

# DEFINED CONTRIBUTION SECTION (“DC SECTION”) OF THE GKN GROUP PENSION SCHEME 3 IMPLEMENTATION STATEMENT (“THE SCHEME”)

## Introduction

The information in this Statement refers to the DC Section of the GKN Group Pension Scheme 3 (the “Scheme”). This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year to 5 April 2024.

This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

As required by the legislation, the Trustee has consulted a suitably qualified person and has obtained written advice from its Investment Consultant, Mercer Limited (“Mercer”). The Trustee believes the Investment Consultant meets the requirement of Section 35 (5) of the Pensions Act 1995.

## Investment Objectives of the Scheme

The objectives of the Scheme, included in the SIP, are as follows:

*“The Trustee recognises that Scheme members have differing investment needs and that these may change during the course of members’ working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances.*

*The objectives set out below and the risks and other factors referenced in this Statement are those that the Trustee determines to be financially material considerations.*

*The following encapsulates the Trustee’s objectives with regard to the DC Section:*

- *To make available a range of investment funds that should enable members to tailor their own investment strategy to meet their own individual needs.*
- *Offer funds which facilitate diversification and long term capital growth (in excess of inflation).*
- *Offer funds that enable members to reduce risk in their investments as they approach retirement.*
- *Offer funds which aim to mitigate the impact of sudden and sustained reductions in capital values or rises in the cost of purchasing benefits in retirement.*
- *To structure the range of funds, provide a suitable number of funds and present this range in a manner which may make it easier for members to make investment decisions.*
- *To provide a default investment option for members who do not make their own investment decisions.*
- *To provide general information as to the purpose of each investment option.*
- *To encourage members to seek impartial guidance and / or financial advice from an appropriate organisation, where required.*

In addition, in respect of the default arrangements specifically:

*The aims of the default investment options, and the ways in which the Trustee seeks to achieve these aims, are detailed below:*

- *To generate positive nominal long-term returns in excess of inflation during the growth phase of the lifestyle strategy.*
  - o *The default strategies' growth phase structure invests in equities. These investments are expected to provide growth and some protection against erosion in both real and nominal terms.*
- *To generate positive nominal long-term returns in excess of inflation during the growth phase of the lifestyle strategy whilst managing downside risk.*
  - o *The default strategies' consolidation phase structure invests in a diversified growth fund. These investments are expected to provide growth with some downside protection and some protection against erosion in both real and nominal terms. This is achieved via automated lifestyle switches by phasing in the diversified growth fund at 15 years prior to retirement, for a period of 5 years.*
- *To provide a strategy that reduces investment risk for members as they approach retirement."*

The policies set out in the SIP are intended to help meet the overall investment objectives of the Scheme. Detail on the Trustee's objectives with respect to the default investment option, the alternative lifestyle options and the self-select fund range are outlined in the SIP.

**Review of the SIP, what has changed over the Scheme year**

The Trustee reviewed and amended the Scheme's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). The SIP was reviewed in September 2023 to reflect the changes resulting from the Trustee's latest investment strategy review. The SIP was then revised in March 2024 to incorporate the Trustee's policy relating to illiquid assets.

**Policy requirements over the year to 5 April 2024**

The information provided in the following table highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work is consistent with the Trustee's policies in the SIP. The Trustee believes that all of its policies within the SIP have been adhered to over the course of the Scheme year.

	<b>Area covered by the policy</b>	<b>Trustee Policy as per the SIP</b>	<b>Actions taken in the year to 5 April 2024</b>
1	Securing compliance with the legal requirements about choosing investments	<i>In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of Mercer, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).</i>	No investment strategy changes were implemented or advised on during the Scheme year. The most recent investment strategy review was concluded in November 2022, with resultant changes implemented in March 2023, as set out in last year's Implementation Statement

