The Emerson UK Pension Plan ('the Plan')

Annual Implementation Statement
Year ending 31 March 2023

1. Introduction and purpose of this Statement

This document is the Annual Implementation Statement ("the Statement") prepared by the Trustee covering the Defined Benefit ("DB") Segregated Section, the EBCO Segregated Section and the Defined Contribution ("DC") Segregated Section for the Plan year to 31 March 2023.

The purpose of this Statement is to:

- detail any reviews of the Statement of Investment Principles ('SIP') that the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review;
- set out the extent to which, in the opinion of the Trustee, the Plan's SIP required under section 35 of the Pensions Act 1995 has been followed during the Plan year;
- describe the voting behaviour by, or on behalf of, the Trustee over the year; and
- set out the extent to which, in the opinion of the Trustee, the engagement policy within the SIP has been followed during the year.

The Plan makes use of a wide range of investments, therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focusing on areas of maximum impact. The Trustee confirms that the investments which the Plan holds were chosen in line with the requirements of s36 of the Pensions Act 1995.

This statement will be made available within the Plan's annual report and accounts, and will be available alongside the Plan's SIP on this website:

https://oneemerson.co.uk/resources/statements

2. Review of and changes to the SIP

The SIP was reviewed and updated once in the year. The versions in place were dated:

- June 2020; and
- May 2022.

Over the Plan Year, the SIP was revised and updated in accordance with the various changes in Plan's investment strategy that were implemented over the first quarter of 2022.

The May 2022 SIP includes updates to the DB Segregated Section, including:

- The de-risking of the Section to 10% equities and 90% fixed income.
    - This de-risking also included a 5% allocation to the Alternative Credit Fund managed by Towers Watson Investment Management (TWIM) which replaced the Global Screened Credit Fund, managed by BlackRock.
    - The implementation of a Liability Driven Investment mandate.

- The SIP was updated to reflect the implementation of the EBCO Section's bulk annuity contract (buy-in) with Just Group plc ("Just") in December 2021, which covers all of the Section's members.

The SIP also includes updates to the DC Segregated Section, including:

- The introduction of three new lifestyle strategies:
    - A new lifestyle strategy targeting income drawdown (after 25% tax-free cash). This has become the Plan's default investment strategy.
    - Two similar lifestyles targeting annuity purchase (after 25% tax-free cash) and 100% cash at retirement.
- The replacement of the L&G Global Equity 30:70 Index Hedged Fund with the L&G MSCI ACWI Adaptive Capped ESG Index Fund.
- The addition of the HSBC Islamic Global Equity Fund to the self-select fund range.
- White-labelling all investment options.

3. Adherence to the SIP

The Trustee believes that the policies set out in the SIP dated May 2022 have been followed during the year and the justification for this is set out in the remainder of this section.

For ease of reference, compliance with the SIP has been sub-divided into separate Defined Benefit (including EBCO) and Defined Contribution sections to reflect the different considerations and policies applying to each section.

DB and EBCO Segregated Sections

Governance

The Trustee is responsible for investment matters related to the DB and EBCO Sections of the Plan. Investment matters are dealt with by the Finance and Investment Subcommittee (FISC). Two regular FISC and two Trustee meetings were held over the year. The main investment focus of the Trustee over the course of the Plan year was to ensure that the investment strategy remained appropriate.

In addition, the Trustee received training throughout the year on the new requirements of the Task Force for Climate-Related Financial ("TCFD") disclosures.

The Trustee's duty is to act in the Member's best interests, and they have a collective responsibility to deliver member benefit security, therefore the fundamental mission is to meet its financial obligations. The Trustee does not take into account the views of members and beneficiaries of the DB Segregated section in the selection, retention and realisation of investments,

Investment strategy

DB Segregated Section

The current funding target adopted for the DB Segregated Section is to aim for the value of the assets to be at least equal to the value of the liabilities on the Technical Provisions basis.

The Trustee recognises that the Plan's investment strategy is of primary importance in seeking to achieve this objective.

The table below sets out the Strategic Asset Allocation ("SAA") benchmark that is currently in place for the DB Segregated Section, together with the actual asset allocation as at 31 March 2023.

