

# Implementation Statement

## Clifford Chance Pension Scheme

### Purpose of this statement

This Implementation Statement has been prepared by the Trustee of the Clifford Chance Pension Scheme ("the Scheme") and relates to the Money Purchase section of the Scheme. It covers the Scheme year to 30 April 2024 and provides information on:

- The extent to which the Trustee's policies on exercising rights (including voting rights) and engagement activities have been followed over the year;
- A summary of any changes (if any) to the Statement of Investment Principles (SIP) over the Scheme year;
- A description of how the Trustee's policies, included in their SIP, have been followed over the Scheme year; and
- A summary of the voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes.

As at 30 April 2024 the Trustee maintained two separate SIPs for the Scheme covering the Final Salary and Money Purchase sections respectively. This Implementation Statement provides details in relation to the Money Purchase section only. A separate Implementation Statement has been provided for the Final Salary section.

### Stewardship policy

The Trustee's SIP in force at 30 April 2024 describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. The SIP was previously reviewed in March 2022 and remained the same over the Scheme year. Following the end of the Scheme year the SIP was reviewed and updated in September 2024 to incorporate wording in relation to the Trustee's policy on investing in illiquid assets, and has been made available online here:

[https://pensioninformation.aon.com/cliffordchance/fileviewer.aspx?FileID=14376&FileName=2024%2009%20DC%20SIP%20\(Clifford%20Chance\)%20v2.0.pdf](https://pensioninformation.aon.com/cliffordchance/fileviewer.aspx?FileID=14376&FileName=2024%2009%20DC%20SIP%20(Clifford%20Chance)%20v2.0.pdf)

At this time, the Trustee has not set stewardship priorities/themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

The Trustee has delegated the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations to its investment managers.

## How voting and engagement/stewardship policies have been followed

Based on the information provided by the Scheme's investment managers, the Trustee believes that its policies on voting and engagement have been met in the following ways:

- The majority of the Money Purchase section's assets are invested in Legal and General's (L&G's) range of Target Date Funds (TDFs) which are managed exclusively by Legal & General Investment Management (LGIM). The TDFs use a blend of underlying pooled funds, also managed by LGIM, and target five-year retirement windows (referred to as vintages). As pooled investment funds, the Trustee delegates responsibility for carrying out voting and engagement activities to LGIM.
- For the other Money Purchase assets that were held over the year, with Aviva, Clerical Medical (now Scottish Widows) and Utmost Life and Pensions, the Trustee has taken a proportionate approach to the disclosures, as the assets under management are relatively small compared to the Final Salary section assets and the Money Purchase assets invested with L&G. Therefore, the Trustee has decided not to obtain specific fund-level information on voting behaviour for these assets and has instead provided an overview of voting behaviour at provider level.
- The Trustee understands the importance of carrying out periodic reviews of the voting and engagement information of its investment managers to ensure they align with its own policies. The Trustee undertook an initial review of the stewardship and engagement activities of the current managers at its February 2024 meeting and was satisfied that its policies were reasonable, and no remedial action was required at that time.
- The Trustee obtained training on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments.
- The Trustee reviewed the voting policies of LGIM, and was satisfied with its approach to exclude controversial weapons, adult entertainment, gambling, oil sands, thermal coal and tobacco. The Trustee also agrees with LGIM's stewardship priorities, focus on material issues that are not only important to its clients but also those that pose a risk to the long-term value of its assets. This includes Climate change, human rights, health etc.

## How the SIP has been followed over the year

In the Trustee's opinion, the SIP has been followed over the year in the following ways:

### Objectives and Policy for Securing Objectives

- *To ensure that in setting the investment strategy of the Money Purchase section of the Scheme, the Trustees primary objectives are:*
  - 'asset choice' to ensure members have an appropriate choice of assets for investment.
  - "return objective" to enable members to benefit from investment in "growth" assets until they approach retirement, when they will be able to switch to "matching" assets which are more related to the format of the benefits they are expected to take at retirement.

