

# Appendix 4: Implementation Statement

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## The Crown Estate Pension Scheme – Implementation Statement 2024

### 1. Purpose

This Implementation Statement reports on how, and the extent to which, the policies as set out in the Scheme's Statement of Investment Principles ("SIP") have been complied with during the year ended 31 March 2024. In preparing this statement, the DB section has been reviewed with respect to voting and stewardship policies, conflicts of interest and engagement. The DC section has been reviewed with respect to the whole SIP and the relevant procedures.

For both sections this includes the exercise of rights (including voting) and other engagement activities undertaken in respect of the Scheme's investments. The Statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

### 2. Background

Under the regulation now in force, Trustees of Occupational Pension Schemes are required to state their policy on the exercise of the rights attaching to investments, and on undertaking engagement activities in respect of investments. Trustees are also required to report on how and the extent to which they have followed this policy and on significant votes.

This Statement has been produced in accordance with: the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013; 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, as amended; and guidance published by the UK government and the UK Pensions Regulator.

This Statement has been prepared by the Trustees, with the assistance of their Investment Consultant (Quantum Advisory).

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out by either the Trustees or the Investment Consultant on the Trustees' behalf.

### 3. Executive summary

Over the Scheme year, the Trustees:

- Through their investment Consultant, reviewed the voting and engagement activity of the funds that invest in equities. The Trustees are generally content that the Scheme's investment managers have appropriately carried out their stewardship duties.
- Are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.
- Have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Consultant to aid ongoing compliance.

- Reviewed the DC-section self-select fund range, adding a new fund option that aims to invest in compliance with Islamic investment principles.

The voting activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustees believe there is less scope to influence the practices within such arrangements. However, the general stewardship practices of non-equity managers have been reviewed to ensure that they engage with their investments.

## 4. Reviews of the SIP over the Scheme year

The SIP was last reviewed in May 2023. During the year the Trustees instigated a review of the Scheme's investment strategy. This review will be completed post the reporting period, and the SIP is to be updated as part of this process.

The Trustees confirm that the review of the SIP will aim to ensure the document is in line with regulation and that any amendments to investment policy resulting from the review of investment strategy are reflected. The Trustees will seek written advice from the Investment Consultant on the SIP and the suitability of the investments, and will consult with the Sponsoring Employer.

## 5. Investment Manager's voting policies, stewardship policies and activity

### Trustees' voting and stewardship policies

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers and funds; and (ii) monitoring existing investment managers and funds.

The Trustees are unable to direct how votes are exercised and have not used a proxy voting services provider over the year. The Trustees have given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustees have reviewed the voting activities and stewardship policies of the funds.

The Trustees do not currently have any stewardship priorities in place. However, the Trustees will consider this as part of the review of investment strategy and assess whether or not the investment managers' stewardship priorities are in alignment with these. Should the voting activities and stewardship policies of an invested fund not appropriately align with the Scheme's stewardship priorities, the Scheme will escalate these concerns with the investment manager and if necessary review its position.

Over the Scheme year, the voting activities of the following funds have been reviewed:

- BlackRock Aquila Life Balanced Fund
- Schroder Life Sustainable Future Multi-Asset Fund
- Legal & General Investment Management ("LGIM") Dynamic Diversified Fund
- LGIM Ethical UK Equity Index Fund

- LGIM Future World Global Equity Index Fund
- LGIM Future World Fund
- LGIM Global Equity Fixed Weights (50:50) Index Fund
- LGIM Retirement Income Multi-Asset Fund
- LGIM UK Equity Index Fund
- LGIM World (Ex. UK) Equity Index Fund
- HSBC Islamic Global Equity Index Fund
- Partners Generations Fund

In addition to this, the general stewardship policies of the above funds and the funds listed below have also been reviewed:

- LGIM AAA-AA-A Corporate Bond All Stocks Index Fund
- LGIM All Stocks Gilts Index Fund
- LGIM Cash
- LGIM Future World Annuity Aware Fund
- LGIM Managed Property
- LGIM Matching Core Funds
- LGIM Single Stock Gilt (incl. Green Gilt) and Index Linked Gilt Funds
- LGIM Sterling Liquidity & Sterling Liquidity Plus

### **Manager's voting and stewardship policies and procedures**

Details of the managers voting and stewardship policies can be found in Appendix 1. The extent to which the investment managers make use of any proxy advisory and voting services was reviewed. The Trustees are satisfied with the voting and policies/procedures of the investment managers.

## Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year.

	BlackRock Aquila Life Balanced Fund	HSBC Islamic Global Equity Index Fund	LGIM Dynamic Diversified Fund	LGIM Ethical UK Equity Index	LGIM Future World Global Equity Index Fund	LGIM Future World Fund
Number of equity holdings	13,595	108	7,258	216	3,154	1,393
Meetings eligible to vote at	2,917	104	9,651	251	5,134	1,707
Resolutions eligible to vote on	38,555	1,702	98,900	4,532	52,212	21,925
Proportion of eligible resolutions voted on (%)	95	96	>99	>99	>99	>99
Votes with management (%)	94	76	77	95	80	80
Votes against management (%)	5	23	23	5	19	20
Votes abstained from (%)	<1	<1	<1	<1	<1	<1
Meetings where at least one vote was against management (%)	27	82	73	43	63	71
Votes contrary to the recommendation of the proxy adviser (%)	0	0	14	4	11	15

Source: Investment managers.

	LGIM Global Equity Fixed Weights (50:50) Index Fund	LGIM Retirement Income Multi Asset Fund	LGIM UK Equity Index	LGIM World (ex. UK) Equity Index Fund	Partners Generations Fund <sup>1</sup>	Schroder Life Sustainable Future Multi-Asset Fund
Number of equity holdings	3,028	7,476	521	2,813	>50	N/A <sup>2</sup>
Meetings eligible to vote at	3,035	9,981	709	2,867	67	791
Resolutions eligible to vote on	39,303	102,982	10,462	34,635	999	10,086
Proportion of eligible resolutions voted on (%)	>99	>99	>99	>99	100	94
Votes with management (%)	82	77	94	78	93	89
Votes against management (%)	18	22	6	22	6	11
Votes abstained from (%)	<1	<1	<1	<1	1	<1
Meetings where at least one vote was against management (%)	70	72	40	77	36	56
Votes contrary to the recommendation of the proxy adviser (%)	13	14	5	16	4	8

Source: Investment managers. <sup>1</sup>Produces PLSA data biannually, therefore the data shown is to December 2023. <sup>2</sup>At the date of this report, this information is unavailable.

The Trustees are generally satisfied with the voting activity that has been undertaken within the funds during the Scheme year.

### Significant votes over the reporting year

The Trustees have, through their Investment Consultant, reviewed the significant votes cast by the Investment Managers and are generally satisfied with their voting behaviour. The Trustees are mindful of the link between the Scheme's stewardship priorities and voting behaviour. A cross section of the most significant votes cast is contained in Appendix 2.

## 6. Conflicts of interest

This section considers whether the Investment Managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

### LGIM

LGIM have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by within the selected funds. In place of providing a direct response, LGIM refer the Trustees to their conflicts of interest policy, which includes several examples and how these might be managed.

This is available here: <https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-conflicts-of-interest.pdf>

The Trustees have received a copy of the conflicts of interest policy.

### Partners Group

With regards to Partners Group's listed exposure, to the best of their knowledge, they are not affected by points 1 through 5. With regard to points 1-3, Partners noted:

"Given Partners Group's role as a private markets investor, with the primary approach of taking ownership stakes in various assets, it is common practice for senior members of the relevant investment teams to hold positions such as board seats. Here, they can use their expertise to aid in transforming the asset, leveraging their own experience and that of the wider Partners Group platform. This also extends to our stewardship activities, where investment teams represent Partners Group and our clients who have entrusted us with managing their assets, playing a key role as an active owner. We do not view these scenarios as 'conflicts of interest' as may be the case in the context of public markets, but rather as a tangible benefit which enables us to drive genuine value and change."

