

Caterpillar DC Pension Plan (“the Plan”) Annual SIP Implementation Statement – 30 September 2022

Introduction

This statement, prepared by the Trustee of the Plan (“the Trustee”), sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) has been followed during the year to 30 September 2022 (“the Plan year”) and includes a summary of the voting activity that was carried out on behalf of the Trustee over the Plan year by the investment managers.

This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended, and the guidance published by the Pensions Regulator.

Statement of Investment Principles

Investment Objectives of the Plan

The objectives of the Plan included in the SIP are as follows:

- *The Trustee recognises that 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 Trustee’s main objective is therefore to make available a range of investment options for this purpose.*
- *The Trustee also recognises that, in practice, most members may not be comfortable making investment choices and would prefer to follow a “default” arrangement. The Trustee therefore provides such an option, the objective being to focus on growth for younger members, introduce diversification as members’ pot sizes grow, and focus on lower risk for members as they reach retirement.*

The policies set out in the SIP are intended to help meet the overall investment objectives of the Plan. 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 and accompanying Investment Policy Implementation Document (IPID).

Governance structure and Trustee Knowledge and Understanding

The annual Chair’s statement sets out the governance structure and details on how the Trustee Directors meet the Trustee knowledge and understanding requirements, both individually and collectively as a board. This is a key area the Trustee focuses on to ensure best practice is followed and the board are well-equipped to implement their investment strategy and policies and help ensure they are in the best interest of their members.

In addition, the Trustee has put in place a set of objectives for their investment consultant that is assessed on an annual basis. This annual assessment forms an important part of their investment governance and allows the Trustee to assess the quality of the service provided and, ultimately, help deliver better outcomes for members.

Review of the SIP

The SIP was reviewed and was formally adopted at the Trustee meeting on 8 December 2021. The SIP was updated after this to include the following:

- the introduction of Legal & General Future World Global Equity Fund as a Freestyle option for members who wish to invest by taking ESG factors into consideration,

Caterpillar DC Pension Plan

- the introduction of HSBC Islamic Global Equity Index Fund as a Freestyle option for members who wish to invest in a fund compliant with Islamic law and
- the Defensive Fund being renamed the 'Annuity Aware Fund', to be in line with a change to the name of the underlying fund, announced by Legal & General Investment Management ("LGIM").

In preparing this Statement, only the SIP adopted in December 2021 is being considered. The changes made in the SIP dated December 2022 were made after the Scheme year-end so they are not considered as this Statement only covers the year to 30 September 2022.

The latest SIP can be found at the following link:

https://www.mycatpension.co.uk/Uploads/Documents/00/00/01/07/DocumentDocument_FILE/Caterpillar-DC-Plan-SIP-September-2021.pdf.

Assessment of how the policies in the SIP have been followed for the year to 30 September 2022

The information provided in the following section highlights the work undertaken by the Trustee during the Plan year to 30 September 2022 and sets out how this work followed the Trustee's policies in the SIP. In summary, it is the Trustee's view that the policies in the SIP have been followed during the Plan year to 30 September 2022.

Policy	Location in SIP	How the policy has been met over the year to 30 September 2022
<p>1 Kind of investments to be held and the balance between different kinds of investments</p>	<p>Section 2.3</p>	<p>The default investment option was subject to its formal triennial investment review, presented at the Trustee's meeting on 7 September 2022. The investments (fund type, management style and asset allocations) used in the default investment option were reviewed as part of this exercise. The review also covered the wider investment options available to members in the Plan. As part of this review, the Trustee decided to make changes to the underlying asset allocation of the Long Term Global Growth Fund (LTGF) and the Diversified Growth Fund (DGF). These two funds are primarily used as underlying components in the Plan's default and alternative lifestyle strategies but are also available for members to select on a freestyle basis. The changes are intended to introduce incremental improvements to how these two funds are constructed.</p> <p>The following changes have been made to the Strategic Asset Allocation of the LTGF following the Plan year end:</p> <ul style="list-style-type: none"> • Reduction in the existing home bias to UK equities. • Increase in North American equity allocation and a tilt to more unhedged currency exposure. • A slight reduction in European equities allocation. • A slight reduction in Pacific and Japanese equities allocation. • Introduced a 15% allocation to the DGF within the LTGF (in order to provide greater levels of diversification to members). <p>The following changes have been made to the DGF following the Plan year end:</p> <ul style="list-style-type: none"> • Reducing corporate bond and index linked gilt exposure. • Increasing overseas bond allocation. • Marginal increases to property and infrastructure exposures. <p>The Trustee noted that there were no funds available in the Plan that were designed to be compliant with Islamic law. Therefore, the Trustee made a change to the 'freestyle' investment options to include a Shariah-compliant equity fund, designed for members who wish to invest in line with Shariah law.</p> <p>The kind of investments held in the Plan remain consistent with the December 2021 version of the SIP and no changes were implemented during the Plan year to 30 September 2022. The changes outlined above were implemented for the Plan in November 2022.</p>

