

McCormick (UK) Limited Pension & Life Assurance Scheme ('the Scheme') – Implementation Statement 1st April 2022 to 31st March 2023

An Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Pensions Regulator for the period from 1st April 2022 to 31st March 2023 ('the Scheme Year').

The Statement sets out how, and the extent to which, the Trustees' policy in relation to exercising voting rights has been followed during the year by describing the voting behaviour on behalf of the Trustees of the Scheme.

The Trustees have used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This Statement includes Minerva's report on key findings on behalf of the Trustees over the Scheme Year.

A summary of the key points is set out below.

LGIM

LGIM provided information on the voting information for the All World Equity Index Fund (GBP hedged variant). Minerva confirmed that the manager's voting policies and disclosures broadly comply with the International Corporate Governance Network (ICGN) Voting Guidelines Principles and good corporate governance practices. Minerva was also able to confirm the manager's voting activity had followed the Trustees' policy. It was determined that, due to the nature of the underlying holdings, the Scheme's holdings in the LGIM 2068 Gilt, Over 15 Year Index-Linked Gilts, All Stocks Index Linked Gilts and AAA-AA-A Bonds Over 15 Year Index Funds had no voting information to report.

In terms of engagements, it was determined that although the LGIM AAA-AA-A Bonds Over 15 Year Index Fund, All Stock Index-Linked Gilt Fund and World Equity Index Fund (GBP hedged variant) had engagement information to disclose, the LGIM 2068 Gilt Fund and the LGIM Over 15 Year Index-Linked Gilts Fund did not due to nature of the underlying holdings. Basic fund level engagement information was provided for the Scheme Year and from this Minerva concluded that the manager's engagement approach is consistent with the Scheme's approach. However, Minerva believes that the manager should be able to provide more detailed information relating to engagements undertaken at fund level.

Final Comments

Minerva concluded that LGIM could improve the level of detail of information provided, particularly with regards to engagement activity as they do not provide detailed information in the way of details concerning the engagements. However, from the information the manager did provide, Minerva concluded the manager followed Trustees' voting and engagement policies.

Minerva will seek any outstanding information and will agree a way forward on any actions identified with the Trustees once this information is available.

McCormick (UK) Limited Pension & Life Assurance Scheme

Spence & Partners Limited

Implementation Statement (IS): Voting & Engagement Information (VEI) Report

Scheme Reporting Period:
1st April 2022 to 31st March 2023

20th July 2023

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1 SIP Disclosures

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Scheme year-end relating to the following:

1. Financially Material Considerations
2. Non-Financial Considerations
3. Investment Manager Arrangements

Stewardship - including the exercise of voting rights and engagement activities - is set out in the 'Voting and Engagement' section.

Source of Information:

*McCormick (UK) Limited Pension & Life Assurance Scheme
Statement of Investment Principles
November 2021*



1.1 Financially Material Considerations

The Trustees' policy towards financially material considerations (including but not limited to ESG, including climate change), is to monitor the investment managers to whom they delegate this function through investment in pooled index-tracking funds. This includes the review of regular reports produced by the Investment Manager on their engagement with companies on environmental, social and governance ("ESG") considerations.

1.2 Non-Financial Considerations

Non-financial matters are not taken directly into account in the selection, retention and realisation of investments due to the relative size of the Scheme assets, the time and resources available to the Trustees and the fact that assets are invested in index-tracking funds. Non-financial matters include the views of the members and beneficiaries, including their ethical views in relation to the social and environmental impact on their present and future quality of life.

1.3 Investment Manager Arrangements

The Trustees have delegated all day-to-day decisions about the investments that fall within the mandate, including the realisation of investments, to the fund manager through a written contract. When choosing investments, the Trustees and the fund manager (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The manager's duties also include:

Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.

Voting and corporate governance in relation to the Scheme's assets including taking into account the Institutional Shareholders' Committee Statement of Principles on the responsibilities of Institutional Shareholders and Agents.