Regarding point 4:

"Partners Group is unlikely to be affected by this potential conflict of interest outlined above. However, we remain conscious of the specific needs of individual clients and will continue to operate in their best interests."

Finally, regarding point 5:

"Whilst clients have individual stewardship policies, Partners Group has adopted an approach that generally represents industry standard and is aligned with our clients. We would consider individual differences on a case-by-case basis, but it is not an issue which we have yet encountered".

### **Schroders**

Schroders confirmed they were affected by points 1 and 2.

If Schroders were to have a conflict of interest with a fund, a client, or a company being voted on, they will follow the voting recommendations of a third party (which will be the supplier of their proxy voting processing and research service). If Schroders believes it should override the recommendations of the third party in the interests of the fund/client and vote in a way that may also benefit, or be perceived to benefit, its own interests, then Schroders will obtain the approval of the decision from the Schroders' Global Head of Equities with the rationale of such vote being recorded in writing. If the third-party recommendation is unavailable, they will vote as they see is in the interests of the fund. If, however, this vote is in a way that might benefit, or be perceived to benefit, Schroders' interests, they will obtain approval and record the rationale in the same way as described above.

### **BlackRock**

BlackRock did not confirm whether they were affected by any of the conflicts at the time of producing this statement.

### **HSBC**

HSBC confirmed that their funds and client mandates may hold shares in parent company HSBC Holdings PLC, but have special procedures in place to mitigate this conflict. However, they do not believe they are exposed to any of the outlined conflicts.

## 7. Implementation of policies contained within the Scheme's SIP – DC sections

This part of the statement sets out the various policies within the Scheme's SIP and the actions that the Trustees have undertaken in respect of them over the Scheme year.

SIP policy	Comments
<b>1. Investment processes and governance</b>	
<p><b><u>Investment Strategy</u></b></p> <p>The Trustees, in consultation with their Investment Consultant, set the investment strategy for the Scheme's DC section. The primary objective of the DC section is to provide, on a DC basis, benefits for members on their retirement or benefits for their dependants on death before retirement. The Trustees have sought to provide members with appropriate investment choices.</p> <p>The Trustees select investment funds which are appropriate to implement the investment strategy. The Trustees have also selected a range of funds from which members may self-select. This range is intentionally diverse but not considered by the Trustees to be unduly so.</p> <p>It is the policy of the Trustees, after taking appropriate written advice from their Investment Consultant, and in consultation with the Sponsoring Employer, to set the investment strategy for the Scheme, following a consideration of their objectives and other related matters. The Trustees review their objectives and investments at regular intervals and amend them accordingly.</p> <p>The Trustees have signed the appropriate policy documents, agreements and application forms with Mobius Life Limited.</p>	<p><b><u>Investment Strategy</u></b></p> <p>The Trustees considered each investment manager and fund prior to appointment and have received advice from their Investment Consultant on their appropriateness as part of such considerations.</p> <p>As part of their ongoing governance programme, and in the knowledge of changes and developments with the investment landscape, the Trustees initiated a review of the Scheme's DC investment strategy (both at a strategic level and at a fund level).</p> <p>During the period, the Trustees decided to add a fund that aims to be compliant with Islamic investing principles to the self-select range, reflecting feedback received from the membership.</p>
SIP policy	Comments
<p><b><u>Performance monitoring</u></b></p> <p>The Trustees monitor the performance of the Scheme's DC investments on a frequent basis. They also review the continued appropriateness of the targeted retirement outcome at appropriate frequencies. Written advice is received as</p>	<p><b><u>Performance monitoring</u></b></p> <p>The Trustees review the performance of the Scheme's DC investments on a quarterly basis through the investment monitoring reports provided to them by the Investment Consultant.</p>