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2024
2	Kinds of investments to be held	<p><i>The Trustee recognises that, while the division between core and additional fund ranges should help members choose funds appropriate to their circumstances, there is likely to be a number of members who would prefer the simplicity of an investment strategy that automatically changes to be suitable at different stages of their working life. The Trustee has therefore decided to include three lifestyle options as part of the investment options.</i></p> <p><i>The investment choices for the DC Section comprise primarily of equity, property, bonds, diversified growth funds and cash. Both active and passive management options are offered to members depending on asset class.</i></p> <p><i>The Trustee regards their primary objective as making available a range of investment funds which enable members to tailor the strategy for their assets to their own needs.</i></p> <p><i>The Trustee is comfortable directly and indirectly investing a small proportion of assets in illiquid assets to access the potential return and diversification benefits relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these benefits are recognised by the Trustee, it is also aware of the risks of investment in illiquid assets to members, such as the potential for valuations of illiquid assets to not reflect their true value at a given time.</i></p>	<p>The Trustee agreed a policy relating to illiquid assets during the Scheme year, as summarised to the left; this policy was added to the SIP effective March 2024. Over the Scheme year the default strategy had an allocation to illiquid assets via the L&amp;G Property Fund and L&amp;G Diversified Fund.</p> <p>No changes were made to the investment strategy during the Scheme year. The Trustee remains comfortable with its policy regarding the kinds of investments to be held, within the default strategy and across the wider self-select fund range available to members. The investment strategy in place remains consistent with the Trustee’s policy.</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2024
3	The balance between different kinds of investments	<p><i>The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.</i></p> <p><i>Members are able to set their own investment allocations, in line with their risk tolerances.</i></p> <p><i>The Trustee offers lifestyle options that aim to reduce overall investment risk as the member approaches retirement.</i></p> <p><i>Within active funds, management of many of these market risks are delegated to the investment manager.</i></p>	<p>Over the Scheme year the Trustee monitored the performance of the default investment option on a quarterly basis, with support from its Investment Consultant. As part of this process it reviewed the performance of the component funds underlying the default strategy through investment performance reports, which monitor the risk and return of the Scheme's funds, in the context of wider market conditions.</p> <p>The Trustee remains comfortable with the balance between different kinds of investments within the strategy.</p>
4	Risks, including the ways in which risks are to be measured and managed	<p><i>Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default investment options, the Trustee has explicitly considered the trade-off between risk and expected returns.</i></p>	<p>The Trustee considers both quantitative and qualitative measures for different investment risks when deciding investment policies, strategic asset allocation and the choice of investment managers / funds / asset classes. During the year, as part of ongoing monitoring of the Scheme's investment performance, the Trustee monitored risk metrics including volatility of returns and maximum short term loss. These were discussed at each of the quarterly Administration Sub-Committee (ASC) meetings. The Trustee was comfortable with the level of these metrics over the year in the context of wider market conditions.</p>
5	Expected return on investments	<p><i>The funds available are expected to provide an investment return relative to the level of risk associated with it. The Trustee believes that the range of investment options offered to members should provide a spread of risk and return levels suitable for the membership as a whole. Most asset classes are expected to provide long term</i></p>	<p>Investment performance was assessed quarterly over the year as described above, and also as part of the 'value for members' assessment as at 5 April 2024. The Trustee concluded net investment performance provided reasonable value over the Scheme year in the context of wider market conditions.</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2024
		<i>real growth to enhance member outcomes.</i>	
6	Realisation of investments	<i>The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers.</i>	<p>All funds are daily dealt pooled investment vehicles, accessed by an insurance contract and should be realisable based on member demand. There were no known issues relating to the liquidity of investments over the Scheme year.</p> <p>Over the year the Trustee received quarterly administration reports, discussed at the ASC meetings, to ensure core financial transactions are processed within Service Level Agreement (“SLA”) and regulatory timelines. The Trustee is satisfied performance against SLAs for the Scheme year was satisfactory; further detail on this is set out in the Chair’s Statement within the Scheme report and accounts.</p>
7	Financially-material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<p><i>The Trustee has focussed on what it considers to be ‘financially material considerations’. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member’s age and when they expect to retire.</i></p> <p><i>The Trustee believes that Environmental, Social and Corporate Governance (“ESG”) issues may have a material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore be considered as part of the Scheme’s investment process.</i></p> <p><i>The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly</i></p>	<p>This policy remained unchanged over the year, and the Trustee believes the investment strategy in place appropriately reflects this policy. The policy was considered as part of the investment strategy review that concluded in November 2022, with resultant changes implemented in March 2023, and monitored during the Scheme year.</p> <p>ESG ratings provided by the Trustee’s Investment Consultant are provided to the Trustee on a quarterly basis as part of investment performance monitoring. The Scheme’s funds remained highly rated during the year.</p> <p>The quarterly investment performance reports reviewed over the year set out how each investment manager has delivered against their specific mandates over short and longer-term timescales.</p>

