

The Wildlife Trusts Pension Scheme ('the Scheme') – Implementation Statement 1st April 2023 – 31st March 2024

An Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Department for Work and Pensions for the period from 1st April 2023 – 31st March 2024 ('the Scheme Year').

The Scheme's reporting period for each fund is the holding period of that fund across the Scheme Year.

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

The Trustee has appointed 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 Trustee over the Scheme Year.

A summary of the key points is set out below.

CT

CT stated that there was no voting information to report due to nature of the underlying holdings.

CT provided summarised firm-level information on engagements that was for the calendar year of 2023, rather than the Scheme's reporting period. Despite this, Minerva was able to confirm that the activity appeared to broadly comply with CT's own engagement approach, and so complies with the Scheme's approach.

LGIM

For the LDI Matching Core Funds, the Gilt Funds, the Index-Linked Gilt Funds, over 5 Year Index-Linked Gilt Index, the Over 15 Year Gilts Index Fund and the Sterling Liquidity Fund, LGIM stated there was no voting or engagement information to report due to the nature of the underlying holdings.

In relation to the Active Corporate Bond - Over 10 Year Fund, LGIM confirmed they do not have a formal proxy voting policy for bond investments. In instances where bonds have voting rights, typically in relation to corporate actions, a case-by-case approach to determine the votes to cast is adopted. Given the nature of the investments in this fund, Minerva has concluded that the manager's approach is in the best financial interest of the Scheme beneficiaries.

In relation to the Future World Global Equity Index Fund (including GBP hedged variant) it was determined by Minerva that LGIM's public voting policy and disclosures are broadly in line with good practice as represented by the International Corporate Governance Network ('ICGN') Voting Guidelines Principles, bearing in mind the Scheme's stewardship expectations. LGIM provided a summarised voting record that was in line with the Scheme's reporting period. Significant votes were also provided.

For the Active Corporate Bond - Over 10 Year Fund and the Future World Global Equity Index Fund (including GBP hedged variant), LGIM provided basic fund-level information on engagements that was in line with the Scheme's reporting period. Despite the basic level of information, Minerva was

able to confirm that the activity appeared to broadly comply with LGIM's own engagement approach, and so complies with the Scheme's approach.

M&G

M&G stated that there was no voting information to report due to nature of the underlying holdings.

M&G provided detailed fund-level information on engagements that was in line with the Scheme's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with M&G's own engagement approach, and so complies with the Scheme's approach.

PIMCO

PIMCO stated there was no voting information to report due to the nature of the underlying holdings.

PIMCO provided summarised fund-level information on engagements for the calendar year of 2023 rather than the Scheme's reporting period. Despite this, Minerva was able to confirm that the activity appeared to broadly comply with PIMCO's own engagement approach, and so complies with the Scheme's approach.

AVCs

The Scheme holds AVCs and the Trustee has determined they will not be covered in this Statement on the grounds of materiality.

Final Comments

This year, LGIM provided good levels of voting information but could improve the level of detail in their engagement information. M&G provided good levels of engagement information. Both CT and PIMCO could improve by increasing the level of detail in their engagement information and by providing this information in line with the Scheme's reporting period. CT could also improve by providing engagement information at fund-level, rather than firm-level.

The Wildlife Trusts Pension Scheme

Dalriada Trustee Limited

Implementation Statement (IS):

Voting & Engagement Information (VEI) Report

Scheme Reporting Period:

1st April 2023 to 31st March 2024

3rd September 2024

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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:

*The Wildlife Trusts Pension Scheme
Statement of Investment Principles
November 2022*



1.1 Financially Material Considerations

The Trustee believes that its main duty, reflected in the investment objectives, is to protect the financial interests of the Scheme's members. The Trustee believes that ESG considerations (including but not limited to climate change) and stewardship in the selection, retention and realisation of their investments is an integral part of this duty and can contribute to the generation of good investment returns. Legislation requires that the Trustee forms a view of the length of time that it considers is needed for the funding of future benefits by the investments of the Scheme. The Trustee believes that an appropriate time horizon for the Scheme could be over 10 years, which gives plenty of scope for ESG considerations to be financially material.