Asset Class	Strategic Allocation	Actual Allocation
Equities	**10.0%**	**9.1%**
Global equities	10.0%	9.1%
Fixed Income	**90.0%**	**90.9%**
Corporate bonds	10.0%	9.2%
Alternative Credit	5.0%	7.1%
Liability Driven Investments	75.0%	74.6%
Total	**100.0%**	**100.0%**

Numbers may not sum due to rounding

EBCO Segregated Section

In December 2021, the Trustee entered into a bulk annuity contract with Just, to cover all members of the Section. This secured the Plan's liabilities at a cost lower than the market value of the investment holdings, allowing for benefit outgo and expenses. This resulted in a more exact match for inflation and interest rate risk compared to the Section's previous bond holdings, and additionally removed longevity risk in respect of the Section's members.

Investment manager arrangements

The Trustee has appointed three investment managers, Towers Watson Investment Management (TWIM), BlackRock and Legal and General Investment Management (LGIM) to manage the investments of the DB Segregated Section.

The Trustee is not involved in the investment managers' day-to-day method of operation, but their policy is to monitor the returns achieved by the managers relative to their respective benchmarks on a regular basis. During the year, the Trustee has received regular reporting on portfolio returns relative to the benchmark from the Investment Consultant. Any relevant investment manager updates have also been discussed at the Trustee meetings with the Investment Consultant.

WTW provides regular confirmation that investments are satisfactory. The most recent advice was provided in April 2023.

The DB Segregated Section portfolio is comprised of Global equities and fixed income (corporate bonds, alternative credit, and liability driven investment). The following investment managers have been chosen:

Asset Class	Investment Managers
Equities	
Global equities	Legal & General Investment Management
Fixed Income	
Corporate bonds	Legal & General Investment Management
Alternative Credit	Towers Watson Investment Management
Liability Driven Investment	BlackRock Advisors UK Limited

The asset allocation and the investment vehicles through which the strategy is implemented ensures the portfolio has a suitable mix of return-seeking and liability hedging assets, consistent with the Trustee's policy.

Implementing the Plan's investment strategy in a manner consistent with the Trustee's policies ensures that the Plan's DB and EBCO Segregated Section portfolios in aggregate are consistent with the policies set out in the SIP.

The Trustee has provided a copy of the SIP to its investment managers. Managers are asked to confirm whether they comply with the UK Stewardship Code and, if they do not, are asked to explain their reasons for not doing so. As at 31 March 2023, all managers confirmed compliance with the code.

The Trustee monitors the costs associated with managing the Plan's assets on an annual basis, which includes the costs associated with portfolio turnover. In addition, the Trustee monitors the level of turnover within each mandate to ensure that this is consistent with the asset class and time horizon being targeted by each investment manager. The turnover levels for the 12 months to 31 March 2023 are set out below:

	Legal & General Investment Management ("LGIM")	BlackRock	Towers Watson Investment Management (TWIM)
Portfolio turnover for 12 months to 31 March 2023 (%)	Global Equity Hedged: 8.7% Global Equity Unhedged: 3.5% Inv Corps > 15 Yr: 18.6% AAA-AA-A Over 15 Yr: 29.2%	UK Index-Linked Gilts over 5 years index: 3.4%	Alternative Credit: 18.2%

Turnover has been calculated as the lesser of purchases or sales divided by the average fund value over the year to 31 March 2023. Overall turnover depends on the fund's mandate and individual manager's investment philosophy and process. Turnover figures will depend on specifics such as the manager process and market environment (more volatility may mean more or less trading than expected). The Trustee is satisfied that the fund turnover is consistent with the asset class and time horizon targeted by the manager.

Realisation of investments

The Trustee regularly considers the likely cash flow position of the Plan and determines whether investment or disinvestment will be required. Procedures are adopted to manage the cash flow position.

The Trustee will, when possible, provide the custodian and investment managers with reasonable notice of future cash needs.

Investment risk

The Trustee has identified several risks involved in the management of the Plan's assets which are taken into account when reviewing the investment arrangements.

