Implementation Statement

1 Introduction

This document constitutes the Implementation Statement for the Invensys Pension Scheme ("the Scheme") for the year to 31 March 2023. As noted in the 'Money Purchase Benefits Section' below, all money purchase benefits under the Scheme were transferred to the Aon Master Trust during the Scheme year. Prior to that, the Scheme was a 'relevant scheme' for the purposes of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and this document was prepared in accordance with those regulations.

Under those regulations, the Trustee is required to do the following:

- set out how, and the extent to which, in the opinion of the Trustee, the Statement of Investment Principles ("SIP") has been followed during the year,
- describe any review of the SIP undertaken during the year and any other review of how the SIP has been met,
- explain any change made to the SIP during the year and the reason for the change, and
- where no such review was undertaken during the year in accordance give the date of the last review,
- describe the voting behaviour by, or on behalf of, the Trustee, including the most significant votes cast by the Trustee or on their behalf) during the year and state any use of the services of a proxy voter during that year.

2 Changes to the Statement of Investment Principles

The Trustee reviews the SIP at least triennially, or immediately following a significant change in investment strategy or regulations. The SIP that applied throughout the year to 31 March 2023 was amended on 8 April 2022 and subsequently on 30 March 2023.

The amendments approved on 8 April 2022 were to reflect the finalisation of the Scheme's triennial valuation as at 31 March 2021, in particular the updated Technical Provisions discount rate and Long-Term Objective. The main purpose of the amendments approved on 30 March 2023 concerned the management of climate related risk and opportunities and the transfer of Money Purchase Benefits to the Aon Master Trust.

The current SIP is available on the Scheme's website at https://www.invensyspensions.co.uk .

3 Implementation of the Statement of Investment Principles

The Trustee is of the opinion that it has acted in accordance with the SIP throughout the year.

The Trustee's governance framework around investments was unchanged during the year.

The following sections provides details of key areas of the Trustee's focus over the course of the year to 31 March 2023 to give some examples of how the Trustee has actively considered and sought to implement its stated objectives and beliefs as described in the SIP. This information is split between the management of investments related to Defined Benefits ("DB") and those held for Money Purchase Benefits ("MPB"). Details on the voting and engagement by, or on behalf of, the Trustee, including the most significant votes are provided in the Appendix.

The Trustee does not take into account "non-financial matters" (i.e. the personal views of members and beneficiaries of the Scheme on ethical or other matters) when making investment decisions, and as such these matters were not considered when making investment decisions during the Scheme year.

4 DB Section

A. Overall objectives, investment beliefs and principles, and risk categories

Following the conclusion of the Scheme's Triannual review, the Trustee agreed to adopt as a target return for the Scheme's investments of Gilts+1.1 percentage points (ppts) p.a. until 31 March 2027 and the return on Gilts plus 0.75 ppts p.a. thereafter. In addition to adopting a lower discount for the Technical Provisions, of Gilts plus 0.75 ppts p.a., the Trustee agreed to set a Long Term Objective, which is to be fully funded by March 2030 assuming liabilities are valued with a more prudent discount rate of Gilts plus 0.50 ppts p.a.. That Long Term Objective has been achieved earlier than expected as the Scheme's assets exceeded the liabilities measured on that more prudent basis by £31m as at 31 March 2023. The Trustee's investment beliefs and principles remained the same during the year.

When setting its Investment Policy, the Trustee has regard to several key risks. The Scheme's exposure to those risks is monitored at least on a quarterly basis by either the Trustee Board or one of its sub-committees, or as part of the regular reviews of the asset management mandates. During the year, with the support of its investment advisers, the Trustee focused on the potential impact of the Triennial Actuarial Valuation. The asset allocation was also reviewed in light of rising UK Government bond yields through the year, in particular in September. Actions were considered, and some taken, in order to enhance the asset's risk and return profile. Examples of the areas of focus of the Trustee during the year were:

- Solvency and asset/liability risk: The Trustee closely monitored the evolution of the Scheme's funding level as market conditions changed. The Trustee's investment adviser provided in various occasions analyses of the likely performance of the Scheme's investments and of the evolution of the Scheme's funding level under different scenarios. A few re-allocations were completed during the year. This included the following: (1) an investment of £70m held as excess cash in the AXA IG Bonds mandate in August, (2) increases in the Interest Rate Coverage Ratio ("IRCR") in June, August and March and (3) full divestments from the BlackRock FIGA and DDG funds in October 2022 and March 2023 respectively. As the Scheme's funding level improved relative to the Long Term Objective, the exposure to interest rates was reduced in order to lock-in the funding level improvements that had resulted from higher government bond yields.
- Covenant risk: The Trustee considered as part of the Triennial Valuation, with the support of its covenant adviser, the financial strength of Invensys Limited, the Scheme's corporate sponsor, and the £1.75bn guarantee from Schneider Electric. The Trustee remained of the view that the covenant remained sufficiently strong to continue to support the Scheme and its current level of investment risk.
- Liquidity risk: The Trustee has a long-standing policy of matching its outflows for the following three years primarily with scheduled redemptions from its asset mandates invested in high-quality bonds, and to a lesser extent, distributions from other funds. A buffer is also held in cash to cover potential shortfalls. The Trustee received the required redemptions and was able to meet its benefit obligations, as planned and without being forced to sell any asset. The Trustee reviewed liquidity management policy, as it does every year.
- Collateral Adequacy Risk: The Scheme's investment managers use derivative instruments, such as interest rate and inflation swaps, primarily within its Liability Matching Fund, in order to facilitate the management of interest rate and inflation risks. The rise of government bond yields during the year, which accelerated in pace in September 2022, led to increased collateral demands from the Scheme's counterparties. The Scheme had sufficient assets eligible as collateral to satisfy those demands and was not forced to sell any assets. It also held sufficient assets eligible as collateral to meet further large increase in gilt yields. In light of the experience in 2022, the Trustee has updated its approach to collateral management in order to reflect the scope for higher level of gilt yields and greater volatility.

The Trustee reviewed and adopted its approach towards the management of risks and opportunities associated with climate change. The changes comply with the requirements from DWP which have applied to the Scheme since 1 October 2022. This includes four work streams: governance, strategy, risk management, and metrics and targets. More details are provided in the Scheme's Climate Change report, which is available at www.invensyspensions.co.uk/scheme-documents .

B. Investment Policy

The Trustee has delegated to its Investment Committee (the "IC") the implementation of the Investment Policy. The IC is required to operate within a set of restrictions, which are set out in the SIP and cover the following:

1. The Permitted Strategy Type;
2. The Targeted Rate(s) of Return on Investments;
3. The Risk Tolerances;
4. The Permitted Investable Risk Classes;
5. The Investment Management Structure;
6. The Asset Allocation.

The IC has operated within those restrictions throughout the year.

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The table below shows the asset allocation as at 31 March 2022 and 31 March 2023.

SIP Risk Class	SIP Asset Class	Working Range (%)	Allocation (31.03.23)	Allocation (31.03.22)
Off-risk assets and instruments (Liability Matching Fund)	Assets considered to be the least risky by the Trustee, such as bonds issued by the UK Government or guaranteed by it, collateralised GBP interest and inflation derivatives, gilt repurchase agreements; and cash.	40-65	49	55
Equity	Developed markets equity mandates (including synthetic equity exposure)	0 - 15	0	0
	Emerging markets equity mandates (including synthetic equity exposure)	0 - 7.5	0	0
Credit	Investment Grade Bonds (including asset backed and mortgage backed) Mandates*	15 - 40	35	30
	Absolute Return Credit Mandates	0 - 10	8	7
	Sub Investment Grade Bonds Mandates	0 - 5	0	0
Absolute Return	Fund of hedge funds	0 - 10	0	0
	Single hedge funds (including derivative-based hedge fund strategies)	0 - 5	0	1
	Dynamic Asset Allocation funds	0 - 15	0	2
Commodities	Commodity Funds and derivatives	0 - 10	0	0
Illiquidity	Investments which cannot be liquidated within 12 months in normal market conditions without significant penalties	0 - 5	3	1
Cashflow and Asset Allocation Liquidity	Cash and money market funds/instruments	0 - 10	5	4

**Investment Grade Bond mandates may include sub-investment grade bonds (within limits).*

No allocation was made to the Overlay Portfolio, which remained at 0%.

