

# Implementation Statement (“IS”)

## Medical Defence Union Pension and Life Assurance Scheme (the “Scheme”)

### Scheme Year End – 31 March 2024

The purpose of the Implementation Statement is for us, the Trustees of the Medical Defence Union Pension and Life Assurance Scheme, to explain what we have done during the year ending 31 March 2024 to achieve our objectives and follow the policies set out in the Statement of Investment Principles (“SIP”).

It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

### Our conclusion

**Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.**

In our view, most of the Scheme’s material investment managers were able to disclose adequate evidence of voting and/or engagement activity, that the activities completed by our managers align with our expectations regarding stewardship activity.

We will continue to engage with our investment managers to get a better understanding of their voting and engagement practices, where specific engagement data was lacking. We will continue to encourage our managers to improve the quality and completeness of their reporting on voting and engagement.

## 1. Changes to the SIP during the year

We reviewed the SIP during the year and updated it in August 2023.

The changes made included:

- revisions to the Investment Strategy of the DB Scheme:
  - updating the strategic allocation of the asset classes;
  - updating the Investment Managers to reflect the changes in the portfolio asset allocation;

The Scheme's latest SIP can be found here: <https://pensioninformation.aon.com/mdu>

## 2. How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP.

| DB Policies Only                       |  |
|--|--|
| <b>Strategy</b>                        | <p>The DB Scheme implemented a new LDI solution during the year to increase the target hedge ratios to 95% for interest rates and inflation. This involved disinvesting from the LGIM AAA-AA-A &gt;15 Year Corporate Bonds Fund and investing in the 2030 -2035 LGIM Maturing Buy &amp; Maintain Fund and the 2035 – 2039 LGIM Maturing Buy &amp; Maintain Fund.</p> <p>In addition, the DB Scheme added leverage to the LDI portfolio and invested in the 2040 Leveraged Index Linked Gilt Funds and the 2050 Leveraged Index Linked Gilt Fund in January 2024.</p>   |
| <b>Risk measurement and management</b> | <p>The Trustees receive quarterly investment reports from its investment advisors and quarterly monitoring reports produced by Aon's investment manager research team which include:</p> <ul style="list-style-type: none"> <li>• Fund performance, both absolute and relative to their benchmarks over the quarter, one year and three year periods;</li> <li>• Overall Scheme performance, both absolute and relative to the benchmark over the quarter, one year and three year periods;</li> <li>• Asset allocation breakdown;</li> <li>• Monitoring of the LDI portfolio and liability cashflow benchmark (a proxy of the liabilities), including attribution of returns and sensitivity to changes in interest rates and inflation expectations;</li> <li>• Economic market review and outlook; and</li> <li>• An overview of Aon's ratings of the DB investments and detailed commentary for any major developments.</li> </ul> <p>The Trustees invite the investment manager, on an ad hoc basis, to better understand their voting and engagement practices, and how these help us fulfil our Responsible Investment responsibilities and policies.</p> |
| <b>Implementation</b>                  | <p>The Trustees have appointed Aon Investment Limited (Aon) as its investment adviser. For the DB section, the Trustees have several direct investments in pooled funds managed by the investment manager. Aon provides formal advice on suitability ahead of investment and provides ongoing monitoring thereafter.</p>   |
| DC Policies Only                       |  |
| <b>Strategy</b>                        | <p>There were no changes to investment strategy over the Scheme year.</p> <p>The Trustees, with assistance from its investment advisers, undertook a review of the Scheme's investments during the period, including formally reviewing the default arrangement. The review concluded on 14 June 2023. After considering the membership profile and appropriateness of the current investment offerings, the Trustees concluded that the current investment strategy remained appropriate for the membership and no changes are planned as a result.</p>   |