Solvency and mismatching risk were considered through the analysis undertaken by WTW as part of the investment strategy review of the DB Segregated Section in 2021. This illustrated the expected progression of the growth in the assets relative to the liabilities as well as quantifying the downside risks under different strategies. In 2021, following a review of insurer pricing, the EBCO Section entered a buy-in arrangement with an insurer which removed the solvency and mismatching risk for the Section.

Manager risk is managed by the selection process of managers and the ongoing monitoring of each manager, where the expectation is that the manager will deliver returns which are very close to those of an underlying market index or provide exposures that align with the Plan's liabilities, whilst mitigating the risk of any one manager performing poorly.

Liquidity risk is managed by the Trustee and Plan's administrators who measure and manage the level of cash held in order to limit the impact of cash flow requirements.

Custodial risk is managed by appointing an appropriate custodian. The Trustee monitors the custodian on a regular basis and applies restrictions as to who can authorise transfers of cash and the accounts to which transfers can be made. The Plan has appointed Northern Trust as custodian for the assets.

Political risk is managed by having an investment portfolio that is diversified across multiple countries.

Sponsor risk is managed by assessing the interaction between the Plan and the sponsor's business, as measured by a number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.

Investment performance monitoring

The Trustee receives monthly independent performance reports from its main custodian, Northern Trust, and reviews the performance at FISC meetings.

Equity markets remained relatively flat over the 12-month period to 31 March 2023 across all regions. The FTSE All World Index returned -0.9% in Sterling terms.
Continental Europe was the best performing region, returning 8.5% in Sterling terms. The worst performing region were the emerging markets, with MSCI EM returning -3.9% over the year in Sterling terms.

DC Segregated Section ("DC Section")

Governance

The Trustee meets twice a year to conduct its business, which includes monitoring the DC Section's investment strategy. In addition, performance of the DC Section's fund range is delegated to the Finance and Investment Sub-committee ("FISC") who also meet twice a year.

In between these meetings, if a particular issue arises with its DC investment platform provider, Legal and General ("L&G"), or regarding one of the funds made available on L&G's investment platform, the Trustee's investment advisers, Willis Towers Watson ("WTW"), contacts the Trustee.

Investment objectives and strategy

The Trustee's overall investment objectives are set out in the SIP dated May 2022 which can be accessed at the following link: https://www.oneemerson.co.uk/resources/statements

The Trustee is obliged to act in the members' best interests. One of the Trustee's primary objectives therefore is to make available appropriate investment options to members.

The Trustee reviews the DC Section's investment strategy on at least a triennial basis. The last review took place in Q4 2020, with the changes being implemented in March 2022. As such, there were no further changes to the investments during the Plan year.

The review considered such matters as: the demographic profile of the membership, the likely income choices members will make at retirement, the membership's risk profile, the Trustee's governance approach to the investment options to be made available and Environmental, Social and Governance ("ESG") factors.

As a result of the review, the Trustee implemented the following changes, with effect from March 2022:
Default investment strategy changes:

- Introduced a new default lifestyle strategy targeting income drawdown at retirement
- Introduced two additional lifestyle strategies targeting annuity purchase and cash at retirement. The previous lifestyle strategies were closed.
- Replaced the L&G Global Equity 30:70 Index Hedged Fund with the L&G LSCI ACWI Adaptive Capped ESG Index Fund (non-hedged).
- Added the HSBC Islamic Global Equity Fund to the self-select fund range.
- Implemented a 'white-labelled' fund structure for all the investment options

The SIP was updated to reflect the revised investment strategy and this was published shortly after year end (dated May 2022).

Risk management

The Trustee has considered and identified the key DC risks members are exposed to. These are shown on pages 16 and 17 of the SIP dated May 2022 which can be accessed here **https://www.oneemerson.co.uk/resources/statements**. All risks and opportunities are considered for materiality and impact, taking into account the DC Section's investment time horizon and objectives.

The Trustee does not consider risk in isolation, but in conjunction with expected investment returns and outcomes for members. The Trustee monitors and manages these risks through:

- The regular reporting received by its investment advisers and managers;

- The range of Lifestyle strategies offered to members, which are designed to help members address different investment risks they face throughout their membership of the DC Section;
- Providing a diversified range of self-select options, which enables members to consider the risks that are most relevant to them and to invest so as to mitigate these.