In addition, the Interest Rate and Inflation Coverage Ratios were maintained within the limits of 80% - 110% set within the SIP. They stood at 95% and 97% respectively as at 31 March 2022, and at 100% and 104% respectively as at 31 March 2023.

The changes in allocation were due to a combination of factors, including scheduled redemptions to fund benefit payments, market movements and re-allocations implemented during the year by the Trustee as explained in the previous section.

C. Arrangements with investment managers

The Trustee has delegated the day-to-day management of the Scheme's assets to professional investment managers. The changes to the arrangement with existing managers through the year were the divestment from the BlackRock FIGA (in the Single Hedge Fund SIP Asset Class) in October 2022 and the divestment from BlackRock DDGF (in the Dynamic Asset Allocation SIP Asset Class) in March 2023. The Scheme also transferred £70m into the AXA PCS VIII fund (in the Illiquidity SIP Asset Class) in two tranches, the first in July and then the second in September. This fund has started to return some capital which remains committed for investment into it.

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The table below provides an overview of the investment management mandate that were used during the year for the DB Section and an indication of their primary contributions to those strategic considerations.

Asset manager	SIP Asset Class	Segregated / Pooled	Primary contribution to strategic considerations
BlackRock	Liability Matching Fund	Segregated	Cash flow generation, interest rate and inflation risk management
	Dynamic Asset Allocation	Pooled	Return generation
	Single Hedge Fund	Pooled	Return generation
	Cashflow and Asset Allocation Liquidity	Pooled	Liquidity management
AXA	Investment Grade Bonds	Segregated	Cash flow generation, interest rate risk management and return generation
	Illiquidity	Pooled	Return generation
M&G	Investment Grade Bonds	Segregated	Cash flow generation, interest rate risk management and return generation
	Absolute Return Credit Mandates	Segregated	Return generation
Amundi	Investment Grade Bonds	Segregated	Cash flow generation, interest rate risk management and return generation
	Absolute Return Credit Mandates	Segregated	Return generation

The Trustee has delegated the exercise of voting rights of all the underlying holdings and engagement with investee companies and other stakeholders as appropriate to its investment managers. The Trustee believes that it is more appropriate for the DB Section's active managers to carry out these activities as part of their investment process including taking relevant factors such as Environmental, Social and Governance ("ESG") considerations into account and the response from investee companies in respect of any such voting or engagements. Broader stewardship activity including engagement carried out by the DB Section active managers on behalf of the Trustee is reviewed by the Trustee on an annual basis, details of these reviews is set out below. Details on voting activity and engagement as required for this Implementation Statement are provided in the Appendix.

Each of the DB Section's mandates was reviewed by either the IC or the ALCO during the year. The reviews included the following: the past performance of the mandate relative to its benchmark or target, the adherence to key risk metrics, the key investment decisions made by the manager and the assets' turnover, the extent to which relevant and material financial factors were incorporated in the investment process, and the outlook for the mandate. As part of the review process, the DB Section's managers were required to provide some evidence of how ESG considerations have been taken into account in the investment process as well as broader stewardship activity, specifically engagement activity. They were also asked to provide metrics linked to the carbon footprint of their investments and, where possible, how it compares to the metrics of a benchmark.

In addition to the re-allocations and changes in the interest rate hedging ratio mentioned previously, the Trustee made some changes to the DB Section mandates during the year, the main of which were the following:

- The limits that apply to the Liability Fund manager regarding the permitted holdings in gilts,
- The reduction in the maximum amount of derivatives that the manager of the Absolute Return Credit Mandate may use.