2 Sourcing of Voting and Engagement Information

This section sets out the availability of the information Minerva initially requested from the Scheme’s manager, to facilitate the preparation of this report:

Table 2.1: Summary of Available Information

Fund Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
	2068 Gilt Fund	No Info to Report	No Info to Report	No Info to Report
	AAA-AA-A Bonds Over 15 Year Index Fund	No Info to Report	No Info to Report	Part Info Available
LGIM*	All Stock Index-Linked Gilts Fund	No Info to Report	No Info to Report	Part Info Available
	Over 15 Year Index Linked Gilts Fund	No Info to Report	No Info to Report	No Info to Report
	World Equity Index Fund (GBP hedged variant)	Full Info Available	Full Info Available	Part Info Available

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

- Full Info Available** The manager has provided either a PLSA Voting Template or voting data that **precisely** matches the specific investment’s holding / reporting period
- Part Info Available** The manager has provided either a PLSA Voting Template or voting data that **partially** matches the specific investment’s holding / reporting period
- No Info to Report** The manager has explicitly stated that there is no voting or engagement information to report for this specific investment or that it is not expected there will be any voting or engagement information to report due to the nature of the underlying investments
- No Info Provided** At the time of preparing this report, the manager has either not formally responded to the information request or has not provided information when we believe there should be information to report



Minerva Says:

Voting Activity

There was voting information disclosed for the Scheme's investments in the following funds:

- LGIM World Equity Index Fund (GBP hedged variant)

Significant Votes

There was 'Significant Vote' information disclosed for the Scheme's investments in the following funds:

- LGIM World Equity Index Fund (GBP hedged variant)

Engagement Activity

There was reportable engagement information provided for the Scheme's investments in the following funds:

- LGIM AAA-AA-A Bonds Over 15 Year Index Fund
- LGIM All Stock Index-Linked Gilts Fund
- LGIM World Equity Index Fund (GBP hedged variant)

3 Voting and Engagement

The Trustees are required to disclose the voting and engagement activity over the Scheme year. The Trustees have used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This statement provides a summary of the key information and summarizes Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

The voting and engagement activity undertaken by the Scheme's manager, as reported by them and set out in this document, has been in the scheme members' best interests inasmuch that it demonstrates that the Scheme's manager have undertaken stewardship activity they deem to be appropriate and proportionate in the oversight and management of the Scheme's investments.

3.1 Voting and Engagement Policy and Funds

The Trustees' policy on Stewardship from the Scheme's SIP is set out below:

The Trustees review the statements of corporate governance issued by their fund manager and monitor voting activity regularly. The Trustees' policy is to invest in pooled investment vehicles. It is the Investment Manager that is responsible for the exercise of rights (including voting rights) attaching to these investments.

The Trustees' policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments, having regard to appropriate advice. The Trustees expect the Investment Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments. The Trustees believe that such engagement will protect and enhance the long-term value of its investments.

In addition to performance measures, the Trustees will review the engagement activity of the Investment Manager to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies. The Trustees will also monitor the voting activity of the Investment Manager to ensure votes are being used and are aligned to their views on ESG.

The following table sets out:

- The funds and products in which the Scheme was invested during the Scheme's reporting period;
- The holding period for each fund or product; and
- Whether each investment manager made use of a 'proxy voter', as defined by the Regulations

Table 3.1: Scheme Investment/Product Information

Fund Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
LGIM	2068 Gilt Fund	L&G Platform	DB Fund	01/04/22	31/03/23	N/A
	AAA-AA-A Bonds Over 15 Year Index Fund	L&G Platform	DB Fund	01/04/22	31/03/23	N/A
	All Stock Index-Linked Gilts Fund	L&G Platform	DB Fund	01/04/22	31/03/23	N/A
	Over 15 Year Index Linked Gilts Fund	L&G Platform	DB Fund	01/04/22	31/03/23	N/A
	World Equity Index Fund (GBP hedged variant)	L&G Platform	DB Fund	01/04/22	31/03/23	ISS

Minerva Says

As shown in the table above:

- LGIM identified Institutional Shareholder Services, or 'ISS' as their 'Proxy Voter'
- The investments shown as 'N/A' had no listed equity voting activity associated with them, and so had no need for a proxy voter

4 Exercise of Voting Rights

The following tables show a comparison of the Scheme's manager's voting activity versus the Trustees' policy (which in this instance is the manager's own policy).