Investment performance monitoring

Whilst the Trustee is not involved in the investment managers' day to day operations and therefore cannot directly influence attainment of the performance target, but it does regularly assess performance and review appointments.

Over the reporting period, the Trustee considered the performance of the fund range at each of the biannual Finance and Investment Sub-committee meetings. In doing this, the Trustee considers the market context alongside assessing how closely each of the funds had tracked their respective benchmarks as set out on page 18 and 19 of the SIP dated May 2022.

For the year to 31 March 2023, all of the investment funds produced returns broadly in line with their benchmarks, net of charges.

Environmental, Social and Governance (ESG) considerations

The Trustee considers financially material ESG risks and opportunities, as set out in the SIP.

The Trustee's policy is to delegate the day-to-day investment decisions including integration of financially material ESG risks and opportunities to its investment managers.

In addition, the default and lifestyle strategies have been updated to explicitly take account of ESG factors; this is achieved through the incorporation of the L&G LSCI ACWI Adaptive Capped ESG Index Fund into the new lifestyles. This fund is also available on a self-select basis.

Stewardship

The Trustee delegates responsibility for stewardship activities (including voting rights and engagement activities) to the investment managers. As part of preparing this Statement, the Trustee reviewed the voting information provided by the investment managers and will continue to do so on at least an annual basis. Overall, the Trustee was satisfied that L&G is exercising an appropriate degree of stewardship over the companies in which the funds invest.

Additional Voluntary Contributions (AVCs)

There are a number of legacy AVC policies associated with the Plan, arranged through policies issued by Prudential, Royal London, Clerical Medical and Scottish Widows.

The Trustee is considering consolidating these legacy AVC policies into the main DC Section fund range; this is planned for later in 2023. Further information on this will be provided to members prior to the transition.

The Trustee feels that it maintains a proportionate monitoring approach for these legacy AVC policies, given they account for circa £400,000 whereas the DC investments with Legal & General accounted for circa £151 million at 31 March 2023.

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4. Voting and engagement

Details on voting and engagement have been sub-divided into separate Defined Benefit and Defined Contribution sections to reflect the different considerations and policies applying to each section.

Defined Benefit Section

The Trustee delegates the exercise of voting rights and engagement in respect of the Plan's underlying investments to the investment managers. Voting is undertaken in line with the voting policy of the investment manager, LGIM.

As part of the Trustee's ongoing engagement with, and monitoring of the Plan's investment managers, the Trustee has set out the voting activities of the Plan's equity investment manager over the Plan Year, including detail of the manager's use of proxy voting. The Trustee recognises that with a largely passive portfolio, the manager takes no material decisions on the holdings to be included in the portfolio. However, the Trustee expects the manager to engage with the companies and issuers in which it invests in relation to the financial and non-financial implications of sustainability issues.

The Trustee's policy is to engage with the managers to understand their policies on sustainability and stewardship, and review these policies regularly to ensure that the managers are carrying out their delegated responsibilities in line with the Trustee's views and beliefs. The Trustee, in partnership with its investment advisor, has assessed the investment managers' voting and engagement policies. The Trustee considers these policies to be appropriate, and consistent with the Trustee's own policies and objectives, therefore ultimately in the best financial interests of the members. The Trustee have endeavoured to select "significant" votes which align with the Trustee's identified priorities for voting and engagement – climate risk and diversity, equity and inclusion– where the data has allowed.

Summary of voting over the year

The Plan's equity investments are managed by LGIM via pooled funds on an index-tracking basis. Given the indexed nature of the mandates, the managers are limited by the equities they must hold in the portfolio. Voting information on the Plan's bond holdings (managed by BlackRock, TWIM and LGIM) is not provided as the vast majority of loan and debt securities do not come with voting rights.

The below table sets out the voting activity of the Plan's investment manager, on behalf of the Trustee, over the year:

Asset class	Number of resolutions eligible to vote on	Proportion eligible votes voted	Of resolutions voted:		
			For	Against	Abstained
LGIM All World Equity Fund	68,320	99.9%	79.1%	19.7%	1.2%

Voting statistics are out of total eligible votes and are sourced from the investment manager, LGIM.