5 Money Purchase Benefits Section

- Certain members of the Scheme had during the year entitlements to money purchase benefits ("MPB") emanating from:
  - Additional Voluntary Contributions ("AVC") made by DB members to supplement their DB pension;
  - Contributions to a Defined Contribution ("DC") section of the Scheme that was set up to allow DB members to retain their accrued rights for past service as a deferred defined benefit, and pay lower member contributions for future service;
  - Other legacy benefits including parts of contributions made by DB members that could not be repaid when short service refunds were made and certain former Protected Rights. Those are referred to as Other Defined Contributions ("ODC").

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Following a detailed diligence process, discussions with advisers and agreement with the Scheme's Sponsor, the Trustee transferred all MPB to the Aon Master Trust during the Scheme year. This statement refers to the 'Scheme Year', this covers the period 1 April 2022 to 21 March 2023 (the effective date of divestment from the Scheme's assets). As at the 21 March 2023, there were 979 members that had money purchase benefits under the Scheme with a value of £11.1m.

A. Selection of investment options

The Trustee offered to members different investment options to satisfy their particular objectives and risk tolerance. The fund options that were previously offered, and covered as part of this report, are described below. The majority of these funds were passively managed in order to reduce costs and improve member value for money. No new investment managers were appointed during the period 31 March 2022 to 21 March 2023.

Asset Category	Fund Name	Type of MPB to which option was available to
UK Equity	LGIM UK Equity Index	DC, AVC
Global Equity	LGIM Global Equity Fixed Weight (50:50) Index	DC
	LGIM World Equity Index – GBP Hedged	DC, AVC
Ethical Equity	LGIM Ethical Global Equity Index	DC, AVC
Bonds	LGIM Corporate Bond All Stocks Index	DC, AVC
	LGIM Over 5 Year Index Linked Gilts Index	DC, AVC
	LGIM All Stocks Gilt Index	DC, AVC
	LGIM Over 15 Year Gilts Index	AVC
	LGIM Pre-Retirement Fund	AVC
Multi-Asset	LGIM Multi Asset Fund	DC, AVC, ODC
With Profits	Prudential With-Profits Cash Accumulation Fund[1]	AVC
Cash	LGIM Cash	DC, AVC
Cash	Prudential Deposit Fund[2]	AVC

[1] This fund was divested from in December 2022 and invested in the "lifestyling" option transferring to cash, unless members elected otherwise.
[2] Only available to members with investment in this fund. This fund was divested from in February 2023 before being transferred into the Aon Master Trust.

In addition, the Trustee also made available two "lifestyling" options, whereby the allocation is gradually moved from higher risk investments (equities) to lower risk investments (gilts and cash) as a member approaches its target retirement date. No changes were made to the lifestyling options through the period under review.

B. Review of investment options

The Trustee completed a formal Value for Members review in respect of the MPB funds, as at 31 March 2022, in July 2022. The investment options available to members were also considered as part of the decision to transfer the MPB to the Aon Master Trust.

No changes were made to the DC Section's investment strategy or the AVC arrangements during the Scheme year, other than the aforementioned transfer of assets to a Master Trust and the divestments from the Prudential funds.

C. Detail on compliance with SIP

As no material changes were made to the MPB investments until they were transferred out of the Scheme, the Trustee is satisfied that they remained consistent with the policies on the basis of which they were initially selected (the kind of investments held, the balance between different types of investments, risks (including the ways in which risks were to be measured and managed), expected returns, realisation, and financially material considerations). The Trustee considered there was no need for a specific review of its policy on its arrangements with MPB investment managers because it was intending to transfer all MPB assets out of the Scheme during the Scheme Year, and such a review would therefore have been disproportionate. As noted above, the Trustee has a policy of not taking non-financial matters into consideration in respect of investments and complied with this policy during the Scheme Year in respect of MPB.

Implementation Statement - Appendix
Summary of Voting Activity and Engagement

The Trustee has delegated the exercise of voting rights of the underlying holdings and engagement with investee companies and other stakeholders as appropriate to its investment managers.
In line with this approach, the Trustee did not tell investment managers which voting opportunities should be considered most significant. All mandates with holdings in equities were also divested during the year. Where the Trustee is a unit holder of a fund, it seeks to retain the use of voting (and other) rights associated with the operations of that fund. This concerns about 8% of the Scheme's assets.