Table 4.1: LGIM's Approach to Voting

Asset manager	LGIM (Legal & General Investment Management)																			
Relevant Scheme Investment(s)	World Equity Index Fund (GBP hedged variant)																			
Key Points of Manager's Voting Policy	<p>LGIM's Corporate Governance and Responsible Investing Policy sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM expects all companies to closely align with their principles, or to engage with them where circumstances prevent them from doing so.</p> <p>LGIM's voting policy is built on the assessment of 5 key policy areas:</p> <table border="1"> <thead> <tr> <th>#</th> <th>Policy Area</th> <th>Example of Topics Covered</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Company Board</td> <td>Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation</td> </tr> <tr> <td>2</td> <td>Audit, Risk & Internal Control</td> <td>External Audit, Internal Audit and Whistleblowing</td> </tr> <tr> <td>3</td> <td>Remuneration</td> <td>Fixed Remuneration, Incentive Arrangements and Service Contracts and Termination Payments</td> </tr> <tr> <td>4</td> <td>Shareholder & Bondholder Rights</td> <td>Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations</td> </tr> <tr> <td>5</td> <td>Sustainability</td> <td>Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement</td> </tr> </tbody> </table>		#	Policy Area	Example of Topics Covered	1	Company Board	Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation	2	Audit, Risk & Internal Control	External Audit, Internal Audit and Whistleblowing	3	Remuneration	Fixed Remuneration, Incentive Arrangements and Service Contracts and Termination Payments	4	Shareholder & Bondholder Rights	Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations	5	Sustainability	Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement
#	Policy Area	Example of Topics Covered																		
1	Company Board	Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation																		
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4	Shareholder & Bondholder Rights	Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations																		
5	Sustainability	Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement																		
Is Voting Activity in Line with the Scheme's Policy?	Yes	Some examples of the manager's voting activity are provided in Section 7 – Significant Votes																		



Minerva Says

- LGIM have set out how they approach their stewardship responsibilities for listed companies on behalf of their clients.
- From the information available, we believe that the voting approaches are consistent with the Scheme's voting approach expectations of its investment manager.

5 Manager Voting Policy

As the current approach of the Scheme is to use the voting policy of the external asset manager, it is important that their policy is independently reviewed to ensure that it matches current good practice and the general stewardship expectations set by the Scheme. Well-managed companies that operate in a commercially, socially and environmentally responsible manner are expected to perform better over the longer term, as the Scheme believe that adopting such an approach will allow each company's management to identify, address and monitor the widest range of risks associated with their specific business.

Set out in the following table is Minerva's independent assessment of the Scheme's manager's publicly available voting policy, in the context of current good practice as represented by the ICGN Voting Guidelines, whilst also bearing the Scheme's stewardship expectations in mind. This has been done for each manager where they have identified voting activity on behalf of the Scheme.

We have assessed the manager's policy, looking at it from Minerva's perspective of seven 'Voting Policy Pillars' that are at the core of our proxy voting research process, and which we have developed over the last 25 years. In using this well-tried approach, the Scheme can be sure that their investment manager's voting policy is being carefully considered against current good practice.

Table 5.1: Voting Policy Alignment

Manager Voting Policy Alignment with Current Good Practice

Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
LGIM	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
Comments	LGIM's voting policy and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices.						

Table Key

- Aligned** This aspect of the manager's voting policy is aligned with good practice
- Limited Disclosures** This policy pillar could only be partially assessed on the information available in the manager's voting policy
- No Disclosures** This policy pillar could not be assessed due to a lack of information in the manager's voting policy
- Not Available** The manager's voting policy was not disclosed for analysis by Minerva



Minerva Says

For the Scheme's manager that responded to our information requests by providing voting information:

- LGIM's public voting policy is, in our view, broadly in line with good practice, and is what we would expect to see from such a large asset steward.