Caterpillar DC Pension Plan

<p>2 Risks, including the ways in which risks are to be measured and managed</p>	<p>Section 2.2</p>	<p>As detailed in the risk table in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers, funds, asset classes.</p> <p>The Trustee considers these risks and how they are measured and managed either as part of quarterly meeting where fund performance is discussed or as part of formal triennial investment strategy reviews (the last formal review was presented at the Trustee’s meeting on 7 September 2022).</p>
<p>3 Expected Return on Investments</p>	<p>Section 3.5</p>	<p>The Trustee has made available funds across the expected risk/return spectrum. This includes assets that target long term growth in real terms and assets that are expected to be less risky and more defensive in nature.</p> <p>The investment performance report was reviewed by the Trustee on a quarterly basis during the Plan year – this included performance information on the default and additional investment fund choices. The investment performance report included how each investment manager is delivering against their specific targets or benchmarks and a Mercer overview of the market during each quarter.</p> <p>The portfolio components of the default are also specifically monitored against their respective aims and objectives. This formed part of the investment strategy review presented at the Trustee’s meeting on 7 September 2022. The performance of the growth phase of the default (and alternative lifestyles) was reviewed against inflation and the de-risking phase of the default review focused on diversification levels and the standard deviation of returns (representing a measure of risk). This review concluded the aims and objectives remain appropriate and the default was delivering against them.</p>



Investment Mandates

Policy	Location in SIP	How the policy has been met over the year to 30 September 2022
<p>4 Securing compliance with the legal requirements about choosing investments</p>	<p>Section 1.2</p>	<p>The Trustee noted that there were no funds available in the Plan that were designed to be compliant with Islamic law. Therefore, the Trustee made a change to the ‘freestyle’ investment options to include a Shariah-compliant equity fund, designed for members who wish to invest by taking Islamic religious beliefs into consideration. This change was implemented in November 2022 but was actively discussed and the decision to implement was made during the Plan year. Appropriate investment advice was received from the Plan’s investment consultants ahead of the fund being added as an option for members.</p>

Caterpillar DC Pension Plan

			<p>There were no further changes to the investment arrangements in the Plan over the year. However, the Plan's investment consultants attended all meetings during the year and provided updates on fund performance and, where required, appropriateness of the funds used.</p>
5	Realisation of Investments	Sections 2.2 and 3.4	<p>In general the Plan's Investment Manager has discretion in the timing of realisations of investments and in considerations relating to the liquidity of those investments.</p> <p>In selecting funds for the Plan, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets. There were no changes during the year to the liquidity of the funds used by the Plan.</p>
6	Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments	Sections 2.2, 3.3 and 4.3	<p>There were no updates to this policy during the year. The risks identified in the SIP were assessed (i.e. measured and managed) as part of reviewing investment performance at Trustee meetings with more strategically focused assessments forming part of formal investment strategy reviews with the last review presented at the Trustee's meeting on 7 September 2022.</p> <p>During the year the investment performance report was reviewed by the Trustee on a quarterly basis – this also included a review of manager ratings from the investment consultant (both general ratings focusing on the investment consultant's view on the ability of the funds to achieve their objectives and specific ESG ratings focusing on stewardship and ESG integration).</p> <p>Member views on non-financial matters, when expressed, are taken into consideration in the selection, retention and realisation of investments. During the previous year, a member query led to consideration and proposed adoption of a Sharia-compliant fund which was implemented in November 2022.</p> <p>During the Plan year, the Trustee also completed an evaluation of how well ESG considerations are being integrated into their decision making. The analysis looked specifically at beliefs, policy, process and portfolio and interventions that can be made to improve how the Plan scores against these areas.</p>