The Trustee provided a range of investment options throughout the Scheme year for the members to invest their Money Purchase savings. The funds offered included TDFs, which automatically switch the investment into lower risk investments as the member nears their retirement age. Additionally, members

have been provided with access to equity, multi-asset (including With Profits), annuity aware and cash funds, which therefore ensures members have an appropriate choice of assets for investment.

## Choosing Investments

- To ensure the investment options offered to members of the Money Purchase section are deemed appropriate, given the profile of the membership. Also to act in the best financial interest of the scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk*

The Trustee has appointed L&G as the Scheme's primary Defined Contributions provider, which provides a range of funds available for members to invest in through the L&G platform. This has been expanded to provide suitable like for like funds to members who transferred funds from the legacy Voluntary Contribution ("VC") arrangements. A summary of the investment options available is set out in the SIP.

The Trustee has also set a 'default' investment strategy, which considered:

- The need for appropriate diversification of asset classes.
- The differing investment priorities for members, dependent on their term to retirement.
- The format in which members are expected to take their benefits.

## The Balance between Different Kinds of Investments

- Recognising that the key source of financial risk arises from the fund selection for the Money Purchase section*

The Trustee has taken expert advice over the year from its Money Purchase section investment advisers (previously Aon and now Barnett Waddingham), particularly as part of the triennial review of the investment strategy review where it was agreed that the L&G TDFs were still an appropriate default fund for the Scheme's Money Purchase assets. The Trustee also ensures that the asset allocation changes over time as the membership profile evolves with continuous observation. This is evident in the update to the SIP in September 2024, to incorporate a policy on illiquid assets.

## Implementation of the investment arrangements

- To obtain and consider proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriate investments*

At its February 2024 meeting, the Trustee, with the assistance of its new Money Purchase section investment adviser carried out an analysis of the Money Purchase section's membership and reviewed wider market trends and concluded that the L&G TDFs were still an appropriate default for the Money Purchase section's membership. The Trustee also reviewed the suitability of the TDFs based on their evolving asset allocation, ESG credentials and performance versus peers and concluded that they were still suitable.

Over the year, the Trustee monitored the L&G funds via quarterly monitoring reports provided by the investment manager, along with bi-annual reports provided by the Trustee's previous Money Purchase section investment adviser (Aon).

Additionally, the performance of the Money Purchase section's funds has been reviewed and compared against suitable industry benchmark performance figures. The latest review of these funds was discussed at the February 2024 Trustee meeting.

An annual assessment of whether the members of the Scheme receive 'good value' for the costs and charges that they take on, is included within the annual Chair's Statement. A 'value for members' assessment was conducted for the reporting period of 1 May 2023 to 30 April 2024.

## Investment Risk Measurement and Management

- *Recognising that risk in a defined contribution scheme lies with the member themselves*

The Trustee takes account of this in the selection and monitoring of the investment managers and the choice of funds offered to members, and in setting the default investment strategy for the L&G and Utmost Life and Pensions arrangements. This is covered in sections above.

## Expected Returns on Assets

- *Assess the returns achieved by the fund managers, within the Money Purchase section, against performance benchmarks set by the Trustee in consultation with the advisers and fund managers.*

Over the Scheme year, the Trustee monitored the investment performance of the Scheme's unit-linked Money Purchase funds against suitable benchmarks. Performance was broadly in line with expectations and did not require any further action.

## Realisation of Investments/Liquidity

- *Recognising the risk in holding assets that cannot be easily realised should the need arise.*

All of the funds held in the Money Purchase section are daily dealt and therefore realisable at short notice through the sale of units in pooled funds. However, the redemption of any With Profits holdings at any time other than the maturity date of the policy (or in the event of death) may result in the application of a market value reduction.

## Consideration of financially material and non-financial matters

- *To consider how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members*

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate where relevant to financial performance. ESG credentials was also one of the factors that led to L&G's appointment as the Scheme's main defined contribution provider.

