George Meller Limited Retirement Benefits Scheme

Statement of Investment Principles

January 2025

Contents

1. Introduction

1.1. This is the Statement of Investment Principles prepared by the Trustees of the George Meller Limited Retirement Benefits Scheme (the "Scheme"). This statement sets down the principles which govern the decisions about investments that enable the Scheme to meet the requirements of:

- the Pensions Act 1995, as amended by the Pensions Act 2004;
- the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010; and
- the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018; and
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

1.2. In preparing this statement the Trustees have consulted Meller Holdings Limited, 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 any of the areas covered by the statement.

1.5. The investment powers of the Trustees are set out in Rule 6 of the Constitutional Rules, dated 31 January 2011. 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 investment managers. The Scheme's investment managers are detailed in the Appendix to this Statement. The investment managers are authorised and regulated by the Financial Conduct 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 investment 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 have discussed key investment objectives in light of an analysis of the Scheme's liability profile as well as the constraints the Trustees face in achieving these objectives. As a result, the Trustees' main investment objectives are:

- to ensure that the Scheme can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to achieve a long-term positive real return;

- 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 contributions from the Employer, the cost of current 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. 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 is permitted to invest in a wide range of assets including equities, bonds, cash, property, alternatives and 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. The Trustees monitor from time-to-time the employer-related investment content of their portfolio as a whole and will take steps to alter this should they discover this to be more than 5% of the portfolio. Typically this check is carried out annually by the Scheme's auditors.

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 the Appendix 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 the Appendix 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 cashflow 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 asset allocation of the Scheme 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, and considered ways of managing/monitoring these risks:

Risk versus the liabilities	The Trustees will monitor and review the investment strategy with respect to the liabilities in conjunction with each actuarial valuation. The investment strategy will be set with consideration to the appropriate level of risk required for the funding strategy as set out in the Scheme's Statement of Funding Principles.
Covenant risk	The creditworthiness of the employers and the size of the pension liability relative to the employers earnings are monitored on a regular basis. The appropriate level of investment risk is considered with reference to the strength of the employer covenant.
Solvency and mismatching	The 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.
Asset allocation risk	The asset allocation is detailed in the Appendix to this Statement and is monitored on a regular basis by the Trustees.
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 cashflow requirements. The Scheme's administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment policy.
Investment manager risk	The Trustees monitor the performance of each of the Scheme's investment managers on a regular basis in addition to having meetings with each manager from time to time as necessary. The Trustees have a written agreement with each investment manager, which contains a number of restrictions on how each investment manager may operate.
Governance risk	Each investment 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.
ESG/Climate risk	The Trustees have considered long-term financial risks to the Scheme and concluded that ESG factors as well as climate risk are potentially financially material. They will continue to develop their policy to consider these, alongside other factors, when selecting or reviewing the Scheme's investments.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities.
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. Currency hedging is employed to manage the impact of exchange rate fluctuations.
Loss of investment	The risk of loss of investment by each investment manager and custodian is assessed by the Trustees. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud).

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 investment 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 investment 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 investment managers as frequently as is appropriate, in order to review performance.

8. Realisation of investments

8.1. The Trustees have delegated the responsibility for buying and selling investments to the investment 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, the exercise of rights and engagement activities and non-financial matters

Policy on financially material considerations

9.1. Following discussion with their investment advisor, 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. They believe ESG issues will be financially material for the Scheme over the length of time during which the benefits, provided by the Scheme for members, require to be funded to a level, which would allow the benefits to be bought out with an insurer. This is likely to be not less than five years from the date of this Statement of Investment Principles.

9.2. The Trustees have elected to invest the Scheme's assets through pooled funds. The choice of underlying funds is made by the Trustees after taking advice from their investment consultant. The Trustees, and the managers of the underlying funds, take into account ESG factors (including climate change risks) in their decisions in relation to the selection, retention and realisation of investments.

9.3. The Trustees appreciate that the method of incorporating ESG in the investment strategy and process will differ between asset classes. A summary of the Trustees' views for each asset class in which the Scheme invests is outlined below.