Monitoring the Investment Managers

Policy	Location in SIP	How the policy has been met over the year to 30 September 2022
<p>7 Incentivising investment managers to align their investment strategies and decisions with the Trustees' policies</p>	<p>Sections 4.1 and 4.2</p>	<p>The policy reflects current practice.</p> <p>The manager arrangements were formally assessed as part of the investment strategy review presented at the Trustee's meeting on 7 September 2022. These are also assessed on an ongoing basis when concerns are identified.</p> <p>The investment performance report was reviewed by the Trustee on a quarterly basis during the Plan year – this included performance information on the default and additional investment fund choices. The investment performance report included how each fund is delivering against their specific targets or benchmarks.</p>
<p>8 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 equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term</p>	<p>Section 4.3</p>	<p>The policy reflects current practice.</p> <p>The Trustee considers the investment consultant's assessment of how each underlying investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.</p> <p>On an annual basis, the Trustee's review the voting and engagement records of the investment managers used in the Plan as part of this statement.</p>
<p>9 Evaluation of the investment manager's performance and the remuneration for asset management services</p>	<p>Section 4.4</p>	<p>The policy reflects current practice.</p> <p>The Trustee have reviewed both short term and longer term investment performance on a quarterly basis based on the investment performance reports discussed at Trustee meetings during the year. The extent to which the aims and objectives of the default arrangement were being met was also assessed as part of the investment strategy review presented at the Trustee's meeting on 7 September 2022.</p> <p>The investment management fees were assessed as part of the value for members' assessment undertaken for the year to 30 September 2022 included as part of the Chair's Statement.</p>

Caterpillar DC Pension Plan

10	Monitoring portfolio turnover costs	Section 4.5	<p>The policy reflects current practice.</p> <p>The Trustee considers the level of transaction costs as part of their annual value for members' assessment for the year to 30 September 2022.</p> <p>However, at present, the Trustee notes a number of challenges in assessing these costs:</p> <ul style="list-style-type: none"> • No industry-wide benchmarks for transaction costs exist • The methodology leads to some curious results, most notably "negative" transaction costs • Explicit elements of the overall transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs. <p>The Trustee will continue to monitor transaction costs on an annual basis.</p>
11	The duration of the arrangement with the investment manager	Section 4.6	<p>The policy reflects current practice. There is no set duration for investment manager appointments.</p> <p>The Trustee reviewed the performance of the Plan's funds quarterly. There were no concerns over the Plan year with no manager appointments being terminated during this period.</p>



ESG Stewardship and Climate Change

	Policy	Location in SIP	How the policy has been met over the year to 30 September 2022
12	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	Section 3.3	<p>The Trustee considered how ESG, climate change and stewardship is integrated within investment processes of existing investment managers during the Plan year by monitoring specific ESG fund ratings provided by the Plan's investment consultant. These ratings represent the extent to which managers integrate ESG factors and active ownership into their core processes. The Investment Consultant reported on the latest ESG ratings on a quarterly basis during the year.</p>

Voting and Engagement Activity by the Trustee during the Plan year



Engagement Policy Statement

Section 3.3 of the SIP sets out the Trustee's policy on ESG factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. Noting the actions covered under item 12 on the previous page, it is the Trustee's view that this policy has been followed during the Scheme year to 30 September 2022.