With this in mind, the Trustee has elected to invest most of its equity allocation in ESG-tilted equity funds.

Beyond this, the Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which it invests. However, the Trustee will consider these policies in all future selections and will seek to deepen its understanding of the existing managers' policies by reviewing these periodically. In cases where the Trustee is dissatisfied with a manager's approach it will take this into account when reviewing them. The Trustee is also keen that all the managers are signatories of the UN Principles of Responsible Investment, which is currently the case.

The Trustee believes that stewardship is important, through the exercising of rights (including voting rights) attaching to investments. The Trustee is keen that their managers can explain when, and by what practical methods, the managers monitor and engage with relevant persons about relevant matters in this area. The Trustee will monitor the voting being carried out by investment managers and custodians on its behalf. The Trustee will do this by receiving reports from the investment managers which should include details of any significant votes cast and proxy services that have been used.

The Trustee is also keen that its managers and its investment consultant are signatories of the UK Stewardship Code and checks this from time to time.

The Trustee is aware that ESG and stewardship considerations involve an ongoing process of education for themselves and engagement with their investment managers. To that end the Trustee dedicates time regularly to the discussion of this topic and intends to review and renew its approach periodically with the help of its investment consultants, where required. The Trustee will review the investment managers' ESG policies (including the application of voting rights), in order to help ensure that suitable policies are in place. This work will be facilitated by the Trustee's Investment Consultant.

1.2 Non-Financial Considerations

Non-financial matters, including members' views are currently not taken into account.

2 Sourcing of Voting and Engagement Information

This section sets out the availability of the information Minerva initially requested from the Scheme’s managers, 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
Columbia Threadneedle	Threadneedle Property Fund	No Info to Report	No Info to Report	Part Info Available
	Gilt Fund (5 Funds)	No Info to Report	No Info to Report	No Info to Report
LGIM*	Index-Linked Gilt Fund (7 Funds)	No Info to Report	No Info to Report	No Info to Report
	Active Corporate Bond - Over 10 Year Fund	Full Info Available	No Info to Report	Part Info Available
	Future World Global Equity Index Fund (including GBP Hedged variant)	Full Info Available	Full Info Available	Part Info Available
	LDI Matching Core Funds (4 Funds)	No Info to Report	No Info to Report	No Info to Report
	Over 15 Year Gilts Index Fund	No Info to Report	No Info to Report	No Info to Report
	Over 5 Year Index-Linked Gilts Index Fund	No Info to Report	No Info to Report	No Info to Report
	Sterling Liquidity Fund	No Info to Report	No Info to Report	No Info to Report
	M&G	Total Return Credit Investment Fund	No Info to Report	No Info to Report
PIMCO	GIS Income Fund	No Info to Report	No Info to Report	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 Active Corporate Bond - Over 10 Year Fund
- LGIM Future World Global Equity Index Fund (including GBP Hedged variant)

Significant Votes

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

- LGIM Future World Global Equity Index Fund (including GBP Hedged variant)

Engagement Activity

There was reportable engagement information provided for the Scheme's investments with the following managers:

- Columbia Threadneedle - Threadneedle Property Fund
- LGIM Active Corporate Bond - Over 10 Year Fund
- LGIM Future World Global Equity Index Fund (including GBP Hedged variant)
- M&G Total Return Credit Investment Fund
- PIMCO GIS Income Fund

3 Voting and Engagement

The Trustee are required to disclose the voting and engagement activity over the Scheme year. The Trustee 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 managers, as reported by them and set out in this document, has been in the scheme members' best interests insomuch that it demonstrates that the Scheme's managers 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 Trustee's policy on Stewardship from the Scheme's SIP is set out below:

'The Trustee believes that stewardship is important, through the exercising of rights (including voting rights) attaching to investments. The Trustee is keen that their managers can explain when, and by what practical methods, the managers monitor and engage with relevant persons about relevant matters in this area. The Trustee will monitor the voting being carried out by investment managers and custodians on its behalf. The Trustee will do this by receiving reports from the investment managers which should include details of any significant votes cast and proxy services that have been used.'