Passive equities

9.4. The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's passive equities over the Trustees' intended time horizon for the investment in question. The Trustees accept that fund managers must invest in line with the specified index and, therefore, may not be able to disinvest if they have concerns relating to ESG. The Trustees therefore require that the fund manager takes into account ESG considerations by engaging with companies and by exercising voting rights. However, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Corporate Bonds

9.5. The Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme's credit holdings over the Trustees' intended time horizon for the investment in question. The investment process for the manager should take ESG into account when selecting holdings. The Trustees also support engagement activities, although they appreciate that fixed income assets do not typically provide voting rights. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Passive gilts

9.6. The Trustees believe that ESG issues are not financially material to the risk-adjusted returns achieved by the Scheme's passive gilts over the Trustees' intended time horizon for the investment in question. This is because gilts are considered "least risk" when constructing the investment strategy.

9.7. The Trustees are comfortable that the funds currently invested in by the Scheme are managed in accordance with their views on financially material factors, as set out above. This position is reviewed from time-to-time. In the future, the views set out above will be taken into account when appointing and reviewing managers.

Policy on the exercise of voting rights and engagement activities

9.8. The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. 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 shareholdings, 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.

9.9. 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.

9.10. Investment managers will be asked to provide details of their stewardship policy and engagement activities on at least an annual basis. The Trustees will monitor and review the information provided by the investment managers. Where possible and appropriate, the Trustees will engage with their investment managers for more information and ask them to confirm that their policies comply with the principles set out in the Financial Reporting Council's UK Stewardship Code.

9.11. The Trustees acknowledge the importance of ESG and climate risk within their investment framework. The investment manager has discretion over where in an investee company's capital structure it invests (subject to the restrictions of the mandate), whether directly or as an asset within a pooled fund.

9.12. The Trustees are 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.

9.13. The Trustees consider it to be a part of their investment managers' roles to assess and monitor developments in the capital structure for each of the companies in which the managers invest on behalf of the Scheme or as part of the pooled fund in which the Scheme holds units.

9.14. The Trustees also consider it to be part of their investment 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.

9.15. Through their consultation with the Principal Employer when setting this Statement of Investment Principles, the Trustees have made the Principal Employer aware of their policy on 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.

9.16. The Scheme's investment consultant is 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.

9.17. 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.

9.18. 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.

Policy for taking into account non-financial matters

9.19. The Trustees do not consider any non-financial matters, such as members' ethical views, social and environmental impact, when constructing the investment strategy and/or when selecting or reviewing fund managers.

10. Policy on arrangements with asset managers

10.1. Prior to appointing an 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 their policies are aligned with the Trustees' own investment beliefs.

10.2. 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 may consider using another manager for the mandate.

10.3. 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.

10.4. In the event that an 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 may be terminated.

10.5. Investment manager ESG policies are reviewed in the context of best industry practice and feedback will be provided to the investment manager.

Incentivising assessments based on medium to long term, financial and non-financial considerations

10.6. The Trustees are mindful that the impact of ESG and climate change has a long-term nature. However, 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.

10.7. 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 a 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. In the case of assets that are actively managed, the Trustees expect this longer term performance target to be sufficient to ensure an appropriate alignment of interests.

10.8. The Trustees expect investment managers to be voting and engaging on behalf of the Scheme'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 managers in an effort to achieve any short term targets.

Method and time horizon for assessing performance

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

10.10. 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.

10.11. The Trustees believe that this fee structure enables the investment manager to focus on long-term performance without worrying about short term dips in performance significantly affecting their revenue.

10.12. 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.

Portfolio turnover costs

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

10.14. During the investment manager appointment process, the Trustees may 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.

Duration of arrangement with asset manager

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

10.16. The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment beliefs 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.

11. Agreement

11.1. 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 investment managers, the actuary and the Scheme auditor upon request.

Signed:... **Date:**.....................

On behalf of the Trustees of the George Meller Limited Retirement Benefits Scheme

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

1. Use of investment platform

The funds used are all accessed through Legal and General Investment Management's Investment-only Platform (IoP).