6 Manager Voting Behaviour

The Trustees believe that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's manager to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour as disclosed by the Scheme's manager:

Table 6.1: Manager Voting Behaviour

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
LGIM	World Equity Index Fund (GBP hedged variant)	3,145	38,823	99.9%	78.8%	20.5%	0.7%
	Comments						
	The manager provided summarised voting records for the Fund, covering the Scheme's reporting period. From the summarised information provided, we can see that the manager has voted at almost all investee company meetings for the Funds, which is in line with the Trustees' expectations of their manager.						

Table Key

Available Information matches the Scheme's specific reporting period / investment holding period

Available Information is for a different period than the Scheme's reporting period / investment holding period

Information was not provided by the manager

Not Applicable

Minerva Says

For the Scheme's manager that responded to our information requests by providing voting information, we believe that they have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

The Trustees' policy in relation to any rights (including voting rights) attaching to its investments is to exercise those rights to protect the value of the Scheme's interests in the investments, having regard to appropriate advice.

7 Significant Votes

Set out in the following section are 5 examples of the Scheme’s manager’s voting behaviour from the relevant fund(s) in which the Scheme was invested. A ‘Significant Vote’ relates to any resolution at a company that meets one of the following criteria:

1. Identified by the manager themselves as being of significance;
2. Contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK);
3. Is one proposed by shareholders that attracts at least 20% support from investors;
4. Attracts over 10% dissenting votes from shareholders.

Where the manager has not provided sufficient data to identify ‘Significant Votes’ based on criteria 2-4 above, we have used manager-identified examples:

Table 7.1 LGIM’s ‘Significant Votes’

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (GBP hedged variant)	Amazon.com, Inc.	25/05/22	1.8%	Resolution 1f - Elect Director Daniel P. Huttenlocher	Against	93.3% of votes cast were in support of the resolution
Why a ‘Significant Vote?’							
LGIM pre-declared its vote intention for this resolution, demonstrating its significance.							
Manager’s Vote Rationale:							
Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
Next Steps / Implications of the Outcome:							

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (GBP hedged variant)	Meta Platforms, Inc.	25/05/22	0.78%	Resolution 5 - Require Independent Board Chair	LGIM voted in favour of the shareholder resolution	16.7% of votes cast were in support of the resolution

Why a 'Significant Vote'?

LGIM 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 (escalation of engagement by vote).

Manager's Vote Rationale:

Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (GBP hedged variant)	Demant A/S	08/03/23	0.01%	Resolution 6.a - Reelect Niels B. Christiansen as Director	Abstain	Not stated

Why a 'Significant Vote'?

Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Manager's Vote Rationale:

Audit Committee independence: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration Committee independence: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration - Accountability - Escalation - A vote against is applied as LGIM has had concerns with remuneration practices for consecutive years. Diversity: 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. We expect companies to increase female participation both on the board and in leadership positions over time.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board

Audit, Risk & Internal Control

Remuneration

Shareholder & Bondholder Rights

Sustainability

We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (GBP hedged variant)	Cyrela Brazil Realty SA Empreendimentos e Participacoes	22/04/22	0.001%	Resolution 6 - Elect Directors	Against	76.3% of votes cast were in support of the resolution

Why a 'Significant Vote?'

LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Manager's Vote Rationale:

Bundled: Independence: A vote against is applied as the board is not sufficiently independent which is a critical element of a board to protect shareholders minority shareholder's interests. Bundled: Diversity: A vote against is applied as LGIM expects a company to have a diverse board, including at least one woman. We expect companies to further increase female participation on the board and leadership positions over time. Bundled: Board mandates: A vote against is applied as LGIM expects a CEO or a non-executive director not to hold too many external roles to ensure they can undertake their duties effectively.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	World Equity Index Fund (GBP hedged variant)	Take-Two Interactive Software, Inc.	16/09/22	0.04%	Resolution 1a - Elect Director Strauss Zelnick	Against	93.0% of votes cast were in support of the resolution

Why a 'Significant Vote?

Thematic - Board Leadership: LGIM 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 (escalation of engagement by vote).

Manager's Vote Rationale:

Transparency: A vote against has been applied as the company has failed to report on their material ESG factors in line with the GRI or SASB reporting framework. Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. 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.

Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our general policy not to engage with our investee companies in the three weeks prior to an AGM so to not limit our engagement to shareholder meeting topics and vote decisions.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach



Minerva Says

LGIM's reported 'Significant Vote' information seems to be consistent with their stated voting policies, and so is consistent with the Scheme's expectations.

8 Manager Engagement Information

The Trustees have set the following expectation in the Scheme's SIP in relation to its manager's engagement activity:

The Trustees expect the Investment Manager to engage with investee companies (and other relevant persons including, but not limited to, investment managers, issuers/other holders of debt and equity and other stakeholders) on aspects such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, corporate governance, social and environmental issues concerning the Trustees' investments. The Trustees believe that such engagement will protect and enhance the long-term value of its investments.

In addition to performance measures, the Trustees will review the engagement activity of the Investment Manager to ensure that active engagement is taking place where possible to influence positive change in relation to ESG factors within investee companies.

The Trustees believe that an important part of responsible oversight is for the Scheme's investment manager to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's manager to engage with investee companies where they have identified any such issues.

The following table(s) summarises the engagement activity of the manager:

Table 8.1: Summary of Engagement Information Provided

Manager	Engagement Information Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
LGIM	YES	FUND	YES	The manager provided <i>basic fund level information</i> for the Scheme's reporting period.

Table Key

GREEN = A positive result. The manager has provided engagement information / fund level info available / matches the Scheme's reporting / investment holding period

ORANGE = A 'partial' result. We had to try to source engagement information / firm level info available / does not match the Scheme's reporting / investment holding period

RED = A negative result. No engagement information was located at any level

LGIM

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
AAA-AA-A Bonds Over 15 Year Index Fund	01/04/22	31/03/23	64	46.9%	15.6%	28.1%	9.4%	Not Stated	Not Stated
All Stock Index-Linked Gilts Fund	01/04/22	31/03/23	39	61.5%	5.1%	33.3%	0.0%	Not Stated	Not Stated
World Equity Index Fund (GBP hedged variant)	01/04/22	31/03/23	591	43.3%	19.1%	32.3%	5.2%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>LGIM's Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies, taking the following six step approach:</p> <ol style="list-style-type: none"> 1) Identify the most material ESG issues 2) Formulate a strategy 3) Enhance the power of engagement (e.g., through public statements) 4) Collaborate with other stakeholders and policymakers 5) Vote 6) Report to shareholders <p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 5 engagement topics:</p> <ol style="list-style-type: none"> 1. Climate Change 2. Remuneration 3. Diversity (Gender and Ethnicity) 4. Board Composition 5. Strategy
Additional information on engagements	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:</p>

<p>provided by the Manager</p>	<ul style="list-style-type: none"> ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
<p>Comparison of the Manager's Engagement Activity vs the Trustees' policy</p>	<p>Set out below is an example of engagement activity reported by LGIM in the World Equity Index Fund (GBP hedged variant):</p> <p><u>05/10/22 - Procter & Gamble Co – Environmental-themed Engagement Activity</u></p> <p><i>Engagement Type: Conference Call.</i></p> <p><i>Issue Theme: Environmental / Deforestation and Environmental / Biodiversity.</i></p> <p><i>Engagement Details: Not provided.</i></p> <p><i>Engagement Outcome: Not provided.</i></p>
<p>Is Engagement Activity in Line with the Trustees' Policy?</p>	<p>Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to provide more information relating to engagements undertaken at fund level.</p>

Minerva Says

As can be seen from the previous table, the Scheme's manager's 'Engagement Activity' appears to broadly comply with their own engagement approach, and so also complies with the Scheme's approach.

9 Conclusions

9.1 Assessment of Compliance

In this report, Minerva has undertaken an independent review of the Scheme's external asset manager's voting and engagement activity. The main objective of the review is for Minerva to be in a position to say that the activities undertaken on the Scheme's behalf by its agents are aligned with its own policies.