<p>required from the Investment Consultant.</p> <p>The Trustees have agreed the appropriateness of the benchmarks, performance objectives and the various controls adopted by the incumbent investment managers in managing each fund in which members can invest.</p> <p><b><u>Conflict of Interest</u></b></p> <p>The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of materiality) at the start of each Trustees' meeting and document these in the minutes.</p> <p><b><u>Charges</u></b></p> <p>The Trustees consider the fees and charges associated with each investment before investing. The Trustees will compare the annual turnover and associated costs for each fund with previous years to ensure each investment manager's process and philosophy remain consistent.</p> <p><b><u>Statement of Investment Principles</u></b></p> <p>The Trustees review the SIP periodically for good governance and to ensure their policies remain appropriate and are being adhered to. The Trustees may also review the SIP following specific events, so as to ensure its ongoing appropriateness.</p> <p>Reviews of the SIP will occur no less frequently than every three years, and without delay after any significant change in investment policy.</p>	<p>The Trustees keep the appointment of all investment managers under review and will seek to replace any managers, or funds, which no longer remain appropriate to implement the Scheme's investment strategy.</p> <p><b><u>Conflicts of interest</u></b></p> <p>The Trustees continued to document any known material conflicts of interest at each Trustees' meeting.</p> <p><b><u>Charges</u></b></p> <p>The Trustees receive an annual Chairs' Statement which contains information on charges and other costs the Scheme has incurred over the year.</p> <p><b><u>Statement of Investment Principles</u></b></p> <p>The Trustees review and update the SIP on a periodic basis. The SIP was last reviewed, and subsequently updated, during May 2023 to reflect a fund name change within the default and self-select strategies.</p>
<p><b>SIP policy</b></p>	<p><b>Comments</b></p>
<p><b>2. Responsible Investment</b></p>	
<p><b><u>Financially material considerations</u></b></p> <p>The Trustees acknowledge the potential impact upon the Scheme's investments and members arising from financially material matters. The Trustees define these as including, but not limited to ESG matters.</p> <p>With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment managers and funds; and (ii) monitoring existing investment managers and</p>	<p><b><u>Financially material considerations</u></b></p> <p>During the period, the Trustees reviewed the allocation to sustainable tilted investment funds.</p>

<p>funds. The Trustees have provided the appointed investment managers with full discretion concerning the evaluation of ESG factors when making investment decisions. Representatives of the investment managers may attend Trustees' meetings, at a frequency determined by the Trustees, to present on various matters including their ESG policies. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers.</p> <p>The Trustees consider ESG factors when determining future strategy decisions.</p> <p><b><u>Stewardship</u></b></p> <p>The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers and funds; and (ii) reviewing existing investment managers and funds. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of their investments.</p> <p><b><u>Non-financial matters</u></b></p> <p>The Trustees do not consider non-financial factors and do not employ a formal policy in relation to this when selecting, retaining and realising investments. However, where members have been forthcoming with their views, the Trustees may consider these when setting investment strategy.</p>	<p><b><u>Stewardship</u></b></p> <p>The stewardship reports of the investment managers are available to the Trustees. In addition, the investment managers' voting activity has been reviewed and documented in section 4 of this Statement.</p> <p><b><u>Non-financial matters</u></b></p> <p>Over the period, no members expressed any view with respect to non-financial factors, barring the request to consider adding a self-select fund to the DC Section that adopts Islamic investing principles.</p>
<p><b>SIP policy</b></p>	<p><b>Comments</b></p>
<p><b>3. Risk management</b></p>	
<p>The Trustees have identified a range of risks and documented these within the SIP. The Trustees seek to minimise them as far as possible and inform this process by regularly monitoring the investment funds.</p>	<p>The Trustees reviewed the performance of the Scheme's investments during the course of their formal meetings, through quarterly investment monitoring reports and advice provided by the Investment Consultant. The Trustees are generally content with the performance delivered.</p>

## Appendix 1 – investment manager voting policies and procedures

### LGIM

LGIM have a proven track-record of being active owners; striving to use their scale to ensure that the companies in which they invest are acting responsibly and markets / regulators create an environment in which good management of ESG factors are valued and supported.