After the end of the Scheme year and following appropriate considerations, the Trustee set the following stewardship priorities:

- Climate change, as detailed in the Scheme's climate change report.
- Just Transition: the environmental and social impact of climate-change related transition.
- Biodiversity and Natural Capital: water use, deforestation, promotion of circular economy.
- Human Rights and Human Capital Management: compliance with labour rights, and policies on equality, diversity and inclusion.
- Sustainable Innovation & Technology: cybersecurity, risks and opportunities from digital disruption.

The summary of voting activities carried out by the Trustee's investment managers is provided below. Only managers that carry out regular voting activity have been included i.e., those with equity holdings, namely the BlackRock diversified growth fund within the DB Section, the LGIM equity funds, and the LGIM multi-asset fund within MPB.

At the beginning of the Scheme year, 31 March 2022, the proportion of the DB Section of the Scheme held in assets which attract voting rights was 0.6%. Following a full divestment from the BlackRock diversified growth fund in March 2023, the proportion of such assets within the DB Section was 0.0% as at 31 March 2023. In the case of MPB, the LGIM equity holdings represented c.£6.4m with a further c. £2.3m invested in the multi-asset fund at the beginning of the Scheme year. The Prudential With Profits fund represented £0.1m at that time. All assets backing MPBs were transferred during the Scheme year.

Proxy voting

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team, which consists of three regional teams - Americas, Asia-Pacific, and Europe, Middle East and Africa. They make use of several proxy advisory services, one such example being Institutional Shareholder Services ('ISS'), but that is to help them collate and analyse data. BlackRock do not use external providers for voting decisions.

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 they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.

DB Section - voting data, year to 31 March 2023

	BlackRock DDGF
Number of meetings eligible to vote	893
Number of resolutions eligible to vote	11,775
% of resolutions voted *of the resolutions eligible to vote*	92.98%
% voted with management*	88.14%
% voted against management*	4.84%
% votes abstained from (included within the voted against management %)*	1.32%
% of meetings where manager voted at least once against management	33%
% of resolutions where manager vote contrary to the recommendation of its proxy adviser? (If applicable) **	n/a
% of resolutions where the outcome of the vote was in line with the managers vote? (if applicable)**	n/a

** BlackRock could not provide a comparison against a proxy manager recommendation*

*** BlackRock could not provide statistics for their votes compared to the outcome of resolutions*

Summary of Voting Activity and Engagement Continued

MPB - voting data, year to 31 March 2023

	LGIM Global Equity Fixed Weights (50:50) Index	LGIM Multi-Asset	LGIM Ethical Global Equity Index	LGIM World Equity Index	LGIM UK Equity Index
Number of meetings eligible to vote	3,197	9,818	1,155	3,145	733
Number of resolutions eligible to vote	41,099	100,094	16,602	38,823	10,870
% of resolutions voted	99.89%	99.83%	99.83%	99.85%	99.94%
of the resolutions voted					
% voted with management*	81.85%	77.55%	81.99%	78.82%	94.46%
% voted against management*	18.02%	21.73%	17.79%	20.49%	5.54%
% votes abstained from*	0.13%	0.72%	0.22%	0.70%	0.00%
% of meetings where manager voted at least once against management	70.03%	71.06%	76.02%	75.60%	37.89%
% of resolutions where manager vote contrary to the recommendation of its proxy adviser? (if applicable)	12.21%	12.43%	12.98%	14.36%	4.23%
% of resolutions where the outcome of the vote was in line with the managers vote? (if applicable)**	n/a	n/a	n/a	n/a	n/a

**Percentages in this table may not add to 100% because of rounding*

*** LGIM could not provide statistics over their vote compared to the outcome of the resolutions.*

For the Prudential AVCs, the voting activity is relevant to the With Profits fund only. A high level of voting on eligible resolutions was observed (98%), low level of votes abstained from (1.0%) and a reasonable level of challenge to management with votes against at 7.0%. Prudential holdings were redeemed in February 2023.