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?
Columbia Threadneedle	Threadneedle Property Fund	LGIM Platform	DB Fund	01/04/23	29/12/23	N/A
	Gilt Fund (5 Funds)	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A
	Index-Linked Gilt Fund (7 Funds)	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A
	Active Corporate Bond - Over 10 Year Fund	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A
LGIM	Future World Global Equity Index Fund (including GBP Hedged variant)	LGIM Platform	DB Fund	01/04/23	31/03/24	ISS
	LDI Matching Core Funds (4 Funds)	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A
	Over 15 Year Gilts Index Fund	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A
	Over 5 Year Index-Linked Gilts Index Fund	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A
	Sterling Liquidity Fund	LGIM Platform	DB Fund	05/01/24	31/03/24	N/A
M&G	Total Return Credit Investment Fund	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A
PIMCO	GIS Income Fund	LGIM Platform	DB Fund	01/04/23	31/03/24	N/A

Minerva Says

As shown in the table above:

- LGIM identified 'ISS', or Institutional Shareholder Services, 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 table shows a comparison of each of the Scheme's relevant manager(s) voting activity versus the Trustee's 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)	LGIM Future World Global Equity Index Fund (including GBP Hedged variant)

Key Points of Manager's Voting Policy

LGIM's latest [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 have this to say in terms of their overall approach:

When developing our policies, we consider broader global guidelines and principles, such as those provided by the United Nations Global Compact, OECD and ILO conventions and recommendations, as well as local market regulatory expectations. We expect all companies to closely align with our principles, or to engage with us when exceptional circumstances prevent them from doing so. Although there is no 'one-size-fits-all' solution to building a sustainable business model, we look for companies we invest in to demonstrate that sustainability is effectively integrated into their long-term strategy and their daily operations. Companies should aim to minimise any negative impacts their businesses have on the environment, while innovating to find better solutions. Their strategies should include ways to make a positive impact on society, embrace the value of their workforce and supply chains and deliver positive long-term returns to shareholders.

LGIM's voting policy is built on the assessment of 5 key policy areas:

#	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
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The manager disclosed on their [website](#) how they have voted on the companies in which they invest on a monthly basis, including the rationale for votes against management. The information provided is at firm, rather than fund or product, level.

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 has set out how they approach their stewardship responsibilities for listed companies on behalf of their clients.
- LGIM have confirmed that they do not have a formal bond voting policy.
- From the information available, we believe that the voting approaches are consistent with the Scheme's voting approach expectations of its investment managers.

5 Manager Voting Policy

As the current approach of the Scheme is to use the voting policy of the external asset managers, it is important that these policies are independently reviewed to ensure that they match 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 managers' publicly available voting policies, 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 each manager's policy individually, 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 managers voting policies are 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
<i>Comments</i>	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 managers that responded to our information requests by providing voting information:

- LGIM's voting policy is, in our view, broadly in line with good practice, and are what we would expect to see from such large asset stewards.
- LGIM confirmed that they do not have a formal voting policy for bond investments.

6 Manager Voting Behaviour

The Trustee believe that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers 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 each of the Scheme's managers:

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	Active Corporate Bond - Over 10 Year Fund	2	2	100.0%	100.0%	0.0%	0.0%
	Future World Global Equity Index Fund (including GBP Hedged variant)	5,134	52,212	99.9%	80.3%	19.5%	0.3%
	Comments						
The manager provided summarised voting records for the Funds, 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 Trustee's 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 managers where voting data was provided in response to our information requests, we believe that they have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

'The Trustee believes that stewardship is important, through the exercising of rights (including voting rights) attaching to investments. The Trustee is keen that their managers can explain when, and by what practical methods, the managers monitor and engage with relevant persons about relevant matters in this area. The Trustee will monitor the voting being carried out by investment managers and custodians on its behalf. The Trustee will do this by receiving reports from the investment managers which should include details of any significant votes cast and proxy services that have been used.'