The Trustee considers the responsible investment policies and practices of L&G, as the main pooled investment manager to the Money Purchase section. This includes the degree to which ESG factors are integrated through the range of investment options provided through the Money Purchase section. The Trustee reviewed L&G's ESG credentials at its February 2024 meeting and remained of the view that the policies of L&G are reasonable and are not out of line with the Trustee's own policies described in the SIP.

The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments, but does offer an ESG fund to members as a self-select fund.

## Stewardship

- *Recognising its responsibilities as owners of capital and believing that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments*

The Trustee has delegated the exercise of rights attached to investments to its investment managers. This includes voting rights, engagement with issuers of debt and equity and other relevant persons about relevant matters including the strategy, risk, performance and any ESG considerations.

The voting behaviour of the investment managers is set out below in the 'Voting Data' section.

## Costs & Transparency

- *To understand all the different costs and charges, which are paid by the members*

The Trustee collects details of the costs and charges borne by members invested in the Money Purchase section funds and, where possible, reports these in the annual Chair's Statement. As discussed above, the Chair's Statement also includes a section that assesses whether the members receive 'good value' for these costs and charges that they take on.

The most recent copy of the Chair's Statement can be found in the Trustee Report and Accounts but also online at:

<https://pensioninformation.aon.com/cliffordchance/fileviewer.aspx?FileID=13997&FileName=Chairs%20Statement%20for%20the%20year%20ending%2030%20April%202023>

**Prepared by the Trustee of the Clifford Chance Pension Scheme  
25 October 2024**

## Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's portfolio on behalf of the Trustee over the year to 31 March 2024, as investment managers only provide data quarterly. The table includes the voting data for the underlying L&G funds with material Scheme assets invested and for which voting activity is relevant i.e. the funds that make up the TDFs and have at least some equity exposures.

Manager	LGIM	LGIM	LGIM
Fund name	LGIM Diversified Multi-Factor Equity Fund	LGIM Future World Multi-Asset Fund	LGIM Retirement Income Multi-Asset Fund
Structure	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour.
No. of eligible meetings	1,544	8,965	9,981
No. of eligible votes	18,192	91,840	102,982
% of resolutions voted	99.9%	99.8%	99.8%
% of resolutions abstained <sup>1</sup>	0.3%	0.2%	0.2%
% of resolutions voted with management <sup>1</sup>	79.9%	76.7%	77.4%
% of resolutions voted against management <sup>1</sup>	19.9%	23.1%	22.4%
% of resolutions voted against proxy voter recommendation <sup>1</sup>	14.4%	14.4%	13.7%
Proxy voting advisor employed	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 LGIM does not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.		

<sup>1</sup> As a percentage of the total number of resolutions voted on

The table below provides links to the policies from the investment managers of the Scheme's Additional Voluntary Contribution (AVC) arrangements.

Provider	Link to Policy
Clerical Medical and Scottish Widows	Please refer to Scottish Widows' stewardship report <a href="#">here</a> and its Responsible Investment and Stewardship framework <a href="#">here</a>
Utmost Life and Pensions	Please refer to Utmost Life and Pensions (JP Morgan Asset Management's) 2023 stewardship policy <a href="#">here</a>
Aviva	Please refer to Aviva's voting policy <a href="#">here</a> and its responsible investment policy <a href="#">here</a>

## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

As with last year, for this year’s implementation statements the Trustee has delegated to the investment manager(s) to define what a “significant vote” is. LGIM is continuing to evolve its approach to provide clients with access to significant vote information, however at present LGIM’s Investment Stewardship team takes into account 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 LGIM notes 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 publicly discloses its vote instructions on its website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

LGIM has provided a selection of votes which it believes to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each fund, which cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. To represent the most significant votes, the votes of the largest holdings relating to each topic are shown below.

A summary of the significant votes provided is set out below.