The following table outlines two significant votes cast by the Plan's investment manager for each fund on the Trustee's behalf. Many of the votes have been deemed significant as they relate to issues around climate risk and diversity, equity and inclusion, in alignment with the Trustee's views.

The commentary set out below is based on detail in the relevant manager's reports on the votes cast:

Significant votes cast
Company 1: Alphabet Inc. Approximate size of fund (% of portfolio): 1.11 Summary of resolution: Report on physical risk of climate change Decision: For, LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. Rationale for voting decision: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Company 2: NVIDIA Corporation Approximate size of fund (% of portfolio): 0.72 Summary of resolution: Elect Director Harvey C. Jones Decision: Against, LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Rationale for voting decision: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Company 3: Costco Wholesale Corporation Approximate size of fund (% of portfolio): 0.35 Summary of resolution: Elect Director Jeffrey S. Raikes Decision: Against, LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Rationale for voting decision: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.
Company 4: Royal Dutch Shell Plc Approximate size of fund (% of portfolio): 0.33 Summary of resolution: Approve the Shell Energy Transition Progress Update Decision: Against, LGIM considers this vote significant as it is an escalation of LGIM'S climate-related engagement activity and LGIM's public call for high quality and credible transition plans to be subject to a shareholder vote. Rationale for voting decision: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

Engagement

Across both public and private assets, LGIM have established a fully integrated framework for responsible investing to strengthen long-term returns and raise market standards. This is based on investment stewardship with impact and collaborative, active research across asset classes. Ongoing dialogue with companies is a fundamental aspect of LGIM's commitment to responsible investment. Engagement will be triggered in a variety of ways, such as a regular catch-ups; analysis of responsible investment themes and voting issues; general knowledge of the company; or a media report. LGIM incorporate ESG assessments into their dialogue with companies, in order to push for real change and long-term sustainable value creation. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries..

The TWIM ACF has Article 8 Sustainable Finance Disclosure Regulation designation. This covers a Fund which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, amongst other requirements.

TWIM intends for the Sub-Fund to achieve at least a 50% reduction in greenhouse gases by 2030 in its portfolio and continue beyond that time to further reduce greenhouse gases from the portfolio with an aim of net zero emissions by 2050. Progress is measured using multiple climate metrics.

Use of proxy voting service

LGIM use ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary environmental, social and governance (ESG) assessment tools. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retains the ability in all markets to override any vote decisions, which are based on their custom voting policy. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies, including regular manual checks of the votes, and electronic alerts to inform them of any rejected votes which may require further action.

DC Segregated Section ("DC Section")

The DC Section offers a diverse range of asset classes through the Lifestyle strategies and self-select fund range. All investments are held within pooled funds which are made available via a platform with Legal & General ("L&G"). Therefore, the voting entitlements in these funds lie with the investment managers.

As set out in the SIP, the Trustee's policy is to delegate the exercising of rights (including voting and stewardship) to the investment managers. This section sets out the voting activities of L&G over the year in relation to the equity investments, including details of L&G's use of proxy voting services.

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. To ensure their proxy provider votes are in accordance with their position on ESG, L&G have put in place a custom voting policy with specific voting instructions.

The table below sets out the voting activity of L&G, on behalf of the Trustee, over the year:

Fund	Exposure within the Plan's funds	Question	Response
EUKPP Global Equity Fund	Pooled equity fund	Number of meetings at which the manager was eligible to vote:	3,286
		Number of resolutions on which manager was eligible to vote:	38,231
		Percentage of eligible votes cast:	99.83%
		Percentage of votes with management:	77.87%
		Percentage of votes against management:	20.74%
		Percentage of votes abstained from:	1.39%
		Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management:	71.58%
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	13.00%
EUKPP Diversified Fund	Pooled equity fund	Number of meetings at which the manager was eligible to vote:	9,540
		Number of resolutions on which manager was eligible to vote:	99,242
		Percentage of eligible votes cast:	99.82%
		Percentage of votes with management:	77.35%
		Percentage of votes against management:	21.95%
		Percentage of votes abstained from:	0.70%
		Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management:	72.78%
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	12.50%
EUKPP UK Equity Fund	Pooled equity fund	Number of meetings at which the manager was eligible to vote:	733
		Number of resolutions on which manager was eligible to vote:	10,870
		Percentage of eligible votes cast:	99.94%
		Percentage of votes with management:	94.46%
		Percentage of votes against management:	5.54%
		Percentage of votes abstained from:	0.00%
		Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management:	31.89%
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	4.23%