7 Significant Votes

Set out in the following section are examples of the Scheme's managers' voting behaviour from the relevant funds 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	Future World Global Equity Fund (including GBP Hedged variant)	Amazon.com, Inc.	24/05/23	1.34%	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	For	29% of votes cast were in support of the resolution (resolution failed)
Why a 'Significant Vote?'							
Pre-declaration and 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:							
A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with the company and monitor 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 Policy, 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	Future World Global Equity Fund (including GBP Hedged variant)	McDonald's Corporation	25/05/23	0.51%	Resolution 5 - To Adopt Policy to Phase Out Use of Medically-Important Antibiotics in Beef and Pork Supply Chain	For	16.3% of votes cast were in support of the resolution (resolution failed)

Why a 'Significant Vote?'

Pre-declaration and Thematic – Health: LGIM considers this vote to be significant as Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and we consider AMR to be a systemic risk.

Manager's Vote Rationale:

Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and we consider AMR to be a systemic risk. The resolution asks McDonald's to adopt a company-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains and to set targets with timelines, metrics for measuring implementation, and third-party verification. In line with the shareholder resolution on AMR that LGIM has co-filed (see resolution 6) and our conviction that AMR is a systemic risk, we will be voting FOR.

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

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

Next Steps / Implications of the Outcome:

LGIM will continue to engage with the company and monitor 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 Policy, 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	Future World Global Equity Fund (including GBP Hedged variant)	Public Storage	02/05/23	0.99%	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	For	34.7% of votes cast were in support of the resolution (resolution failed)

Why a 'Significant Vote?'

High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Manager's Vote Rationale:

Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

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

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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 monitor the board's response to the relatively high level of support received for this resolution.

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 Policy, 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	Future World Global Equity Fund (including GBP Hedged variant)	Bank of Montreal	18/04/23	0.15%	Resolution C - SP 3: Publish a Third-Party Racial Equity Audit	For	37.2% of votes cast were in support of the resolution (resolution failed)

Why a 'Significant Vote?'

Thematic - Diversity: LGIM considers this shareholder proposal significant as we view gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Manager's Vote Rationale:

Shareholder Resolution - Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.

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

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

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 Policy, 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	Future World Global Equity Fund (including GBP Hedged variant)	Elevance Health, Inc.	10/05/23	0.32%	Resolution 5 - Reduce Ownership Threshold for Shareholders to Call Special Meeting	For	46% of votes cast were in support of the resolution (resolution failed)

Why a 'Significant Vote?'

High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

Manager's Vote Rationale:

Shareholder Resolution - Shareholder rights: A vote in favour is applied as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold.

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

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a 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 monitor the board's response to the relatively high level of support received for this resolution.

Relevance to Manager's Stated Policy:

We believe this voting activity is consistent with the manager's stated Policy, 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 Trustee has set the following expectation in the Scheme's SIP in relation to its managers' engagement activity:

'The Trustee monitors the fund managers' assessment of the businesses invested in over the medium- to long-term and consider whether this is a holistic look at all relevant aspects of performance (i.e. does it look beyond purely accountancy measures). The Trustee considers if the fund managers are incentivised to make decisions on a short-term basis or on a medium- to long-term basis and whether this coincides with the business assessments.

The Trustee is conscious of whether the fund managers are incentivised by the agreement to engage with the investee business and the extent to which any engagement focuses on improving medium to long-term performance. This work will be facilitated by the Trustee's Investment Consultant. '

The Trustee believe that an important part of responsible oversight is for the Scheme's investment managers 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 managers to engage with investee companies where they have identified any such issues.