### LGIM, Diversified Multi-Factor Equity Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Walmart Inc.	Colgate-Palmolive Company	Alphabet Inc.
<b>Approximate size of fund’s holding as at the date of the vote (as % of portfolio)</b>	0.33%	0.26%	0.24%
<b>Summary of the resolution</b>	Resolution 1e - Elect Director Thomas W. Horton	Resolution 1k - Elect Director Noel R. Wallace	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share
<b>How the manager voted</b>	Against (against manager recommendation)	Against (against management recommendation)	For (against management recommendation)



	Vote 1	Vote 2	Vote 3
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	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 LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	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 LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	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 LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
<b>Rationale for the voting decision</b>	Climate: LGIM deemed that a vote for is warranted, having reviewed the disclosures it considers the report is aligned with LGIM's climate expectations.	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.
<b>Outcome of the vote</b>	96% (Pass)	93% (Pass)	31% (Fail)
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate LGIM's position on this issue and monitor company and market-level progress.		
<b>Criteria on which the vote is considered "significant"</b>	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets LGIM manage on their behalf.	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

## LGIM, Future World Multi-Asset Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Shell Plc	Microsoft Corporation	Toyota Motor Corp.
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.34%	0.66%	0.25%
<b>Summary of the resolution</b>	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 1.06 - Elect Director Satya Nadella	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
<b>How the manager voted</b>	Against (against manager recommendation)	Against	For (against manager recommendation)
<b>If the vote was against management, did the manager communicate their</b>	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was

	Vote 1	Vote 2	Vote 3
<b>intent to the company ahead of the vote?</b>	LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics	sent to the company ahead of the meeting.
<b>Rationale for the voting decision</b>	<p>Climate change: A vote against is applied, though not without reservations. LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>	<p>LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledges the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, it believes that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expects Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. They believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.</p>
<b>Outcome of the vote</b>	80% (Pass)	94% (Pass)	15% (Fail)
<b>Implications of the outcome</b>	LGIM continues to undertake extensive engagement with Shell on its climate transition plans	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.
<b>Criteria on which the vote is considered "significant"</b>	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. It expects transition plans put	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of its vote	Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and

	Vote 1	Vote 2	Vote 3
	forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.	policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, LGIM expects companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.

## LGIM, Retirement Income Multi-Asset Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Toyota Motor Corp.	Shell Plc	Tencent Holdings Limited
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.18%	0.16%	0.15%
<b>Summary of the resolution</b>	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director
<b>How the manager voted</b>	For (against manager recommendation)	Against (against management recommendation)	Against (against management recommendation)
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	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.	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 LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	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 LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
<b>Rationale for the voting decision</b>	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledges the progress that	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.

	Vote 1	Vote 2	Vote 3
	<p>Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, LGIM believes that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expects Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. LGIM believes the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.</p>	<p>oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	
<b>Outcome of the vote</b>	15% (Fail)	80% (Pass)	88% (Pass)
<b>Implications of the outcome</b>	<p>LGIM will continue to engage with the company and monitor progress.</p>	<p>LGIM continues to undertake extensive engagement with Shell on its climate transition plans</p>	<p>LGIM will continue to engage with the company and monitor progress.</p>
<b>Criteria on which the vote is considered "significant"</b>	<p>Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, LGIM expects companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.</p>	<p>Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.</p>	<p>Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting companies in climate-critical sectors.</p>

## Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

Engagement activities are limited for the Scheme's bond and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	LGIM	LGIM	LGIM
Fund name	Diversified Multi-Factor Equity Fund	Future World Multi-Asset Fund	Retirement Income Multi-Asset Fund
<b>Number of engagements undertaken on behalf of the holdings in this fund in the year</b>	369	1,522	1,651
<b>Number of entities engaged on behalf of the holdings in this fund in the year</b>	216	1,247	1,333
<b>Number of engagements undertaken at a firm level in the year</b>	2,144	2,144	2,144

LGIM publishes firm level data quarterly via its ESG Impact Reports. These reports can be found on the following website: [www.lgim.com/uk/ad/responsible-investing/](http://www.lgim.com/uk/ad/responsible-investing/).