	<b>Area covered by the policy</b>	<b>Trustee Policy as per the SIP</b>	<b>Actions taken in the year to 5 April 2024</b>
		<i>may require explicit consideration.</i>	
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.	<i>Non-financial matters, including member views, are not taken into account in the selection, retention and realisation of investments</i>	No member feedback relating to the investment options available was received by the Trustee during the Scheme year.
9	The exercise of the rights (including voting rights) attaching to the investments	<i>The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustee's policy is that the extent to which ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, are taken into account in these decisions is left to the discretion of the investment managers.</i>	As the Scheme invests solely in pooled funds, voting rights are held by the investment managers on the Trustee's behalf. The Trustee has reviewed key voting activity over the year in respect of the Trustee's stewardship priority areas, which is set out at the end of this statement.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters)	<i>Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.</i>	As set out above, the Trustee has reviewed the underlying investment managers' voting and engagement activity over the year and summarised the results at the end of this statement. The Trustee itself did not directly engage with any underlying companies held via the pooled funds the Scheme invests in.
11	How the arrangements with the asset managers incentivises the asset managers to	<i>The Trustee appoints underlying investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return</i>	The Trustee reviewed performance of the underlying managers, as well as its Investment Consultant's forward-looking ratings of each manager, at the quarter ASC and Trustee meetings over the year. The Trustee remains comfortable with the

	<b>Area covered by the policy</b>	<b>Trustee Policy as per the SIP</b>	<b>Actions taken in the year to 5 April 2024</b>
	align investment strategies and decisions with the Trustee's policies	<p><i>and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives.</i></p> <p><i>As the Trustee invests in pooled investment vehicles, they accept that they have no ability to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i></p> <p><i>The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.</i></p> <p><i>If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.</i></p>	managers in place and no underlying managers were appointed or removed during the Scheme year.
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or	<p><i>The Trustee appoints underlying investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their</i></p>	The Trustee is a long-term investor and does not look to change investment arrangements frequently. All funds within the investment strategy are open-ended with no set end date for appointments. Investment performance was reviewed during the Scheme year as described earlier in this statement. No manager appointments were terminated during the Scheme year.

	<b>Area covered by the policy</b>	<b>Trustee Policy as per the SIP</b>	<b>Actions taken in the year to 5 April 2024</b>
	equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	<p><i>objectives.</i></p> <p><i>As the Trustee invests in pooled investment vehicles, it accepts that it has no ability to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i></p> <p><i>The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the manager.</i></p> <p><i>If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.</i></p>	
13	How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration for asset management services are in line with the Trustee's policies	<p><i>The Trustee's focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The remuneration for investment managers used by the Scheme is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money</i></p>	<p>The quarterly investment reports reviewed by the Trustee during the year showed performance information over a range of short and long term time periods, against fund benchmarks and wider market performance. The Trustee's focus is on long-term performance, however it also takes shorter-term performance into account in reviewing fund performance in light of prevailing market conditions.</p> <p>No manager appointments were terminated during the Scheme year in respect of performance concerns.</p>