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

Table 8.1: Summary of Engagement Information Provided

Manager	Engagement Information Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
Columbia Threadneedle	YES	FIRM	YES	The manager provided summarised firm level information for the period from 01/01/23 to 31/12/23 rather than for the Scheme's specific reporting period
LGIM	YES	FUND	YES	The manager provided basic fund level engagement information covering the Scheme's investment holding period.
M&G	YES	FUND	YES	The manager provided detailed fund level engagement information covering the Scheme's investment holding period.
PIMCO	YES	FUND	YES	The manager provided summarised fund level information for the period from 01/01/23 to 31/12/23 rather than for the Scheme's specific 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

Columbia Threadneedle

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Only firm level engagement info provided	01/01/23	31/12/23	2,135	27.7%	25.6%	34.5%	12.2%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>Columbia Threadneedle's general approach to engagement is set out in their 'Responsible Investment Engagement Policy':</p> <p><i>'At Columbia Threadneedle Investments we strive to be responsible stewards of our clients' assets allocating their capital within our framework of robust research and good governance. We embrace our role as active investors to encourage positive change both for our managed assets and reo clients. We dynamically interact with issuers to enhance their long-term viability, performance, and sustainability to create value for our clients as well as society. Targeted Responsible Investment (RI) engagement with issuers is an important part of our investment approach. Active ownership enhances insights, encourages change, and helps create future value. In addition, we believe that engagement on environmental, social, and governance issues can have a positive impact on corporate performance and investment returns, as well as on society or the environment. We define engagement for the purposes of this policy as having constructive dialogue with issuers on environmental, social and governance (ESG) risks that could have a material negative impact on their businesses and, where necessary, encouraging improvement in ESG management practices. Our purpose with engagement is to support long-term investment returns by mitigating risk, capitalising on opportunities linked to ESG factors, and reducing any material negative impact that our investment decisions could have on these factors. We believe that we can play a part in building a more sustainable and resilient global economy by encouraging issuers to improve their ESG practices. This can also help drive positive impacts for the environment and society that are in line with the achievement of the United Nations Sustainable Development Goals (SDGs).'</i></p> <p><i>'Our preferred approach to conducting engagement is to use constructive, confidential dialogue, typically interacting one-to one with issuers and building a relationship of trust over time as long-term investors. When it is more effective to take a collaborative approach to bring about change, we may form or join coalitions with other investors, non-governmental organisations (NGOs) or industry groups, whilst ensuring that we adhere to all applicable anti-trust competition legal and regulatory requirements and any other applicable limitations when doing so. (...) Speaking with a unified voice can allow investors to communicate their concerns more effectively, whilst gaining power and legitimacy from the perspective of corporate management. Furthermore, collaborations can help build knowledge and skills whilst enhancing engagement efficiency. We are a member of several investor coalitions actively pursuing collaborative engagements. We engage at different levels within issuers depending on the nature of our Objectives, including with the board, executive management, investor relations, sustainability leadership, and operational specialists.'</i></p> <p>They have identified the following specific engagement priorities/themes:</p> <p><i>'Our engagements focus on financial performance, sustainability risks and opportunities, operational excellence, capital allocation policies and managerial incentives, among other topics. Collaboration across asset classes and thematic and sectoral disciplines ensures an informed approach. Our engagement programme is structured around seven high level themes:</i></p>

- Climate change
- Environmental stewardship, including biodiversity
- Labour standards
- Human rights
- Public health
- Business conduct
- Corporate governance.

Underlying each theme is a range of subthemes to help focus our engagement. We monitor the outcomes of our engagement and report on our progress to our clients and through public reporting.'

Additional information on Engagements provided by the Manager

Whilst the manager provided a list of engagements undertaken on investments in the period shown above, no additional information was provided in terms of:

- engagement objectives
- collaborative engagements
- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

Comparison of the Manager's Engagement Activity vs the Trustee's policy

The following example of firm-level engagement activity was provided by the manager:

2023 – CoStar Group Inc – Governance and Environment-related Engagement

Engagement Details: 'CoStar is a US based company within the professional services industry. We reached out to the company ahead of the AGM to discuss the company's board composition, as we consider them to have excessive tenure with an average board tenure of 16 years vs our threshold of 13 years. Their last director was added in 2019. The company also received a shareholder proposal on adopting GHG emissions reduction targets aligned with Paris Agreement Goals – we discussed their approach to addressing the concerns raised by the proponent.'