Over the Plan year, LGIM engaged with investee companies across a wide spectrum of issues and these engagements have been broken down into the following broad categories;



(Source: L&G's ESG Impact Reports Q2 2023 – Q1 2024. Total sums to greater than 2,144 as some engagements fall under multiple categories.)

Of these engagements, the most frequent topics covered the following:

- Climate
- Remuneration
- Board composition
- Strategy
- Diversity

Examples relating to LGIM's engagement activity are provided in the below extracts which have been taken from its Q1 2024 ESG Impact Report.

## Environmental – Climate: APA

LGIM have been engaging with APA, Australia's largest energy infrastructure business, under their climate impact pledge since 2022, as one of their 'dial mover' companies, believing that APA has the scale and influence across industry and value chain for its action to have positive reverberations beyond its direct corporate sphere.

In 2022 LGIM set out their expectations for management-proposed 'Say on Climate' votes and their criteria when assessing whether to support them. LGIM expects companies to have credible transition plans, which include disclosure of scope 1,2 and material scope 3 Greenhouse Gas (GHG) emissions. As a result of APA failing to meet LGIM's criteria, LGIM did not support the APA Group's climate transition plan when it was bought to vote in 2022.

LGIM then met with the company in early 2023, setting their expectations and working with the company to understand the hurdles it faces and the challenges to meeting their expectations. In early 2024, APA confirmed that they will include a Scope 3 goal in the 2025 refresh of their Climate Transition Plan, and they outline their proposed Scope 3 reduction pathway. They noted that the introduction of this was in part due to the 20% of investors who voted against their previous plan, including LGIM.

## Social - Nestle

As the largest food company in the world, Nestle sets an example to the industry in terms of driving positive change and raising food standards. LGIM co-signed a letter to Nestle encouraging the company to do more in areas such as:

- Transparency around their nutrition strategy
- Demonstrating progress on their nutrition strategy
- Committing to disclosures around the proportion of the company's portfolio and sales associated with healthy food and drinks products.
- Setting targets to increase the proportion of these sales.

Following the letter, LGIM, along with the Healthy Markets Initiative, met with Nestle to discuss the issues raised in the letter. After this engagement Nestle announced they would report on their global portfolio using the nutrient profiling system Health Star Rating (HSR). LGIM were encouraged by this progress and have continued to engage with Nestle following these changes.

Nestle recently announced a new nutrition target which LGIM do not believe is ambitious enough, with their main concerns being:

- The new target is broadly in line with the company's current overall growth guidance, meaning if sales of unhealthier products increase in line with this guidance, there would be no improvement linked to consumer health and diets.
- Some products counted as 'nutritious' by Nestle are outside the scope of the government-endorsed nutrient profile models (including commercial baby foods and coffee). By increasing sales of out-of-scope products classified by Nestlé as nutritious, the company could meet its target without having any positive impact on public health.

LGIM have escalated their concerns by co-filing a shareholder resolution at Nestle's AGM, calling the company to:

1. set key performance indicators regarding the absolute and proportional sales for food and beverage products according to their healthfulness
2. provide a timebound target to increase the proportion of sales derived from healthier products.

LGIMs requests are intended to address their main concerns and to strengthen the link between Nestle's targets and real-world impact by increasing the proportion of healthier food available in consumer markets.

LGIM will continue to monitor the company's response and actions and continue to engage with them on this issue.

#### Governance – Bayer

Bayer faces meaningful reputation risks regarding ongoing glyphosate litigation related to its Roundup herbicide product. Since 2016, Bayer has faced \$16 billion worth of total charges or payments related to glyphosate litigation.

LGIM's Stewardship and investment teams have met with members across different areas of Bayer to discuss the issues regarding these ongoing litigation risks and to ascertain how Bayer will fund and manage the ongoing risks. LGIM have made it clear that Bayer cannot settle its legal challenges in a manner that creates long-lasting harm to its balance sheet in exchange for potentially short-term gains for its shareholders, specifically pointing out that breaking-up the company would make little sense and would not support a growing pharmaceuticals business.