Set out in the following table is Minerva's assessment of the manager's compliance with the Scheme's approach:

Table 9.1: Summary Assessment of Compliance

Fund / Product Manager	Investment Fund/ Product	Does the Manager's Reported Activity Follow the Scheme's Expectations:				UK Stewardship Code 2020 Signatory?	Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
	2068 Gilt Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	AAA-AA-A Bonds Over 15 Year Index Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT
LGIM*	All Stock Index-Linked Gilts Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT
	Over 15 Year Index Linked Gilts Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	World Equity Index Fund (GBP hedged variant)	YES	YES	YES	ISS		COMPLIANT

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

GREEN=Positive outcome e.g., Manager's reported activity follows the Scheme's expectations

ORANGE=An issue exists e.g., the information provided does not match the Scheme's reporting / investment holding period

BLUE=Manager has confirmed that there is no voting, 'Significant Votes' or engagement information to report (N.I.R.)

RED=Negative outcome e.g., no information provided (N.I.P.); Manager is not a signatory to the UK Stewardship Code 2020

GREY=Not Applicable e.g., there has been no 'Proxy Voter' used due to the nature of the investments held



Minerva Says

Overall Assessment:

We believe that the Scheme's manager has broadly complied with the Scheme's Voting and Engagement requirements of them.

Notes

- 1) The preceding table shows that Minerva has been able to determine that:
 - There was nothing to report for a number of the Scheme's investments, due to the nature of those investments (e.g., Index Linked Gilts)
 - Where Voting and 'Significant Vote' information was available, the manager's overall approach is in step with the Scheme's requirements
 - Where Engagement information was available, the manager's overall approach is also in step with the Scheme's requirements
- 2) The Scheme's investment manager is a Signatory to the UK Stewardship Code.
- 3) We remain somewhat disappointed with the limited engagement information provided by LGIM. Whilst they are now able to provide information on engagements undertaken in individual funds, they are not yet able to provide much in the way of details concerning the engagements.

LGIM Information Disclaimer

- i. Carbon dioxide equivalent (CO₂e) is a standard unit to compare the emissions of different greenhouse gases.
- ii. The choice of this metric follows best practice recommendations from the Task Force on Climate-related Financial Disclosures.
- iii. Data on carbon emissions from a company's operations and purchased energy is used.
- iv. This measure is the result of differences in weights of companies between the index and the benchmark, and does not depend on the amount invested in the fund. It describes the relative 'carbon efficiency' of different companies in the index (i.e. how much carbon was emitted per unit of sales), not the contribution of an individual investor in financing carbon emissions.
- v. LGIM set the following threshold for our reportable funds 1) the assets eligible for coverage e.g. eligible ratio needs to be greater than or equal to 50% and 2) the carbon coverage of the eligible assets e.g. eligible coverage needs to be greater than or equal to 60%.
- vi. Eligibility % represents the % of the securities in the benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt and derivatives are currently not included for carbon reporting). The Coverage % represents the coverage of those assets with carbon scores.
- vii. Derivatives including repos are not presently included and the methodology is subject to change. Leveraged positions are not currently supported. In the instance a leveraged position distorts the coverage ratio over 100% then the coverage ratio will not be shown.
- viii. LGIM define 'Sovereigns' as, Agency, Government, Municipals, Strips and Treasury Bills and is calculated by using: the CO₂e/GDP, Carbon Emissions Footprint uses: CO₂e/Total Capital Stock.
- ix. The carbon reserves intensity of a company captures the relationship between the carbon reserves the company owns and its market capitalisation. The carbon reserves intensity of the overall benchmark reflects the relative weights of the different companies in the benchmark.
- x. Green revenues % represents the proportion of revenues derived from low-carbon products and services associated with the benchmark, from the companies in the benchmark that have disclosed this as a separate data point.
- xi. Engagement figures do not include data on engagement activities with national or local governments, government related issuers, or similar international bodies with the power to issue debt securities.
- xii. LGIM's temperature alignment methodology computes the contribution of a company's activities towards climate change. It delivers an specific temperature value that signifies which climate scenario (e.g. 3°C, 1.5°C etc.) the company's activities are currently aligned with. The implied temperature alignment is computed as a weighted aggregate of the company-level warming potential.

Third Party ESG Data Providers: Source: ISS. Source: HSBC© HSBC 2022. Source: IMF (International Monetary Fund). Source: Refinitiv. Information is for recipients' internal use only.

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