The company emphasized they are looking to add new directors as well as update the mandates of the Gov. Committee by adding more responsibilities and incorporating an additional level of scrutiny, a gap analysis on skills, when assessing the board quality to inform their board refreshment. Regarding the shareholder proposal, while the company had begun its first steps in disclosing on climate risk mitigation, as it released its first emissions report in February and added ESG responsibilities to the board in December, we expressed that given their lack of reduction targets (failing our Net Zero Model expectations), they lag their peers. The company noted they were likely to move towards setting targets—the ask of the proposal—but also expressed hesitations. We underscored that companies should improve their public disclosure and strategy setting in relation to climate change in a timely manner and signalled we would likely support the proposal.'

Engagement Outcomes: 'Two days after our engagement, the company signed a public commitment letter to set near term and long-term science-based greenhouse gas emission reduction targets in accordance with Science Based Targets Initiative (SBTi). We believe the company demonstrated receptivity to our feedback on climate risk disclosure in subsequently signing the SBTi commitment letter. After our dialogue with the company, we voted against two heavily tenured directors, one serving CoStar for 36 years and another serving CoStar for 21 years, as they also lead two key committees. We will continue to monitor the evolution of the board composition and the mandates of the Gov. Committee.'

Is Engagement Activity in Line with the Trustee's Policy?

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.

LGIM

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Active Corporate Bond - Over 10 Year Fund	01/04/23	31/03/24	139	30.2%	13.7%	29.5%	26.6%	Not Stated	Not Stated
Future World Global Equity Index Fund (including GBP Hedged variant)	01/04/23	31/03/24	1,275	44.8%	13.7%	33.3%	8.2%	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 6 engagement topics:</p> <ol style="list-style-type: none"> 1. Climate: Keeping 1.5°C alive 2. Nature: Supporting a world that lives in harmony with nature, recognising the economic value of natural capital 3. People: Improving human capital across the corporate value chain 4. Health: Safeguarding global health to limit negative consequences for the global economy 5. Governance: Strengthening accountability to deliver stakeholder value 6. Digitisation: Establishing minimum standards for how companies manage digitisation-related risks

Additional information on engagements provided by the Manager	<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> <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
Comparison of the Manager’s Engagement Activity vs the Scheme’s Expectations	<p>Set out below is an example of engagement activity reported by LGIM in the Active Corporate Bond - Over 10 Year Fund:</p> <p><u>12/01/24 - HSBC Holdings PLC - Environmental -themed Engagement Activity</u></p> <p><i>Engagement Type: Conference call.</i></p> <p><i>Issue Theme: Environmental.</i></p> <p><i>Engagement Details: Not provided.</i></p> <p><i>Engagement Outcome: Not provided.</i></p>
Is Engagement Activity in Line with the Scheme’s Expectations?	<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 details in relation to engagement activity undertaken at fund level.</p>

M&G

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Total Return Credit Investment Fund	01/04/23	31/03/24	11	63.6%	18.2%	18.2%	0.0%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager’s Engagement Policy	<p>M&G's approach to engagement is set out in their ESG Investment Policy from March 2024. M&G believe that the long-term success of companies is supported by effective investor stewardship and high standards of corporate governance. They believe that if a company is run well, and sustainably, it is more likely to be successful in the long run.</p>