Voting activity

As the Plan invests solely in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf. There has been no changes related to the exercise of the rights (including voting rights) during the year and the policy reflects current practice. The Trustee has delegated their voting rights to the investment managers. The SIP states *"The Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code."* However, the Trustee reviews the voting activity on an annual basis while reviewing the Implementation Statement and has undertaken the actions covered in item 12 on the previous page during the year.

The majority of voting activity will arise in public equity funds. Nevertheless, voting opportunities may arise in other asset classes such as certain bonds, property and multi-asset funds. However, the Trustee have only received information relating to public equity funds this year.

As at 30 September 2022, the Plan invested in the following daily dealt and daily priced pooled funds:

Investment Manager	Fund name
Legal & General Investment Management ("LGIM")	Long Term Growth Fund ("LTGF")
LGIM	Diversified Growth Fund ("DGF")
LGIM	Annuity Aware Fund
LGIM	Retirement Income Fund
LGIM	Cash Fund
LGIM	UK Equity Index Fund
LGIM	UK Smaller Companies Index Fund
LGIM	North America Equity Index Fund**
LGIM	Europe (ex UK) Equity Index Fund**
LGIM	Japan Equity Index Fund**
LGIM	Asia Pacific (ex Japan) Equity Index Fund**
LGIM	World Emerging Markets Equity Index Fund
LGIM	Over 15 Year Fixed Interest Gilts Index Fund
LGIM	Over 5 Year Index-Linked Gilts Index Fund
LGIM	Investment Grade Corporate Bond – All Stocks – Index Fund
LGIM	Global Real Estate Index Fund
LGIM	Future World Global Equity Fund

The funds highlighted in bold hold equities.

*The Plan also invested in the GBP Hedged version of these regional equity funds.

Caterpillar DC Pension Plan

Note that the LTGF and DGF are component parts of the Plan's default strategy and invest in a number of underlying funds and this statement sets out the voting activity of those underlying funds.

Overview of LGIM's approach to voting and engagement

LGIM's policy on consulting with clients before voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

LGIM's process for deciding how to vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Proxy voting services

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. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions

To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

LGIM regularly monitor the proxy voting service through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out their expectations, an analysis of any issues they have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest

Caterpillar DC Pension Plan

and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

Processes for determining the most significant votes

As regulation on vote reporting has recently evolved with the introduction of the concept of a 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure that it continues to help its clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for its clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM is evolving its approach in line with the new regulation and are committed to provide clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation ("PLSA"). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Risk Management

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of their formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