LGIM's Investment Stewardship team make all voting decisions, in accordance with LGIM's Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's 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 LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

### Partners Group voting policies and process

Where Partners Group's client accounts contain listed equity securities in dedicated programs/allocation buckets ("Liquid Private Markets investments") and Partners Group has discretion to vote on a proxy stemming from such securities (a "Proxy Request"), Partners Group will make a decision on such Proxy Requests to protect and promote the economic value of the securities held in such client accounts.

Proxy Requests related to Liquid Private Markets investments may be administered by third party service providers (currently, Glass Lewis). These service providers will follow Partners Group's Proxy Voting Directive in all instances. Should a voting recommendation by a service provider be against the recommendation by the respective company's management, Partners Group will vote manually on those proposals.

In certain circumstances, Partners Group receives Proxy Requests for publicly traded securities. When such Proxy Requests arise, the recipient, typically the respective investment team or Partners Group Guernsey serving as administrator, will forward it to be reviewed and evaluated by Transactions Services together with the relevant investment team and/or the relevant Investment Committee. Partners Group have a group form which seeks to ensure that all Proxy Requests, included in the broader term 'corporate actions', are reviewed and processed in a timely manner.

### Schroders' voting policies and process

The overriding principle governing Schroders' approach to voting is to act in the best interests of their clients. Where proposals are not consistent with the interests of shareholders and their clients, they are not afraid to vote against resolutions.

Schroders vote on a variety of issues; however, the majority of resolutions target specific corporate

governance issues which are required under local stock exchange listing requirements, including but not limited to: approval of directors, accepting reports and accounts, approval of incentive plans, capital allocation, reorganisations and mergers.

Schroders evaluate voting issues arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of their clients. They utilise company engagement, internal research, investor views and governance expertise to confirm their intention.

In applying the policy, Schroders consider a range of factors, including the circumstances of each company, its performance, governance, strategy and personnel. Their specialists may draw on external research, such as the Investment Association's Institutional Voting Information Services and the ISS, and public reporting. Their own research is also integral to their process; this will be conducted by both the financial and ESG analysts. For contentious issues, their Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context. Schroders make use of proxy advisory services as a compliment to their own research and voting engagement processes. However, as at the date of this report, they have yet to confirm if any proxy advisers undertook voting on Schroders behalf during the period in question.

Any UK company which in Schroders' opinion meets the spirit of the UK Corporate Governance Code should, in the absence of other factors, expect to be supported on corporate governance issues covered by the Code. Where a company does not comply with the spirit of the Code, Schroders will consider the company's explanation and circumstances, and then react accordingly in a manner they deem most appropriate. If the company provides a convincing justification and/or the issue is not material to the value of its shares, Schroders would ordinarily expect to support the company. Where Schroders are not satisfied with the explanation and they view the departure from the Code as material, they will engage further with the company and or non-executive directors, and may vote against management.

### **BlackRock's voting policies and process**

BlackRock have developed high-level principles ("BlackRock's Global Corporate Governance and Engagement Principles") which set the framework for their voting. These are publicly accessible on the BlackRock website.

Their voting guidelines are market specific, and consider a company's unique circumstances, where relevant. BlackRock inform their voting decision through research and engage as necessary. BlackRock determines which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team ("BIS"), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and market-specific guidelines.

While BlackRock subscribe to research from the proxy advisory firms ISS and Glass Lewis (also a voting proxy advisory firm), they do not follow any single proxy research firm's voting recommendations. BlackRock use several other inputs, including a company's own disclosures, and their record of past engagements, in their voting and engagement analysis.

BlackRock use ISS's electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform their voting decision.