Fund	Exposure within the Plan's funds	Question	Response
EUKPP World (ex UK) Equity Fund	Pooled equity fund	Number of meetings at which the manager was eligible to vote:	3,008
		Number of resolutions on which manager was eligible to vote:	36202
		Percentage of eligible votes cast:	99.83%
		Percentage of votes with management:	77.58%
		Percentage of votes against management:	21.67%
		Percentage of votes abstained from:	0.75%
		Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management:	77.05%
		Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser:	15.13%

The following table outlines the significant votes cast by L&G on the Trustee's behalf for each of the funds outlined in the previous pages. The Trustee have endeavoured to select "significant" votes which align with the Trustee's identified priorities for voting and engagement – climate risk and diversity, equity and inclusion– where the data has allowed.

Fund	Significant votes cast
LGIM EUKPP World ex UK Index	Company 1: Novartis AG Approximate size of fund (% of portfolio): 0.29 Summary of resolution: Re-elect Joerg Reinhardt as Director and Board Chair Decision: Against, LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Rationale for voting decision: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. They expect companies to increase female participation both on the board and in leadership positions over time.
	Company 2: Berkshire Hathaway Inc. Approximate size of fund (% of portfolio): 0.77 Summary of resolution: Elect Director Susan L. Decker Decision: Withhold, LGIM considers this vote an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. Rationale for voting decision: Climate change: A withhold vote is warranted for lead independent director Susan Decker as the company does not adequately disclose climate change-related risks and opportunities. Independence: A withhold vote is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
LGIM EUKPP UK Equity Fund	Company 1: Rio Tinto Plc Approximate size of fund (% of portfolio): 2.68 Summary of resolution: Approve Climate Action Plan Decision: Against, LGIM considers this vote an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. Rationale for voting decision: Climate change: LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while LGIM acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
	Company 2: Spirax-Sarco Engineering Plc Approximate size of fund (% of portfolio): 0.37 Summary of resolution: Re-elect Jamie Pike as Director Decision: Against, LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Rationale for voting decision: Diversity: A vote against is applied as the company has an all-male Executive Committee.

LGIM EUKPP Global Equity Fund	Company 1: UBS Group AG Approximate size of fund (% of portfolio): 0.18 Summary of resolution: Approve Climate Action Plan Decision: Against, LGIM considers this vote an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. Rationale for voting decision: Climate change: A vote against this proposal is applied following internal discussion. While LGIM positively note the company's progress over the last year, as well as its recent commitment to net zero by 2050 across its portfolio, they have concerns with the strength and coverage of the Climate Action Plan's Scope 3 targets and would ask the company to seek external validation of its targets against credible 1.5°C scenarios. Gaining approval and verification by SBTi (or other external independent parties as they develop) can help demonstrate the credibility and accountability of plans.
	Company 2: American Tower Corporation Approximate size of fund (% of portfolio): 0.16 Summary of resolution: Elect Director Robert D. Hormats Decision: Against, LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Rationale for voting decision: Diversity: A vote against is applied as the company has an all-male Executive Committee.
LGIM EUKPP Diversified Fund	Company 1: NextEra Energy, Inc. Approximate size of fund (% of portfolio): 0.35 Summary of resolution: Elect Director Rudy E. Schupp Decision: Against, LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. Rationale for voting decision: Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
	Company 2: BP Plc Approximate size of fund (% of portfolio): 0.13 Summary of resolution: Approve Net Zero - From Ambition to Action Report Decision: For, LGIM considers this vote an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. Rationale for voting decision: Climate change: A vote for is applied, though not without reservations. While LGIM note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.