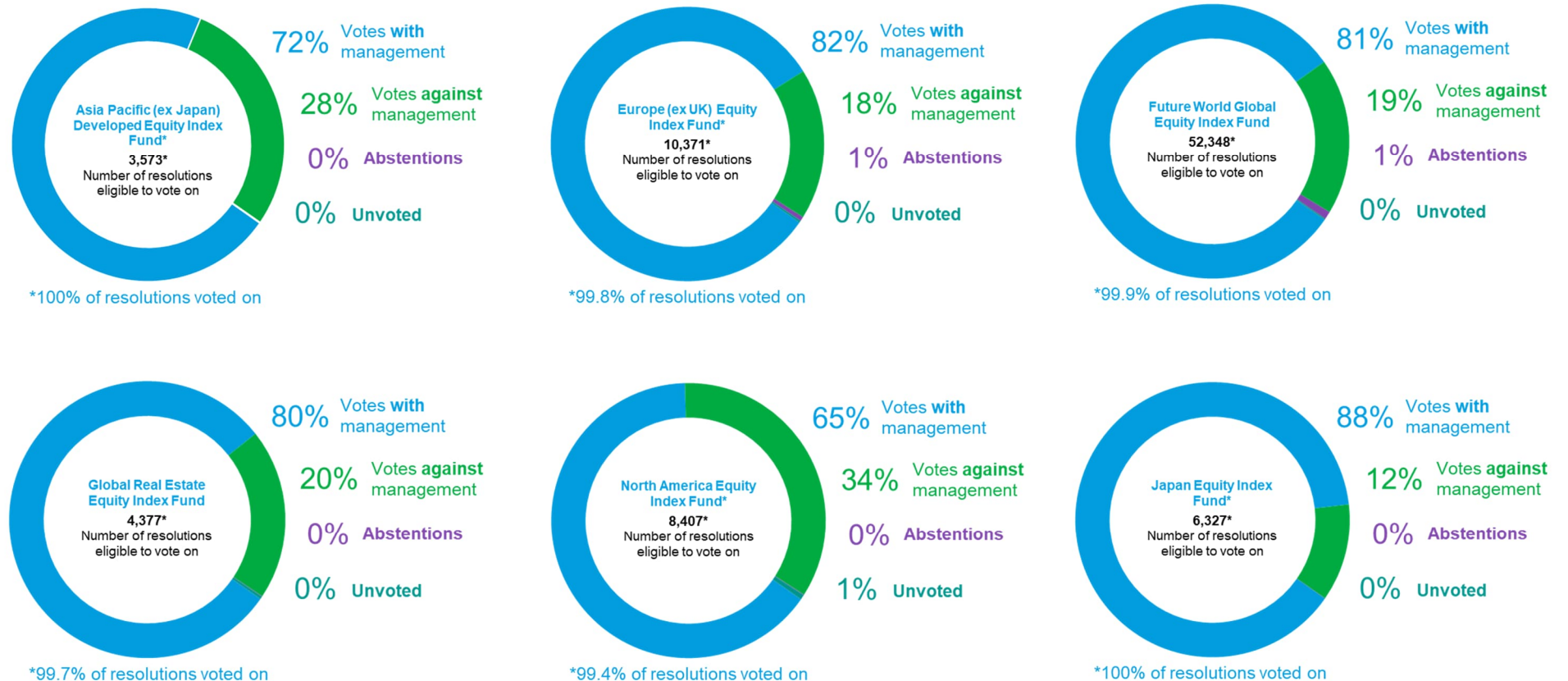
Source: LGIM

Caterpillar DC Pension Plan

Voting Activity during the Plan year

A summary of the voting activity, provided by LGIM, for the Plan's equity investments is set out below. Over the prior 12 months, the Trustee has not actively challenged the investment manager of each externally managed fund on their voting activity. The Trustee does not use the direct services of a proxy voter.

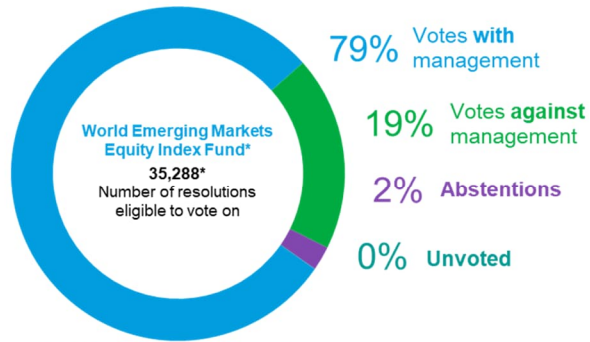
Votes "for / against management" assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.



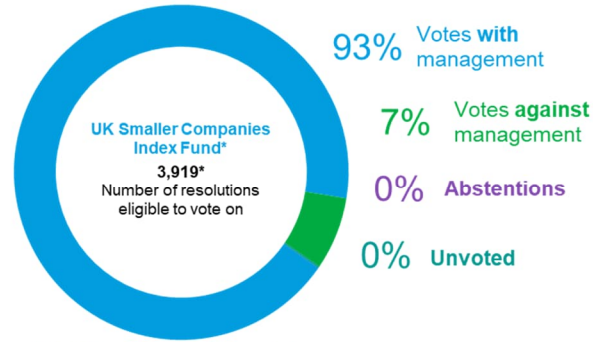
*Underlying funds of the Long Term Growth and Diversified Growth Funds.