2. Choosing investments

The Trustees have appointed Legal and General Investment Management (LGIM) to carry out the day-to-day investment of the fund. LGIM is authorised and regulated by the Financial Conduct Authority.

The Trustees have appointed Barnett Waddingham LLP to advise on investment matters.

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

The Trustees have an AVC contract with Phoenix Life for the receipt of members' Additional Voluntary Contributions. The arrangement is reviewed from time to time.

3. Kinds of investments to be held

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

- UK Equities;
- Overseas Equities;
- Long Dated Fixed Interest Gilts;
- Index Linked Gilts;
- Corporate bonds.

4. 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 the fund manager are given below:

Fund name	Benchmark	Objective
LGIM Future World Global Equity Index Fund	Solactive L&G ESG Global Markets Index	To track the benchmark (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.
LGIM Future World Global Equity Index Fund (GBP Hedged)	Solactive L&G ESG Global Markets Index - GBP Hegded	To track the benchmark (less withholding tax where applicable) to within +/-0.60% p.a. for two years out of three.
LGIM Over 15 Year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	To track the benchmark to within +/-0.25% p.a. for two years out of three.
LGIM Over 5 Year Index-Linked Gilts Index Fund	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index	To track the benchmark to within +/-0.25% p.a. for two years out of three.
LGIM Under 15 Year Index-Linked Gilts Index Fund	FTSE Actuaries UK Index Linked Gilts up to 15 Years Index	To track the benchmark to within +/-0.25% p.a. for two years out of three.
LGIM Core Plus Fund (Distribution)	Markit iBoxx £ Non-Gilts Total Return Index	To exceed the return of the benchmark by 1.15% p.a. over a rolling three year period (gross of fees).

The performance of the fund manager 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.

As at January 2025, 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 rebalancing.

Strategic asset allocation as at January 2025		Allocation
Growth Assets	LGIM Future World Global Equity Index Fund	10.0%
	LGIM Future World Global Equity Index Fund (GBP Hedged)	10.0%
Protection Assets	LGIM Over 15 Year Gilts Index Fund	20.0%
	LGIM Over 5 Year Index-Linked Gilts Index Fund	30.0%
	LGIM Under 15 Year Index-Linked Gilts Index Fund	20.0%
	LGIM Core Plus Fund (Distribution)	10.0%
	Total	**100.0%**

New money is invested to rebalance the overall asset allocation towards its overall benchmark. The Scheme's cash flow requirements are expected to be partially met by the Principal Employer's contributions and the receipt of investment income via the utilisation of LGIM's Notional Income Service. However, where this is insufficient the Trustees may disinvest some of its investments, usually to move the overall asset allocation in line with the long-term asset allocation.

Implementation Statement

George Meller Limited Retirement Benefits Scheme

This Implementation Statement has been prepared by the Trustees of the George Meller Limited Retirement Benefits Scheme ("the Scheme") and sets out the following information over the year to 31 December 2023:

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

Trustees' policies on voting and engagement / stewardship

The Statement of Investment Principles ("SIP") in force 31 December 2023 describes the Trustees' policy on the exercise of rights (including voting rights) and engagement activities. The Trustees' SIP was last reviewed in September 2020 to comply with regulations that came into force on 1 October 2020. The SIP has been made available online here.

At this time, the Trustees have 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.

How voting and engagement / stewardship policies have been followed

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.

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, and in undertaking engagement activities in respect of the investments is that these rights should be exercised by the investment managers on the Trustees' behalf. 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 shareholdings, 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.

Through preparation of the Implementation Statement, the Trustees have reviewed the stewardship and engagement activities of their investment managers during the year and were satisfied that the policies followed by the managers were reasonable and in alignment with the Trustees own policies. No remedial action was required during the period.

Voting Data

Voting only applies to funds that hold equities in their portfolio. The Scheme's equity investments are all held through pooled funds. The investment managers for these funds vote on behalf of the Trustees. The LGIM Core Plus Fund, LGIM Over 5 year Index-Linked Gilts Fund and LGIM Over 15 year Gilts Index Fund do not participate in voting activities.