## **HSBC voting policies and process**

HSBC exercise their voting rights as an expression of stewardship for client assets. HSBC have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

HSBC use the leading voting research and platform provider Institutional Shareholder Services to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene their guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The bulk of the holdings are voted in line with the recommendation based on their guidelines. These global voting guidelines inform the custom voting recommendations HSBC receive from their external proxy voting research and platform provider. The voting recommendations for active holdings are reviewed by the relevant fund managers, whilst their corporate governance specialists oversee voting for all holdings.

## Appendix 2 – Most significant votes

The tables below set out a cross section of significant votes undertaken by the investment managers of the funds held by the Scheme. Information on further significant votes undertaken by the Scheme’s investment managers has been reviewed.

Please note that, due to the ‘common building block’ structure of LGIM’s passive equity funds (including the LGIM DDF which gains its equity exposure by investing in other LGIM equity funds) there is a degree of overlap between the most significant votes cast within each fund. We have therefore sought to provide different examples within each fund that are of relevance.

### Schroder Sustainable Future Multi-Asset Fund

Schroder does not currently have a process for identifying the most significant votes within the Fund. Instead, Schroder has provided a number of examples of votes that it deems to be significant. This has been challenged by the Trustees and Schroder has confirmed that it is working with various internal stakeholders to develop a process of best-practice and will update the Trustees in due course.

Generally, the most significant votes cast by Schroder tend to involve some form of material misalignment in relation to governance, ethics, ESG/Climate Change, or alignment of interest.

Company Name	Royal Bank of Canada	Morgan Stanley
Date of Vote	April 2023	May 2023
Summary of the resolution	Publish a Third-Party Racial Equity Audit	Elect Director Rayford Wilkins, Jr.
Size of the holding (% of portfolio)	N/A <sup>1</sup>	N/A <sup>1</sup>
How the firm voted	For the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	Vote against management	Vote against management
On which criteria has the vote been deemed as ‘significant’?	Diversity, equity, and inclusion	Gender diversity
Outcome of the vote	N/A <sup>1</sup>	N/A <sup>1</sup>
Do the Trustees/ asset manager intend to escalate stewardship efforts?	N/A <sup>1</sup>	N/A <sup>1</sup>
Company Name	Royal Bank of Canada	Morgan Stanley

Source: Investment Manager. Please note, information on the outcome of the votes was pending at the time of writing. <sup>1</sup>Schroders did not provide the size of the holding; nor the outcome or efforts to escalate the stewardship offers.

### BlackRock Aquila Life Balanced Fund

BlackRock Investment Stewardship prioritises its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. These themes in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

BlackRock periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance.

Company Name	Amazon.com, Inc.	Alphabet Inc.
Date of Vote	May 2023	June 2023
Summary of the resolution	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	Approve Recapitalization Plan for all Stock to Have One-vote per Share
Size of the holding (% of portfolio)	N/A <sup>1</sup>	N/A <sup>1</sup>
How the firm voted	Against the proposal	For the proposal
Was the vote against management and was this communicated beforehand?	BlackRock endeavour to communicate to companies when intending to vote against management, either before or just after casting votes in advance of the shareholder meeting.	
On which criteria has the vote been deemed as 'significant'?	Racial equity	Compensation practices
Outcome of the vote	Fail	Fail
Do the Trustees/ asset manager intend to escalate stewardship efforts?	Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns	

Source: Investment Manager. <sup>1</sup>BlackRock did not provide the size of the holding.

### Partners Group Generations Fund

Partners Group own/control the majority of companies held in the portfolio. Therefore, Partners Group provided examples of portfolio company's ESG efforts as they felt this was more appropriate (instead of providing example of significant votes for the listed equity holdings). Two examples are set out below.