	<p>To gain insight, establish relationships and/or to influence and affect change M&G undertake the following measures:</p> <ul style="list-style-type: none"> ▪ Company meetings – As part of company monitoring, updates on trading strategy, capital allocation etc ▪ ESG informed meetings – In company monitoring meetings they may ask questions relating to ESG, which could include remuneration and more general governance meetings ▪ ESG engagements – M&G's engagement activity should have a specific time bound objective, action and outcome which is measurable, and will be tracked over time. An ESG objective seeks to influence a company's behaviour or disclosures and cannot be merely to increase understanding. Each engagement is assessed for its effectiveness and is designated a red, green or amber traffic light colour coding. Green indicates a positive engagement outcome. Amber suggests further monitoring is required. Red indicates an unsuccessful outcome. Each engagement is assessed for its effectiveness and is designated a red, green or amber traffic light colour coding. Green indicates a positive engagement outcome. Amber suggests further monitoring is required. Red indicates an unsuccessful outcome. <p>From M&G's most recent Annual Stewardship Report the manager has identified the following as their key engagement topics:</p> <ul style="list-style-type: none"> ▪ Leadership & Governance ▪ Environment ▪ Business Model and Innovation ▪ Social Capital ▪ Human Capital
<p>Additional information on engagements provided by the Manager</p>	<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> <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 Scheme's Expectations</p>	<p>An example of a reported engagement undertaken for the Alpha Opportunities Fund is:</p> <p><u>11/03/2024 – TOTALENERGIES SE - Environmental-themed Engagement Activity</u></p> <p>Engagement Objective: <i>'Following on from our meeting in November 2023, to reiterate our asks of global oil and gas producer Total Energies to set an absolute scope 3 target for all emissions by the next AGM in 2024. In other hard-to-abate sectors, such as mining and chemicals, M&G can see evidence that companies are engaging with their customers and trying to help reduce their customers' scope 1 and 2 emissions. M&G would like to see some evidence of this from Total Energies, i.e. that Total Energies is helping its customers to accelerate their own transition.'</i></p> <p>Action Taken: <i>'M&G sent an email to Investor Relations.'</i></p>

	<p>Engagement Result: 'The company reiterated that it has set a global absolute scope 3 emissions reduction target of 40%, however, this covers oil only and at this point in time there is no plan to expand this to cover all emissions. In terms of helping customers with their decarbonisation efforts, the company stated that the updated information will be disclosed in their next Sustainability & Climate 2024 Progress report, which will be released on the 19th of March. In terms of next steps, we will review the Sustainability & Climate 2024 Progress report when it is released.'</p>
<p>Is Engagement Activity in Line with the Scheme's Expectations</p>	<p>The activity appears to be consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.</p>

PIMCO				Breakdown of Engagement Topics Covered				Outcomes	
Fund(s)	Period Start	Period End	No. of Engagements	Environmental	Social	Governance	Other	Resolved	Open
GIS Income Fund	01/01/23	31/12/23	1,222	10.1%	5.4%	82.2%	2.3%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
<p>Key Points of the Manager's Engagement Policy</p>	<p>In the document '2022 UK Stewardship Code Statement and Report' from October 2022, PIMCO had the following to say with regards their approach to engagement:</p> <p>'At PIMCO, stewardship continues to be incorporated into our investment process as fundamental to delivering on our client's financial objectives. ESG integration and issuer engagement are components of our investment research process, with the aim to enhance our clients' risk-adjusted returns, as described in the PIMCO ESG Investment Policy Statement. Our commitment to stewardship and ESG integration was one of the main drivers that led PIMCO to become a signatory to the Principles of Responsible Investment (PRI) and formalise our support to the Taskforce on Climate-Related Financial Disclosure (TCFD). In 2021, we expanded our ESG integration process to include alternative investments and private markets. The incorporation of material ESG factors, as well as factors that are of a concern for our clients, are part of a robust investment process. Such factors may include but are not limited to: climate change risks, biodiversity, social inequality, human rights, shifting consumer preferences, regulatory risks, or talent management or misconduct at an issuer, among others.'</p>

PIMCO continues to expand our intensive engagement initiatives with issuers around the world, spanning corporations, sovereigns, municipalities and others. The ESG credit research team continues to engage to drive progress on sustainability commitments, impact bond issuance, climate risk mitigation and other central ESG topics. Moreover, PIMCO's credit research analysts engage regularly with the companies that they cover, discussing topics with company management teams related to corporate strategy, leverage, and balance sheet management, as well as ESG-related topics such as climate change targets and environmental plans, human capital management, and board qualifications and composition. We believe strongly that an active engagement platform can deliver enhanced investment insight and influence meaningful change.'