	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2024
		<p><i>assessment to ensure they continue to represent value for members. If performance is not satisfactory, the Trustee will ask the fund manager to provide additional rationale, and if not satisfied with this, may request further action be taken, including a review of fees.</i></p> <p><i>The Trustee reviews the absolute performance, relative performance against a suitable benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustee's focus is on long-term performance, they also take shorter-term performance into account.</i></p>	
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.</i></p>	<p>The Trustee has carried out an annual 'value for members' assessment covering the Scheme year. As part of this assessment it has sourced portfolio turnover costs (also referred to as transaction costs) of the underlying managers.</p> <p>The Trustee does not have an overall portfolio turnover target for the Scheme. There is little flexibility for the Trustee to impact transaction costs as the Scheme invests in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Scheme invests in, there is not, as yet, an "industry standard" or universe to compare these to. However the Trustee views the transaction costs over the Scheme year as reasonable in the context of net performance achieved and the fund managers' objectives.</p>
15	The duration of the arrangement with the asset manager	<p><i>The Trustee is a long term investor, all DC funds are open-ended and therefore</i></p>	<p>No manager appointments were terminated during the Scheme year and the Trustee's policy remained unchanged.</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2024
		<p><i>there is no set duration for manager appointments.</i></p> <p><i>The funds are reviewed on a regular basis, supported by advice from the investment consultants.</i></p> <p><i>The Trustee may choose to remove a fund from the fund range, if it is no longer considered appropriate, and the fund range is reviewed on at least a triennial basis.</i></p>	

## Voting Activity

The Trustee has delegated voting activity to the investment managers. The Trustee does not use the direct services of a proxy voter; however, some of the managers use proxy services to manage voting activity. Where the investment managers voted against management, none of them directly communicated this with the company ahead of the vote.

### Overview of use of proxy services

Legal and General Investment Management's ("LGIM's") Investment Stewardship team uses Institutional Shareholder Services' ("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 our position on ESG, they have put in place a custom voting policy with specific voting instructions.

For Columbia Threadneedle, proxy voting is effected via ISS. While analysing meeting agendas and making voting decisions, they use a range of research sources and consider various ESG issues, including companies' risk management practices and evidence of any controversies. Their final vote decisions take account of, but are not determinatively informed by, research issued by proxy advisory organisations such as ISS, IVIS and Glass Lewis as well as MSCI ESG Research.

HSBC use ISS to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene they guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The majority of holdings are voted in line with the recommendation based on their guidelines.

During the Scheme Year, voting and engagement summary reports from the Scheme's investment managers were received by the Trustee's investment advisor, who has considered them with the Trustee to ensure activity is aligned with the Trustee's policy.

The following section of this report includes voting and engagement activity undertaken by the Scheme's investment managers and sets out a summary of voting activity and the most significant votes cast on behalf of the Trustee by these investment managers. The Trustee defines a significant vote as one that is linked to topics closely linked to UN Sustainable Development Goals ("SDGs"), focusing on the following ESG areas:

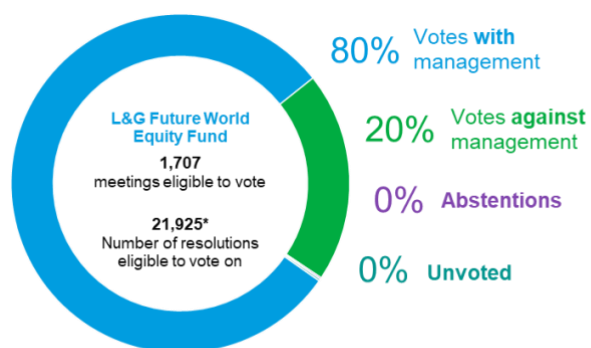
- Climate change

- Pollution and natural resource degradation
- Human rights
- Diversity, equity and inclusion.

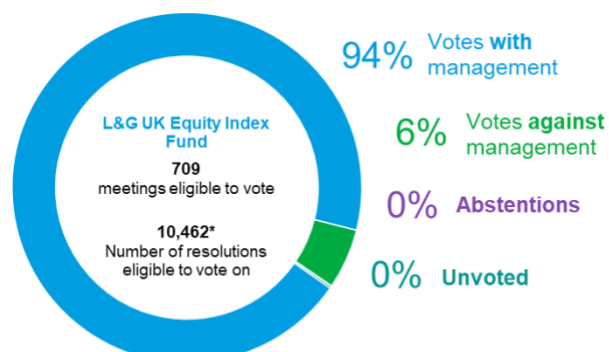
The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the investment managers of what it considered to be a 'significant vote' in advance of voting.