- **Breitling:** 'Since 2020, Breitling has measured its environmental impact, including greenhouse gas emissions, and developed measures to reduce the negative impact, mainly in its supply chain. In March 2023, the company submitted a target validation request to the Science Based Targets initiative. Breitling aims to minimize its environmental impact, reducing Scope 1 + 2 emissions by 80% by 2032 and achieving net zero by 2050.'
- **Wedgewood Pharmacy:** 'Regarding Health & Safety, Wedgewood Pharmacy has met its goals for recordable incidents through July and completed over 95% of its Active Shooter training and Environmental, Health and Safety Leads have been identified at all Blue Rabbit Operations locations. Furthermore, they have participated in community initiatives California's 2nd Harvest food bank volunteering.'

### LGIM

In determining significant votes, LGIM's Investment Stewardship team considers the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

## LGIM Dynamic Diversified Fund

Company Name	Tencent Holdings Limited	Shell Plc
Date of Vote	May 2023	May 2023
Summary of the resolution	Elect Jacobus Petrus (Koos) Bekker as Director	Approve the Shell Energy Transition Progress
Size of the holding (% of portfolio)	0.2	0.3
How the firm voted	Against the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	Yes, the vote was against management. The vote intention was not communicated to the company prior to the meeting.	Yes, the vote was against management. The vote intention was not communicated to the company prior to the meeting.
On which criteria has the vote been deemed as 'significant'?	Climate Impact Pledge.	Escalation of climate-related engagement activity towards net zero commitments.
Outcome of the vote	Pass	Pass
Do the Trustees/ asset manager intend to escalate stewardship efforts?	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.

Source: Investment Manager

## LGIM Ethical UK Equity Index Fund

Company Name	InterContinental Hotels Group Plc	Experian Plc
Date of Vote	May 2023	July 2023
Summary of the resolution	Re-elect Graham Allan as Director	Re-elect Mike Rogers as Director
Size of the holding (% of portfolio)	0.5	1.6
How the firm voted	Against the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	Yes, the vote was against management. The vote intention was not communicated to the company prior to the meeting.	Yes, the vote was against management. The vote intention was not communicated to the company prior to the meeting.
On which criteria has the vote been deemed as 'significant'?	Engagement program on deforestation, targeting companies in high-risk sectors.	Gender diversity.
Outcome of the vote	Pass	Pass
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Source: Investment Manager



## LGIM Future World Global Equity Index Fund

Company Name	Alphabet Inc.	The Coca-Cola Company
Date of Vote	June 2023	April 2023
Summary of the resolution	Approve Recapitalization Plan for All Stock to Have One Vote Per Share	Report on Congruency of Political Spending with Company Values and Priorities
Size of the holding (% of portfolio)	1.0	0.6
How the firm voted	For the proposal	For the proposal
Was the vote against management and was this communicated beforehand?	Voted against management. Votes are not communicated to management beforehand.	Voted against management. LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
On which criteria has the vote been deemed as 'significant'?	Relatively high level of support received.	Pre-declaration and thematic lobbying.
Outcome of the vote	Fail	Fail
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.	LGIM will continue to engage with the company and monitor progress.

Source: Investment Manager

## LGIM Future World Fund

Company Name	Cummins Inc.	Yum! Brands, Inc.
Date of Vote	May 2023	May 2023
Summary of the resolution	Elect Director Thomas J. Lynch	Report on Efforts to Reduce Plastic Use
Size of the holding (% of portfolio)	0.7	0.6
How the firm voted	Against the proposal	For the proposal
Was the vote against management and was this communicated beforehand?	Yes, the vote was against management. The vote intention was not communicated to the company prior to the meeting.	LGIM pre-declared its vote intention (against management) for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
On which criteria has the vote been deemed as 'significant'?	Combination of the board chair and CEO.	Transition to net zero and nature-positive economies.
Outcome of the vote	Pass	Fail
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with 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.