Source: Legal & General Investment Management ("LGIM")

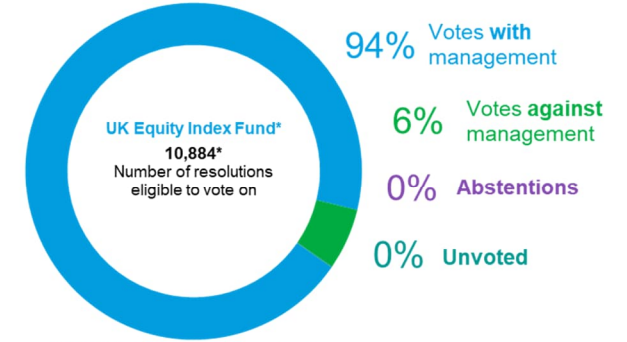
Caterpillar DC Pension Plan



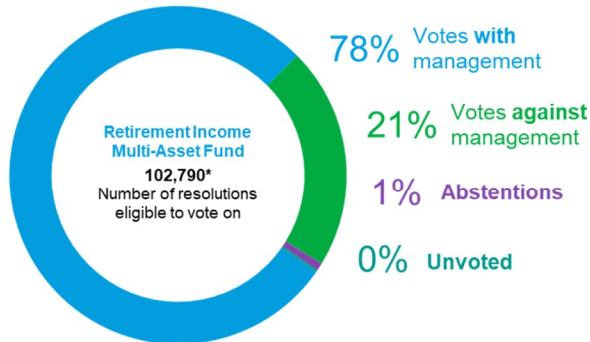
*100% of resolutions voted on



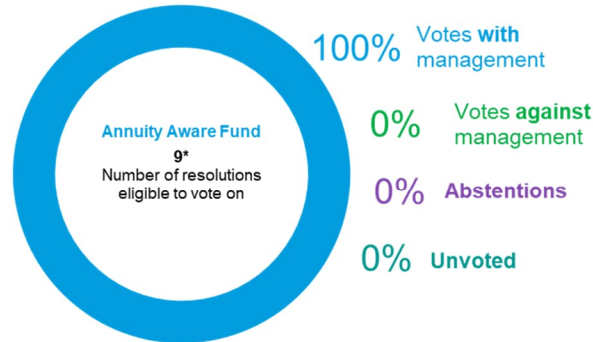
*99.9% of resolutions voted on



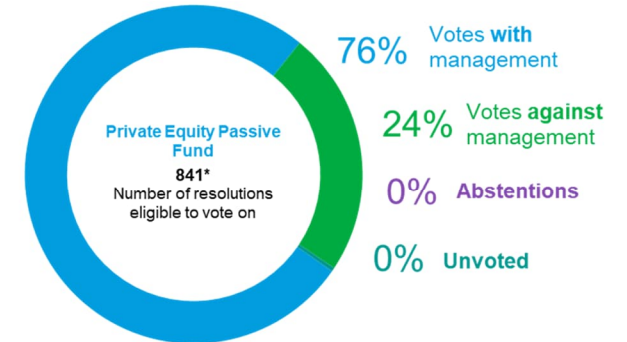
*99.9% of resolutions voted on



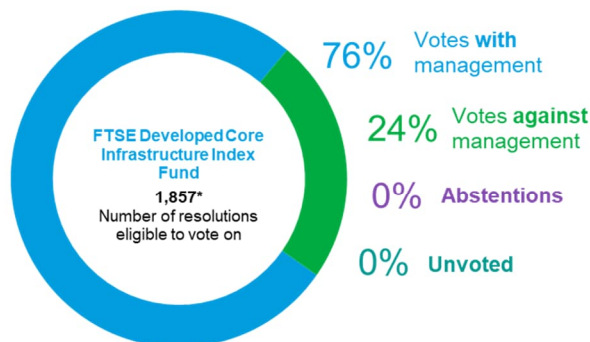
*99.8% of resolutions voted on



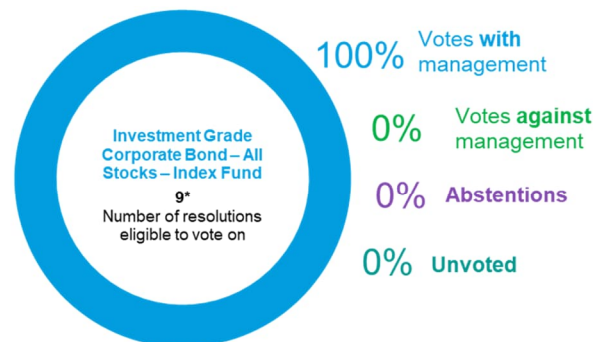
*100% of resolutions voted on



*99.6% of resolutions voted on



*100% of resolutions voted on



*100% of resolutions voted on

Caterpillar DC Pension Plan



Sample of significant votes

LGIM have provided examples of significant votes across the funds previously noted as containing equity. It is not possible to disclose all the information received in this statement. Therefore, the Trustee has selected an example of voting activity to include in this statement focusing on areas including climate change/carbon emissions, separation of the role of CEO/Board Chairman and board diversity. The final outcome column below represents the result of the Resolution after all the votings: Passed (✓) or Not-Passed (✗).

Fund	Company	Date	How the manager voted	Summary of the Resolution	Rationale for the Manager vote	Final outcome
	Rio Tinto Limited	2022-05-05	Against	Approve Climate Action Plan	LGIM recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	✓
Asia Pacific (ex Japan) Developed Equity Index Fund	Santos Limited	2022-05-03	Against	Approve Advisory Vote on Climate Change	While LGIM notes the improvement the company has made with regards to its operational emissions reduction targets, 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. The absence of tangible scope 3 targets, together with the potential fossil fuels expansion plans, are at odds with the level of ambition required to align with such goals.	✓
	QBE Insurance Group Limited	2022-05-05	For	Approve Climate Risk Management	A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply.	✗

Caterpillar DC Pension Plan

Fund	Company	Date	How the manager voted	Summary of the Resolution	Rationale for the Manager vote	Final outcome