The manager identified the following engagement priorities in their Statement:

1. Net Zero: Portfolio Emissions and Alignment with the Paris Agreement for Banks
2. Deforestation: Commitment, Traceability and Disclosure on Forest Risks
3. Nutrition: Encouraging Transparency, Ambition and Accessibility of Healthy Diets
4. Methane Emissions: Engaging Extensively with Energy Companies to Drive Reduction
5. National Oil Companies (NOCs): Enhancing Climate Disclosure and Strategy

Additional information on engagements provided by the Manager

Whilst the manager provided some example engagements undertaken on investments during the Scheme's holding period, no additional information was provided in terms of:

- engagement objectives
- collaborative engagements
- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

Comparison of the Manager's Engagement Activity vs the Scheme's Expectations

An example of a reported engagement undertaken for the GIS Income Fund is:

Utilities Issuer - Environmental-themed Engagement Activity

Topic: Greenhouse Gas Emissions, ESG Bonds, Human & Labor Rights

Rationale: 'PIMCO has regular engagements with the issuer and provided significant input when they first developed their sustainability-linked bond framework. External factors have hampered progress relative to their near-term core greenhouse gas emission reduction target: 1) weather, and 2) to a lower extent, energy shock from the Russia-Ukraine conflict (e.g. request from the national government to increase the use of coal in energy mix by the issuer, deviating from their plan to reduce coal exposure). Hence, given their ambition, there's a possibility that they may miss the target for their SLB. Being the flagship issuer of SLB, this might impact the issuer's bond spreads, although the issuer's climate strategy and credentials remain best in class.'

Action Taken: 'PIMCO has ongoing engagement on the issuer's climate strategy implementation as well as progress on KPIs linked to their SLBs. In early 2023, we discussed the latest trends of their targets and the possibility for them to miss the target for SLB, resulting in a step-up. The final value is expected to be communicated around April 2024. The renewables installed capacity (another target linked to its SLBs) is firmly on track. We shared recommendations for its

consideration as part of its SLB framework to include scope 3 and taxonomy metrics. We also provided recommendations on its sustainability-linked bonds progress reporting and encouraged them to attribute drivers for their carbon emissions compared to target to help investors and other stakeholders distinguish external from internal factors.'

Outcomes and next steps: 'The issuer updated their SLB framework in February 2023, including the additional targets on Scope 3 and taxonomy-aligned CAPEX. We are awaiting their 2023 Sustainability report publication for an update on their carbon target linked to their SLBs. We also raised last year some questions to get a clarification regarding recent human rights controversies and potential implications for Global Norms compliance.'

Is Engagement Activity in Line with the Scheme's Expectations

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 details in relation to engagement activity undertaken at fund level.

Minerva Says

As can be seen from the previous tables, the Scheme's managers' 'Engagement Activity' appears to broadly comply with their individual engagement approaches, and so also broadly complies with the Scheme's expectations of them.

9 Conclusions

9.1 Assessment of Compliance

In this report, Minerva has undertaken an independent review of the Scheme's external asset managers' 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 each 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?'		
Columbia Threadneedle	Threadneedle Property Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT
	Gilt Fund (5 Funds)	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Index-Linked Gilt Fund (7 Funds)	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Active Corporate Bond - Over 10 Year Fund	YES	N.I.R.	YES	N/A		COMPLIANT
LGIM*	Future World Global Equity Index Fund (including GBP Hedged variant)	YES	YES	YES	ISS	YES	COMPLIANT
	LDI Matching Core Funds (4 Funds)	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Over 15 Year Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Over 5 Year Index-Linked Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Sterling Liquidity Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
M&G	Total Return Credit Investment Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT
PIMCO	GIS Income Fund	N.I.R.	N.I.R.	YES	N/A	N/A	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 managers have 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 some Scheme's investments, due to the nature of those investments (e.g., LGIM LDI Funds).
 - For the managers where Voting and 'Significant Vote' information was available, their overall approaches are broadly in step with the Scheme's requirements.
 - For the managers where Engagement information was available, their overall approaches are also broadly in step with the Scheme's requirements.
- 2) With the exception of M&G, we were disappointed with limited engagement provided by the Scheme's managers.
- 3) We also remain somewhat disappointed with the inability of CT and PIMCO to provide reporting that specifically covered the Scheme's reporting period.

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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