## Voting Summary

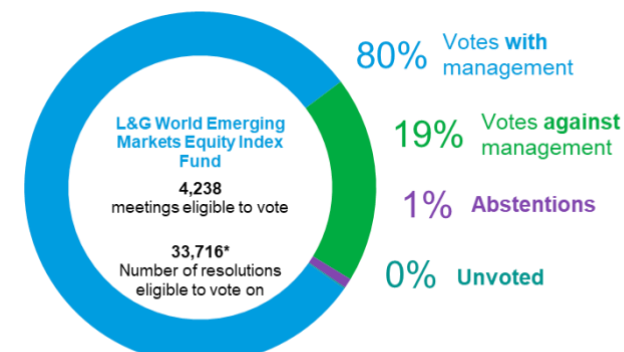
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the Scheme. Votes “for / against management and **unvoted/abstain**” assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.



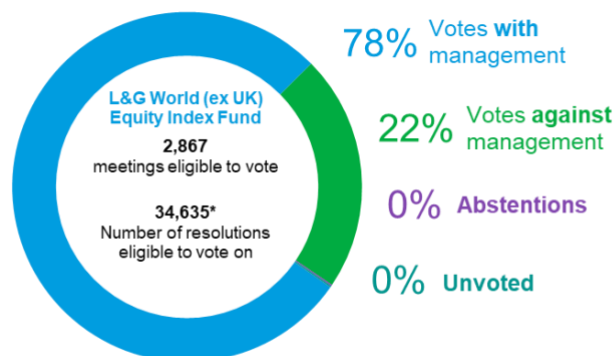
\*99.8% of resolutions voted on



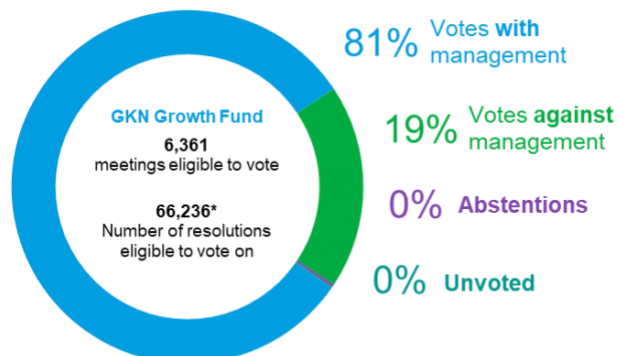
\*99.8% of resolutions voted on



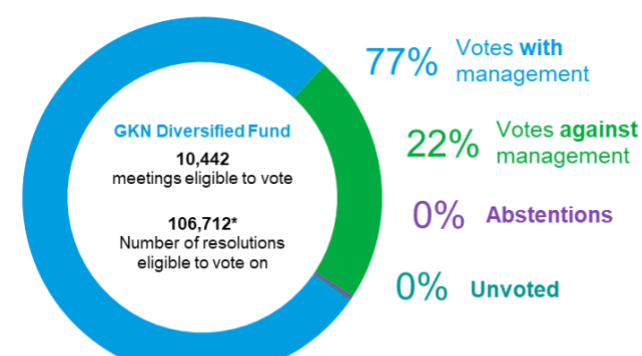
\*99.9% of resolutions voted on



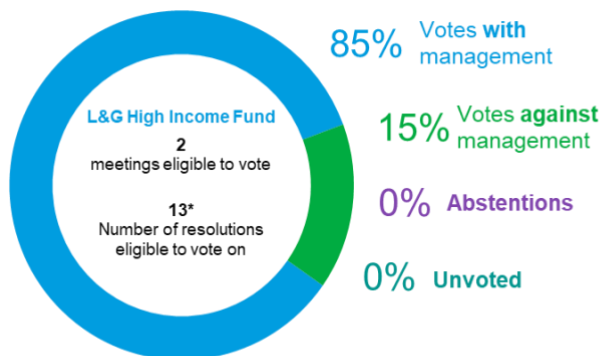
\*99.9% of resolutions voted on



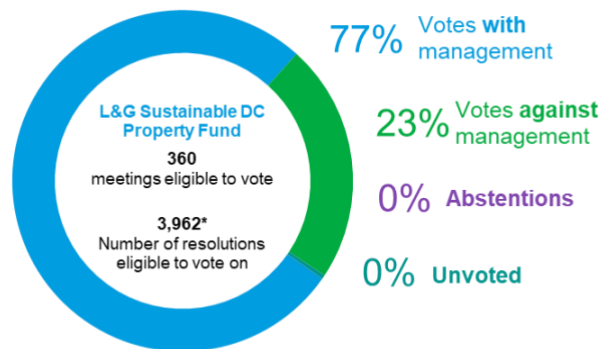
\*99.9% of resolutions voted on



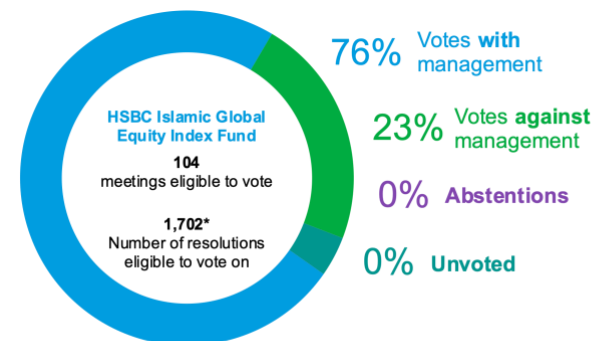
\*99.8% of resolutions voted on



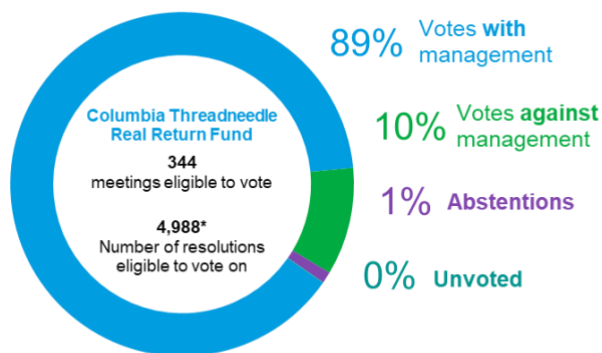
\*100.0% of resolutions voted on



\*99.6% of resolutions voted on



\*96.0% of resolutions voted on



\*99.9% of resolutions voted on

Source: LGIM, HSBC and Columbia Threadneedle.



**Most Significant Votes**

Managers have provided significant votes across the funds previously noted as containing equity. The Trustee has disclosed the most significant votes (defined here as votes on holdings greater than 0.5% of the fund as at the date of the vote) in line with its stewardship priorities related to: climate change, pollution and natural resource degradation; human rights, and diversity, equity and inclusion. The final outcome column below represents the result of the resolution after all the votings: Passed (✓) or Not-Passed (✗).

Fund	Company	Approx. Size of Holding at date of vote (%)	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
