We expect 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,

	L&G deem such votes to be significant, particularly when L&G votes against the transition plan. **Outcome:** The vote passed.
Canadian Pacific Kansas City Limited	**Date of vote:** 24 April 2024 **Approximate size of Fund's holding:** 0.14% **Summary of the resolution:** Resolution 3: Management Advisory Vote on Climate Change **How L&G voted:** For **Rationale for voting decision:** Climate change: A vote FOR is applied as L&G 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. As CPKC set targets validated by Science Based Target initiative, we welcome the company's efforts to reduce its GHG emissions and expects to see a clear transition plan. **Why was the vote significant?** Climate: L&G is publicly supportive of so called "Say on Climate" votes. We expect 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, L&G deem such votes to be significant, particularly when L&G votes against the transition plan. **Outcome:** The vote passed.
Deere & Company	**Date of vote:** 26 February 2025 **Approximate size of Fund's holding:** 0.02% **Summary of the resolution:** Shareholder Resolution - Report on a Civil Rights audit **How L&G voted:** For **Rationale for voting decision:** Civil rights audit: A vote in favour is applied as such an audit is a transparent way in which the company can demonstrate that its code of conduct is operating as it should, and that there are no inequalities based on gender or ethnicity, which may cause potential legal and/or financial risks to the company.. **Why was the vote significant?** Diversity: L&G views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. **Outcome:** The vote did not pass.
The Bank of New York Mellon Corporation	**Date of vote:** 9 April 2024 **Approximate size of Fund's holding:** 0.01%

	Summary of the resolution: Resolution 4: Report on Lobbying Payments and Policy **How L&G voted:** For **Rationale for voting decision:** Political lobbying: A vote in favour is applied as L&G expects companies to provide sufficient disclosure on such contributions. **Why was the vote significant?** High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received. **Outcome:** The vote did not pass.

How many meetings were you eligible to vote at over the year	10,635
How many resolutions were you eligible to vote on over the year	105,710
What % of resolutions L&G voted on where eligible	99.77%
Of the resolutions on which L&G voted, the % voted with management was	76.61%
Of the resolutions on which L&G voted, the % voted against management was	22.29%
Of the resolutions on which L&G voted, the % abstained was	1.10%

L&G Multi-Asset Target Return Fund

Company Name	Details of Vote
National Grid Plc	**Date of vote:** 10 July 2024 **Approximate size of Fund's holding:** 0.07% **Summary of the resolution:** Resolution 17: Approve Climate Transition Plan **How L&G voted:** For **Rationale for voting decision:** Climate change: L&G is voting in favour of the National Grid Climate Transition plan. We commend 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. We also appreciate 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. **Why was the vote significant?** L&G is publicly supportive of so called "Say on Climate" votesWe expect 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, L&G deem such votes to be significant, particularly when L&G votes against the transition plan. **Outcome:** The vote passed.
Microsoft Corporation	**Date of vote:** 10 December 2024 **Approximate size of Fund's holding:** 0.06%

	Summary of the resolution: Resolution 9: Report on AI Data Sourcing Accountability **How L&G voted:** For **Rationale for voting decision:** Governance: 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 **Why was the vote significant?** This shareholder resolution is considered significant due to the relatively high level of support received. **Outcome:** The resolution failed.
Alphabet Inc.	**Date of vote:** 7 June 2024 **Approximate size of Fund's holding:** 0.06% **Summary of the resolution:** Resolution 1d – Elect Director John L. Hennesy **How L&G voted:** Against **Rationale for voting decision:** A vote against was applied for a number of reasons including average board tenure, diversity of the board, shareholder rights and the independence of board members. **Why was the vote significant?** Diversity: L&G views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. One Share One Vote: L&G considers this vote to be significant as L&G supports the principle of one share one vote. **Outcome:** The vote passed.
Booking Holdings Inc.	**Date of vote:** 4 June 2024 **Approximate size of Fund's holding:** 0.04% **Summary of the resolution:** Resolution 4- Amend Clawback Policy **How L&G voted:** For **Rationale for voting decision:** Remuneration: L&G believes that clawback is an important safeguard for the compensation committee to enable them to clawback any compensation payments that were unjustly paid out. **Why was the vote significant?** High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

	Outcome: The vote did not pass.
Consolidated Edison, Inc.	**Date of vote:** 20 May 2024 **Approximate size of Fund's holding:** 0.06% **Summary of the resolution:** Resolution 1a – Elect Director Timothy P. Crawley **How L&G voted:** Against **Rationale for voting decision:** Joint Chair/CEO: A vote against is applied as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. **Why was the vote significant?** Board Leadership: L&G considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO. **Outcome:** The vote passed.

How many meetings were you eligible to vote at over the year	340
How many resolutions were you eligible to vote on over the year	3,307
What % of resolutions L&G voted on where eligible	99.73%
Of the resolutions on which L&G voted, the % voted with management was	73.74%
Of the resolutions on which L&G voted, the % voted against management was	25.47%
Of the resolutions on which L&G voted, the % abstained was	0.79%