Most significant votes

The voting examples below from BlackRock and LGIM have been deemed most significant by the Trustee as they align with the stewardship priorities of the Trustee, as described above.

Climate change

LGIM voted against management of Royal Dutch Shell Plc on their resolution to approve their Energy transition progress update, as they remain concerned with Shell's disclosed plans for oil and gas production, despite the substantial progress made by the company in strengthening its operational emissions reductions targets. LGIM believe the plans would benefit from further disclosure of targets associated with the upstream and downstream of the business. The outcome of the vote was in favour of the management proposal. LGIM have stated that they will continue to engage with management on this issue and other issues. This position represented about 1.5% of the total MPB assets. The outcome of the vote was 80% in favour of the management proposal.

BlackRock voted for the management proposal seeking to approve the Rio Tinto Group's climate action plan, titled "our approach to Climate Change 2021". The group's climate plan, targets, and disclosures were consistent with what BlackRock state they look for, and, in BlackRock's assessment, demonstrate management and board responsiveness to shareholder feedback. Specifically, BlackRock look for companies to demonstrate they have strategies in place that address and are resilient to a range of scenarios, including likely decarbonization pathways well below 2°C, as well as global ambitions to limit temperature rise to 1.5°C. the outcome of this vote was in favour of the proposal to pass the climate action plan. The plan also acknowledges the physical and transition risks that climate change poses to Rio Tinto's portfolio, specifically their fossil-fuel based steel activities. This represented 0.04% of the DDFG portfolio.

Human rights and Human capital management

LGIM voted against Amazon's proposal to elect a director because he was a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. This position

Summary of Voting Activity and Engagement Continued

represented about 1.25% of the total MPB assets. The outcome of the vote was 93% for the management proposal. LGIM have stated that they will continue to engage with Amazon regarding this issue and monitor the company's progress with regards to Human capital management.

LGIM voted against NVIDIA Corp management proposal to elect a director in June 2022, based on Diversity and Independence. LGIM expect a company to have at least 25% women on the board with the expectation of reaching 30% of women by 2023. LGIM also expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. LGIM continues to engage with the company regarding diversity on the board and independence of the board. This position represented about 0.5% of MPB assets. The outcome of the vote was 84% in favour of the management proposal. LGIM continues to engage on the topics of diversity on the board and independence of the board and will monitor progress over time.

Biodiversity and natural capital

BlackRock voted for the shareholder proposal put forward to Amazon in May 2022 regarding plastic use. The shareholder proposal requested that the Board issues a report describing how the company could reduce its plastics use in alignment with the 1/3 reduction findings of the Pew Report, or other authoritative sources, to reduce the majority of ocean pollution. BlackRock supported this shareholder proposal because, in their assessment, shareholders would benefit from more information on the company's approach to reducing plastic waste arising from their products and services. While BlackRock believe that the company's goals in relation to plastic recycling are clear, Amazon does not explicitly disclose the total amount of plastic used; therefore, it is difficult for stakeholders to determine how effectively the company is managing this material risk and their progress year over year. BlackRock believe that it is in the best interest for Amazon to enhance their disclosure on plastic use as they see it as a material long-term business risk. The outcome of the vote was against the shareholder proposal to issue the report. This position represented about 0.2% of the DDGF.

Engagement with investee companies

This section provides some examples of engagement by the investment managers with companies, the debt or equity of which was held within the funds managed on behalf of the Trustee. The examples have been selected as they align with the stewardship priorities of the Trustee, as described above.