GKN Growth Fund	Apple Inc.	4.20	2024-02-28	Against	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Diversity, equity and inclusion	A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	✗
	Amazon.com, Inc.	1.42	2023-05-24	For	Report on Median and Adjusted Gender / Racial Pay Gaps	Diversity, equity and inclusion	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.	✗

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
GKN Diversified Fund	NVIDIA Corporation	0.56	2023-06-22	Against	Elect Director Stephen C. Neal	Diversity, equity and inclusion	A vote against is applied as LGIM expects a company to have at least one-third women on the board and a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Not provided
	Public Storage	0.72	2023-05-02	For	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	Climate change	A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	☒
L&G Future World Equity Fund	Yum! Brands, Inc.	0.61	2023-05-18	For	Report on Efforts to Reduce Plastic Use	Climate change	The circular economy is a key component of LGIM's approach to nature, and they believe solving plastic pollution is critical in a just transition to net zero and nature-positive economies. As the filer of this resolution noted, the company has not aligned its packaging targets with key initiatives such as the Pew Report, which suggests that companies should commit to reducing at least one-third of plastic demand through elimination, reuse and new delivery models. Although the company published its Sustainable Packaging Policy, the policy does not make any reference to single-use plastics (but rather mentions "unnecessary packaging") and its disclosures do not seem to	☒



Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
							sufficiently address the regulatory risks and the risk of higher costs in case of inaction. Therefore, a vote FOR this resolution is warranted.	
	Tesla, Inc.	0.77	2023-05-16	Against	Elect Director Robyn Denholm	Diversity, equity and inclusion	A vote against is applied as LGIM expects a company to have at least one-third women on the board and due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least one female.	Not provided
L&G World (ex UK) Equity Index Fund	Exxon Mobil Corporation	0.76	2023-05-31	For	Report on Asset Retirement Obligations Under IEA Net Zero Emissions Scenario	Climate change	Together with Christian Brothers Investment Services (CBIS), LGIM has co-filed a shareholder resolution asking for more transparency on the retirement costs of Exxon's asset base. In LGIM's view, this is a highly relevant and financially material matter, and by filing this proposal they are seeking greater clarity into the potential costs Exxon may incur in the event of an accelerated energy transition.	<input checked="" type="checkbox"/>

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
L&G UK Equity Index Fund	Royal Dutch Shell Plc	7.03	2023-05-23	Against	Approve the Shell Energy Transition Progress Update	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 1.5°C trajectory.	<input checked="" type="checkbox"/>
	Experian Plc	1.18	2023-07-19	Against	Re-elect Mike Rogers as Director	Diversity, equity and inclusion	A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least one female.	<input checked="" type="checkbox"/>
L&G World Emerging Markets Equity Index Fund	Tencent Holdings Limited	4.24	2023-05-17	Against	Elect Jacobus Petrus (Koos) Bekker as Director	Climate Change	A vote against is applied as the company is deemed to not meet LGIM's minimum standards with regard to climate risk management.	<input checked="" type="checkbox"/>
	Industrial & Commercial Bank of China Limited	0.70	2023-06-29	Against	Elect Cao Liqunas Director	Climate Change	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Despite improvements in disclosure and ESG governance structures, as well as positive engagements with the Company, as member of the Corporate Social Responsibility and Consumer Protection Committee, LGIM considers Ms Cao Liqun	Not provided

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
							ultimately accountable for lacking in climate expectations. Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors.	

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
L&G UK Property Fund	Prologis, Inc.	0.75	2023-05-04	Against	Elect Director Jeffrey L. Skelton	Diversity, equity and inclusion	LGIM expects a company to have at least one-third women on the board. LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. A vote against is applied as the company has an all-male Executive Committee.	Not provided
HSBC Islamic Global Equity Index Fund	Apple Inc.	7.88	2024-02-28	Against	Report on Median Gender / Racial Pay Gap	Diversity, equity and inclusion	HSBC believes that the proposal would contribute to improving gender inequality.	<input type="checkbox"/>
	Novartis AG	0.73	2024-03-05	Against	Re-elect Patrice Bula as Director	Diversity, equity and inclusion	HSBC is voting against this Nomination Committee Chair as they have concerns about insufficient gender diversity of the board.	<input checked="" type="checkbox"/>
Columbia Threadneedle Dynamic Real Return Fund	Microsoft Corp.	1.90	2023-07-12	Abstain	Report on Risks of Operating in Countries with Significant Human Rights Concerns	Human rights	Columbia Threadneedle believes the company faces risks related to human rights in its global operations. Good practice includes disclosing further information regarding the human rights assessment process along with a narrative on how impacts are monitored and effectively mitigated.	<input type="checkbox"/>

Fund	Company	Approx. Size of Holding at date of vote	Date	How the manager voted	Summary of the resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
Columbia Threadneedle Dynamic Real Return Fund	Amazon.com, Inc.	1.20	2023-05-24	For	Commission Third Party Study and Report on Risks Associated with Use of Recognition	Human rights	Columbia Threadneedle believes the company faces risks related to human rights in its global operations. Good practice includes developing a clear human rights policy or code of practice, along with a narrative on how impacts are monitored and effectively mitigated.	<input checked="" type="checkbox"/>

Source: LGIM, HSBC and Columbia Threadneedle.