|  |  |
|--|--|
| <b>Default Investment</b>  | <p>The Scheme's default arrangement (the Drawdown Lifestyle profile) targets income drawdown at retirement. This is appropriate for members who are planning to access their retirement savings flexibly in retirement.</p> <p>The design of the Scheme's current lifestyle strategies was reviewed over the year, alongside the Scheme's membership profile. It was determined that the drawdown targeting strategy remains appropriate as the current default. The review also determined that the current structure of the glidepath designs of the lifestyle strategies, as well as the underlying funds within each lifestyle strategy, remain appropriate for members.</p> <p>The Trustees also consider the Cash Fund to be a default investment following its use as a "holding" fund when the Scheme's DC property fund was temporarily closed. The Trustees are comfortable that this fund, specifically the underlying LGIM Sterling Liquidity Fund, continues to provide appropriate levels of liquidity and capital preservation in the short term in line with its objectives.</p> |
| <b>Risk measurement and management</b>                             | <p>The Trustees take into account investment risk both on an ongoing basis and more formally as part of the triennial investment review. The latest review concluded that the existing default strategy continued to provide an adequate level of investment return relative to the levels of investment risk at different stages of the savings journey.</p> <p>Fund performance is monitored via a traffic light system within the annual DC Investment Report. The Trustees, with support from its DC advisers, reviews this performance alongside the more qualitative fund ratings given by Aon's Investment Manager Research Team. These forward-looking fund ratings provide Aon's views on the appropriateness of an investment vehicle, and expectations over whether the manager is likely to meet expectations in the future. Any rating changes are highlighted as soon as practically possible with required actions being discussed appropriately.</p>   |
| <b>Implementation</b>  | <p>The Trustees have appointed Aon as its investment adviser. For the DC Section, the Trustees invest members' assets in exclusively pooled vehicles via the LGIM investment platform. Aon provides formal advice on suitability ahead of investment and provides ongoing monitoring thereafter.</p>   |
| <b>Joint DB and DC/AVC Policies</b>                                |  |
| <b>Governance</b>  | <p>The Trustees delegate much of their investment-related responsibilities to the Investment Sub Committee ("ISC"). The ISC has clearly defined accountabilities for both DB and DC investments. In general, the ISC's responsibilities are monitoring and relevant investigation of investment matters, and implementation of policies agreed by the Trustees.</p>  |
| <b>Environmental, Social and Governance ("ESG") considerations</b> | <p>The Trustees recognise that ESG risk factors, including climate change may negatively impact the value of investments held if not fully understood and evaluated. The Trustees monitor the ESG sub-category rating of the appointed managers produced by its investment advisor, in an attempt to mitigate these risks.</p>   |
| <b>Arrangements with Investment Managers</b>                       | <p>The Trustees are supported by Aon in monitoring the activity of its investment managers. This includes assessing whether investment managers' policies are consistent with those of long term investors and the level of engagement undertaken by the managers as part of the overall rating assigned to managers by Aon.</p> <p>For both the DB and DC investments, on behalf of the Trustees, Aon received annual stewardship reports on the monitoring and engagement activities carried out by their investment managers. More information can be found within the "Manager Voting and Engagement" section of this report.</p>  |
| <b>Cost transparency</b>   | <p>A report, covering the calendar year of 2023, on the cost information for the DB Scheme was produced and provided to the Trustee in May 2024.</p> <p>For the DC investments, on behalf of the Trustees, Aon received annual cost transparency reports from the investment platform over the Scheme year. These included costs associated with the level of portfolio turnover in the underlying investments, which were deemed reasonable by the Scheme's investment adviser. The Trustees set out the costs and charges that were incurred by members (including costs related to portfolio turnover) over the period in respect of each investment fund available to members in the annual Chair's Statement. The Chair's Statement contains illustrations of the effects of costs and charges on the value of member savings within the Scheme over a period, in order to help members quantify the impact of costs and charges on their DC savings.</p>   |

|  |   |
|--|---|
| <b>Stewardship</b>                             | The voting and engagement activity of each investment manager has been collated and reviewed by Aon on behalf of the Trustees. More information is provided later in this statement.  |
|  | In setting and implementing the Scheme DB investment strategy, the Trustees do not explicitly consider the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").  |
| <b>Members Views and Non-Financial Factors</b> | The Global Equity Fund within the DC investments excludes companies primarily earning revenue from tobacco sales, reflecting the Trustees' alignment with the Scheme members' views. The Trustees believe this exclusion will not adversely affect investment performance. Additionally, the MDU World Low Carbon Target Equity Fund is available in the self-select range for members preferring investments with lower carbon footprints. |

### 3. Stewardship, engagement and voting activity

#### What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which Environmental Social Governance (“ESG”) issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

#### Our managers’ voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company’s stock. We believe that good stewardship is in the members’ best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders’ interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme’s investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme’s equity-owning investment managers to responsibly exercise their voting rights.