DB Section:

- AXA had a multi-year engagement with a Dublin based cement and construction company, CRH, to understand its plans to reduce emissions, considering the materiality of the company's business to climate change. The engagement started in 2021, where they held a meeting with CRH's head of sustainability and communicated their desire for the construction company to publish an ambitious decarbonisation Plan. They then re-engaged with CRH in 2022 to get an update on their targets and actions towards meeting said targets. Since the initial meeting in 2021 the company had made significant progress and had validated targets under the Science Based Targets initiative (SBTi), backed by a bottom-up plan-by-plant industrial plan. The company also presented the main levers it intended to use in order to achieve its absolute emissions reduction goals. AXA continue to monitor the evolution of CRH's carbon emissions and decarbonisation.
- M&G (ABF) engaged with Unite Group PLC on their human capital management in 2022. Unite is the UK's largest owner, manager, and developer of student accommodation. M&G engaged with the company to make sure they complied with the Parker Review, which the company confirmed they intended to do by 2024. The Parker Review sets targets for inclusion of ethnic minorities within large private companies. As part of a collective engagement with the 30% Club, M&G and other investors met with the company to make their expectations known. Beyond this M&G discussed several Diversity & Inclusion ("D&I") issues, relating to targets, data collection, pay gap reporting and inclusion. Unite have set a target of 34% for women in leadership roles and are looking at reducing barriers to ensure they attract and retain diverse talent. Furthermore, Unite have developed a new Diversity Policy this year through working with Stonewall, as they are aware of the need for a D&I strategy to be intersectional in its approach. Senior leaders underwent privilege and inclusion training to help to work to overcome discrimination, both conscious and unconscious. Overall, M&G were happy with the various initiatives that Unite had taken to improve the diversity and inclusion of their workplace and in particular their emphasis on intersectionality. M&G will continue to monitor Unite to ensure that they comply to the Parker Review.

Summary of Voting Activity and Engagement Continued

- BlackRock engaged with Alphabet, Inc. over the Scheme year on Natural capital and water use. BlackRock has a long history of engagement with Alphabet's leadership where they have discussed a range of corporate governance and sustainable business matters. This has included discussions on the company's approach to human capital management, diversity, equity and inclusion, natural capital and executive compensation. In June 2022 BlackRock voted in support of the shareholder proposal to report on metrics and efforts to reduce water related risk because, in their assessment, shareholders would benefit from more information on the company's approach to water dependencies and impact. Notably, Alphabet's peers already provide this level of information, and for this reason, they believe it is in the best interest of their clients that Alphabet enhance their disclosure on this material long-term business risk.
- M&G (ELF) engaged with the animal health company, Ceva Sante Animale regarding their cybersecurity disclosure, following a breach in November 2020. M&G reported that the company has taken a number of steps to improve their cyber-security since the engagement in January 2022, including producing a two year road map for implementing security projects with weekly meetings to discuss progress and Exco oversight. However, there is no ISO 27001 certification of IT systems. M&G have stated that they will follow up on progress in 12 months.

MPB:

- LGIM's engagement with Glencore recently with regards to their concerning exposure to coal and mining. LGIM are committed to accelerating the move towards transition enabling metals and materials that shift away from fossil fuels. Whilst LGIM were welcoming of Glencore's prioritisation of investing in metals that support the energy transitioning and improving their interim emissions-reduction targets. However, they believe that Glencore's lack of time-bound commitments from exiting, or even reducing, coal production in order to meet the global 1.5 degrees target. LGIM voted against the company resolution to approve the climate progress report as it did not feel as though Glencore's activities around thermal coal and lobbying, were consistent with the required ambition to stay within the 1.5°C trajectory. Whist the majority vote was in line with management LGIM have said they will continue to engage with the company regarding this.

Trustee's conclusions on voting and engagement

The Trustee's policy on voting and engagement in its SIP has, in essence, two parts. The first is to delegate responsibility to the Investment Managers, who are best placed to take relevant considerations into account when determining how to exercise voting rights and to engage with issuers of securities. The second is to monitor and review their activities in this area to ensure that these are aligned with the Trustee's views. The Trustee monitored and reviewed the voting behaviour along with engagement activities that took place on their behalf during the Scheme Year within their investment portfolio and is pleased to report that the Investment Managers have demonstrated high levels of voting activity where relevant, challenges to management and active engagement on a range of relevant topics and that these actions align with the Trustee's expectations (set out in the SIP) of stewardship seeking to enhance and protect the value of the Scheme's investments. Overall, the Trustee is satisfied that its monitoring and review of voting and engagement activities undertaken by the Investment Managers have been in accordance with its policies.