Source: Investment Manager

## LGIM Global Equity Fixed Weights (50:50) Index Fund

Company Name	Glencore Plc	Amazon.com, Inc
Date of Vote	May 2023	May 2023
Summary of the resolution	Shareholder resolution "Resolution in Respect of the Next Climate Action Transition Plan"	Report on Median and Adjusted Gender/Racial Pay Gaps
Size of the holding (% of portfolio)	1.3	0.4
How the firm voted	For the proposal	For the proposal
Was the vote against management and was this communicated beforehand?	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.	LGIM pre-declared its vote intention (against management) for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
On which criteria has the vote been deemed as 'significant'?	Strategic management of climate change.	Gender diversity.
Outcome of the vote	Fail	Fail
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with the company and monitor progress.

Source: Investment Manager

## LGIM Retirement Income Multi Asset Fund

Company Name	Toyota Motor Corp.	American Tower Corporation
Date of Vote	June 2023	May 2023
Summary of the resolution	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Elect Director Robert D. Hormats
Size of the holding (% of portfolio)	0.2	0.1
How the firm voted	For the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	LGIM pre-declared its vote intention (against management) for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.	Voted against management, but votes are not communicated to management beforehand.
On which criteria has the vote been deemed as 'significant'?	Broader improvements of ESG factors including, for example, climate accountability and public health.	Gender diversity.
Outcome of the vote	Fail	Pass
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Source: Investment Manager

## LGIM UK Equity Index Fund

Company Name	Pearson Plc	Diploma Plc
Date of Vote	April 2023	January 2023
Summary of the resolution	To approve the remuneration policy.	Re-elect David Lowden as Director
Size of the holding (% of portfolio)	0.3	0.2
How the firm voted	Against the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	LGIM pre-declared its vote intention (against management) for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.	Yes, the vote was against management. The vote intention was not communicated to the company prior to the meeting.
On which criteria has the vote been deemed as 'significant'?	Escalation of engagement activity.	Diversity.
Outcome of the vote	Pass	Pass
Do the Trustees/ asset manager intend to escalate stewardship efforts?	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.

Source: Investment Manager

## LGIM World (ex. UK) Equity Index Fund

Company Name	Mastercard Incorporated	JPMorgan Chase & Co.
Date of Vote	June 2023	May 2023
Summary of the resolution	Elect Director Merit E. Janow	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
Size of the holding (% of portfolio)	0.6	0.7
How the firm voted	For the proposal	For the proposal
Was the vote against management and was this communicated beforehand?	No, the vote was not against management. The vote intention was not communicated to the company prior to the meeting.	LGIM pre-declared its vote intention (against management) for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
On which criteria has the vote been deemed as 'significant'?	Investor rights and engagement.	Climate.
Outcome of the vote	Pass	Fail
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to monitor the development of this issue in the market.	LGIM will continue to engage with the company and monitor progress.

Source: Investment Manager

## HSBC Islamic Global Equity Index Fund

HSBC regard the votes against management recommendation as the most significant. With regards to climate, in their engagement they encourage companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, HSBC generally vote against the re-election of the Chairman. HSBC also generally support shareholder resolutions calling for increased disclosure on climate-related issues.

Company Name	Visa Inc.	QUALCOMM Incorporated
<b>Date of Vote</b>	January 2024	March 2024
<b>Summary of the resolution</b>	Advisory Vote to Ratify Named Executive Officers' Compensation	Ratify PricewaterhouseCoopers LLP as Auditors
<b>Size of the holding (% of portfolio)</b>	1.6	0.7
<b>How the firm voted</b>	Against the proposal	Against the proposal
<b>Was the vote against management and was this communicated beforehand?</b>	Yes, the vote was against management. Vote was not communicated beforehand.	Yes, the vote was against management. Vote was not communicated beforehand.
<b>On which criteria has the vote been deemed as 'significant'?</b>	The company has a significant weight in the portfolio and HSBC voted against management.	The company has a significant weight in the portfolio and HSBC voted against management.
<b>Outcome of the vote</b>	Pass	Pass
<b>Do the Trustees/asset manager intend to escalate stewardship efforts?</b>	HSBC will likely vote against a similar proposal should they see insufficient improvements.	HSBC will likely vote against a similar proposal should they see insufficient improvements.

Source: Investment Manager.