#### Voting statistics

The table below shows the voting statistics for each of the Scheme’s material funds held within the DB and DC sections that have voting rights attached to them, for the year to 31 March 2024.

| DB/<br>DC | Funds  | Number of<br>resolutions<br>eligible to vote on | % of resolutions<br>voted | % of votes against<br>management | % of votes<br>abstained<br>from |
|-----------|--|---|---------------------------|----------------------------------|---------------------------------|
| DB        | LGIM All World Equity Index Fund   | 64,058  | 99.9%                     | 20.2%                            | 0.5%                            |
|           | <b>MDU UK Equity Fund</b> (LGIM UK Equity Index Fund)  | 10,462  | 99.8%                     | 5.6%                             | 0.0%                            |
|           | <b>MDU Overseas Equity Fund</b> (LGIM World (ex UK) Developed Equity Index Fund)                 | 34,653  | 99.9%                     | 21.9%                            | 0.1%                            |
| DC        | <b>MDU Global Equity Fund</b> (LGIM World Developed Tobacco Sector Exclusions Equity Index Fund) | 27,228  | 99.8%                     | 21.7%                            | 0.1%                            |
|           | <b>MDU Diversified Growth Fund</b> (Nordea Diversified Return Fund)                              | 2,069   | 99.9%                     | 12.4%                            | 0.5%                            |
|           | <b>MDU Emerging Markets Equity Index</b> (LGIM World Emerging Market Equity Fund)                | 33,716  | 99.9%                     | 19.0%                            | 0.9%                            |

Source: Managers. Please note that the ‘abstain’ votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

#### Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

## Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

### Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

| Managers                                     | Description of use of proxy voting advisers<br>(in the managers' own words)  |
|--|--|
| Legal & General Investment Management (LGIM) | 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 we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.  |
| Nordea                                       | In general, every vote we cast is considered individually on the background of our bespoke voting policy, which we have developed in-house based on our own principles. Our proxy voting is supported by two external vendors (Institutional Shareholder Services and Nordic Investor Services – henceforth, "ISS" and "NIS") to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors merged. During 2023, Glass Lewis was also added to this list of external vendors but is mainly used for analytic input. |

Source: Managers

## Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

## Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

| DB/DC | Funds                                      | Number of engagements |            | Themes engaged on at a fund level   |
|-------|--|-----------------------|------------|---|
|       |  | Fund level            | Firm level |   |
| DB    | LGIM All World Equity Index Fund           | 898                   |            | Environment - Climate Impact Pledge; Climate Change; Deforestation<br>Governance - Remuneration<br>Other - Corporate Strategy   |
|       | LGIM Maturing Buy and Maintain Credit Fund | 154                   |            | Environment - Climate Change; Climate Impact Pledge<br>Governance - Remuneration; Board Composition; Nominations & Succession   |
|       | MDU UK Equity Fund                         | 313                   |            | Environment - Climate Impact Pledge; Climate Change; Energy<br>Social - Ethnic Diversity; Gender Diversity; Income inequality<br>Governance – Remuneration, Board Composition<br>Other - Corporate Strategy; Company Disclosure & Transparency  |
|       | MDU Overseas Equity Fund                   | 561                   | 2,500      | Environment - Climate Impact Pledge; Climate Change; Deforestation<br>Social - Gender Diversity; Income inequality<br>Governance – Remuneration; Board Composition<br>Other - Corporate Strategy; Company Disclosure & Transparency   |
|       | MDU Global Equity Fund                     | 606                   |            | Environment - Climate Impact Pledge; Climate Change; Deforestation<br>Social - Gender Diversity; Income inequality<br>Governance – Remuneration; Board Composition<br>Other - Corporate Strategy  |
| DC    | MDU Corporate bond Fund                    | 187                   |            | Environment – Climate Change; Energy<br>Social – Gender Diversity, Income inequality<br>Governance – Remuneration, Board Composition<br>Other – Corporate Strategy; Company Disclosure & Transparency   |
|       | MDU Emerging Markets Equity Fund           | 235                   |            | Environment - Climate Impact Pledge; Deforestation; Climate Change<br>Governance - LGIM ESG Score<br>Other - Corporate Strategy   |
|       | MDU Diversified Growth Fund                | 120                   | 1,265      | Environment – Climate Change; Pollution; Waste; Natural Resources use/impact<br>Social - Human and labour rights; Conduct, Culture, and ethics; Human capital management<br>Governance - Board effectiveness – Diversity<br>Strategy, Financial and Reporting- Reporting; Strategy/purpose. |
|       | MDU Property Fund                          | Not provided          | 1,424      | Environment* - Climate Change<br>Social* - Human Capital Management; Human and Labour Rights<br>Governance* - Leadership - Chair/CEO; Board effectiveness<br>- Other  |

Source: Managers.

## Data limitations

At the time of writing, LGIM did provide fund-level engagement information but not in the industry standard template. Additionally, the engagement examples provided were less detailed than required by this template. Furthermore, Threadneedle did not provide fund-level engagement information at this time.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes. Further, this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.



## Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

|    |  |   |  |
|----|--|---|--|
| DB | LGIM All World Equity Index Fund               | <b>Company name</b>   | Alphabet Inc.  |
|    |  | <b>Date of vote</b>   | 02-June-2023   |
|    |  | <b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>  | 1.2%   |
|    |  | <b>Summary of the resolution</b>  | Resolution 18 – Approve Recapitalization Plan for all Stock to Have One-vote per Share   |
|    |  | <b>How you voted?</b>   | Votes supporting resolution  |
|    |  | <b>Where you voted against management, did you communicate your 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 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.  |
|    |  | <b>Rationale for the voting decision</b>  | 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>  | Fail   |
|    |  | <b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b> | LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.   |
|    |  | <b>On which criteria have you assessed this vote to be most significant?</b>  | High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.  |
| DC | MDU UK Equity Fund (LGIM UK Equity Index Fund) | <b>Company name</b>   | Shell Plc  |
|    |  | <b>Date of vote</b>   | 23-May-2023  |
|    |  | <b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>  | 7.0%   |
|    |  | <b>Summary of the resolution</b>  | Resolution 25 - Approve the Shell Energy Transition Progress   |
|    |  | <b>How you voted?</b>   | Against  |
|    |  | <b>Where you voted against management, did you communicate your 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 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.  |
|    |  | <b>Rationale for the voting decision</b>  | Climate change: A vote against is applied, though not without reservations. We 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, we remain 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.

|   |  |
|---|--|
| <b>Outcome of the vote</b>  | Pass   |
| <b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b> | LGIM continues to undertake extensive engagement with Shell on its climate transition plans.   |
| <b>On which criteria have you assessed this vote to be most significant?</b>  | Thematic – Climate: LGIM is publicly supportive of so called “Say on Climate” votes. We expect 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 deem such votes to be significant, particularly when LGIM votes against the transition plan. |

**DC MDU Overseas Equity Fund (LGIM World (ex UK) Developed Equity Index Fund)**

|   |   |
|---|---|
| <b>Company name</b>   | Microsoft Corporation   |
| <b>Date of vote</b>   | 07-December-2023  |
| <b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>  | 4.7%  |
| <b>Summary of the resolution</b>  | Resolution 1.06 – Elect Director Satya Nadella  |
| <b>How you voted?</b>   | Against   |
| <b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>                                  | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics |
| <b>Rationale for the voting decision</b>  | 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.  |
| <b>Outcome of the vote</b>  | Pass  |
| <b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b> | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.   |
| <b>On which criteria have you assessed this vote to be most significant?</b>  | Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.   |

**DC MDU Global Equity Fund (LGIM Global Equity Fund)**

|  |   |
|--|---|
| <b>Company name</b>  | Amazon.com, Inc.  |
| <b>Date of vote</b>  | 24-May-2023   |
| <b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>           | 1.7%  |
| <b>Summary of the resolution</b>   | Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps.   |
| <b>How you voted?</b>  | For   |
| <b>Where you voted against management, did you communicate your 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. |

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.

**Rationale for the voting decision**

**Outcome of the vote**

Fail

**Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?**

LGIM will continue to engage with the company and monitor progress.

**On which criteria have you assessed this vote to be most significant?**

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.

**DC MDU Diversified Growth Fund (Nordea Diversified Return Fund) \***

**Company name**

Comcast Corporation

**Date of vote**

7-June-2023

**Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)**

1.4%

**Summary of the resolution**

Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal

**How you voted?**

For

**Where you voted against management, did you communicate your intent to the company ahead of the vote?**

We will share our concern with the Chairman of the Board.

**Rationale for the voting decision**

We believe that additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change-related risks.

**Outcome of the vote**

Fail

**Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?**

We will continue to support shareholder proposals on this issue as long as it is needed.

**On which criteria have you assessed this vote to be most significant?**

Significant votes are those that are severely against our principles, and where we feel we need to enact change in the company.

**DC MDU Emerging Markets Equity Fund (LGIM World Emerging Markets Equity Index Fund)**

**Company name**

Sasol Ltd.

**Date of vote**

19 January 2024

**Approximate size of fund's/mandate's holding as at**

0.1

the date of the vote (as % of portfolio)

|  |   |
|--|---|
| <b>Summary of the resolution</b>   | Approve Climate Change Report   |
| <b>How you voted?</b>  | Votes against resolution  |
| <b>Where you voted against management, did you communicate your intent to the company ahead of the vote?</b>                                 | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.  |
| <b>Rationale for the voting decision</b>   | Climate change: A vote against 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. |
| <b>Outcome of the vote</b>   | Pass  |
| <b>Implications of the outcome e.g were there any lessons learned and what likely future steps will you take in response to the outcome?</b> | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.   |
| <b>On which criteria have you assessed this vote to be most significant?</b>   | Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.                                    |

Source: Managers

\*The DC scheme is invested in the Nordea Diversified Return Fund through its arrangement with LGIM. The voting and engagement examples have been provided by Nordea.