The table below provides a summary of the voting activity undertaken by each manager over the year to 31 December 2023, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers.

Manager	LGIM	LGIM
Fund name	Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	World Emerging Markets Equity Index Fund
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	Limited*	Limited*
Number of company meetings the manager was eligible to vote at over the year	3,052	4,196
Number of resolutions the manager was eligible to vote on over the year	39,790	34,029
Percentage of resolutions the manager voted on	99.86%	99.91%
Percentage of resolutions the manager abstained from	0.11%	0.87%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	81.54%	80.51%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	18.35%	18.62%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	13.32%	7.26%

**The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.*

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. At this time, the Trustees have 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. Therefore, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a "significant vote". The Trustees have not communicated voting preferences to their investment managers over the period, as the Trustees are 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 have selected three votes from the manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. A summary of the significant votes provided is set out below.

LGIM Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged

	Vote 1	Vote 2	Vote 3
Company name	Shell Plc	BP Plc	Glencore Plc
Date of vote	23 May 2023	27 April 2023	26 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.5	1.9	1.3
Summary of the resolution	Resolution 25 - Approve the Shell energy transition progress	Resolution 4 - Re-elect Helge Lund as director	Resolution 19: Shareholder resolution "resolution in respect of the next climate action transition plan"
How the manager voted	Against (against management recommendation)	Against (against management recommendation)	For (against management recommendation)
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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.
Rationale for the voting decision	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	Governance: A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.	In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal (alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following their multi-year discussions with the company since 2016 on its approach to the energy transition.

	Vote 1	Vote 2	Vote 3
Outcome of the vote	80.0% (pass)	90.4% (pass)	29.2% (fail)
Implications of the outcome	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	LGIM will continue to engage with the company and monitor progress.	
Criteria on which the vote is considered "significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem them significant, particularly when they vote against the transition plan.	High Profile Meeting and Engagement: LGIM consider this vote to be significant given their long-standing engagement with the company on the issue of climate.	Pre-declaration and Engagement: LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.

LGIM World Emerging Markets Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Tencent Holdings Limited	Reliance Industries Ltd.	Ping An Insurance (Group) Co. of China Ltd
Date of vote	17 May 2023	28 August 2023	12 May 2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.2	1.6	0.7
Summary of the resolution	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as director	Resolution 5: Approve reappointment and remuneration of Mukesh D. Ambani as managing director	Resolution 1 – Approve report of the board of directors
How the manager voted	Against (against management recommendation)	Against	Against (against management recommendation)
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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the	Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.

	Vote 1	Vote 2	Vote 3
	Committee to comprise independent directors.	responsibilities ensures there is a proper balance of authority and responsibility on the board.	
Outcome of the vote	88.4% (pass)	97.8% (pass)	98.7% (pass)
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.
Criteria on which the vote is considered "significant"	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/

Fund level engagement

The Scheme's investment managers engage with companies on behalf of the Trustees. Information relating to fund level engagement policies was requested from and provided by LGIM. However, LGIM provided engagement examples at a firm level, rather than at fund level. Therefore, the engagement examples described for LGIM are at a firm level.

Manager	LGIM	LGIM
Fund name	Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hedged	World Emerging Markets Equity Index Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	933	235
Number of engagements undertaken at a firm level in the year	2,486	2,486
Examples of engagements undertaken with holdings in the fund	The top engagement topics over 2023 were: • Climate impact pledge • Climate change • Renumeration • Ethnic Diversity • Strategy **Example: Heidelberg Cement** An example over the year was LGIM's engagement with Heidelberg Cement. They recognised that the cement industry needs to decarbonise significantly if the world is to reach net zero as it is currently responsible for around 8% of Global carbon emissions. Over Q3 2023 LGIM participated in discussions with Heidelberg's management team to discuss the viability of the company's planned carbon capture and storage (CCS) projects. They discussed the economics and external factors affecting CCS, as well as the demand expectations for 'carbon free cement'. LGIM noted that for Heidelberg, the economics of carbon capture and storage will only become economically viable if there is an increase in the carbon price or if customers are willing to pay a premium for carbon-free cement.	