Europe (ex UK) Equity Index Fund	UBS Group AG	2022-04-06	Against	Approve Climate Action Plan	A vote AGAINST this proposal is applied following internal discussion. While they positively note the company's progress over the last year, as well as its recent commitment to net zero by 2050 across its portfolio, they have concerns with the strength and coverage of the Climate Action Plan's Scope 3 targets and would ask the company to seek external validation of its targets against credible 1.5°C scenarios. Gaining approval and verification by SBTi (or other external independent parties as they develop) can help demonstrate the credibility and accountability of plans.	<input checked="" type="checkbox"/>
	Equinor ASA	2022-05-11	Against	Approve Company's Energy Transition Plan (Advisory Vote)	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. Whilst they welcome Equinor's progress in setting emission reduction targets covering all scopes of emissions, they remain concerned over Equinor's future plans in oil and gas production.	<input checked="" type="checkbox"/>
Future World Global Equity Index Fund	Apple Inc.	2022-03-04	For	Report on Civil Rights Audit	A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.	<input checked="" type="checkbox"/>
	Royal Dutch Shell Plc	2022-05-24	Against	Approve the Shell Energy Transition Progress Update	A vote against is applied, though not without reservations. LGIM acknowledges the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	<input checked="" type="checkbox"/>
Future World Global Equity Index Fund	Total Energies SE	2022-05-25	Against	Approve Company's Sustainability and Climate Transition Plan	A vote against is applied. LGIM recognizes the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, they remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.	<input checked="" type="checkbox"/>

Caterpillar DC Pension Plan

Fund	Company	Date	How the manager voted	Summary of the Resolution	Rationale for the Manager vote	Final outcome
Global Real Estate Equity Index Fund	Icade SA	2022-04-22	For	Approve Company's Climate Transition Plan	A vote FOR this proposal is warranted, as the company presents a 1.5°C trajectory Net Zero ambition with short-, medium- and long-term targets and a detailed roadmap to achieving its goals for this decade. The level of transparency and the governance structure for addressing and dealing with the climate topics appear robust. The company notably commits to an advisory vote on this matter on a yearly basis. They will keep the company's progress in obtaining SBTi approval for its targets under review.	<input checked="" type="checkbox"/>
North America Equity Index Fund	Alphabet Inc.	2022-06-01	For	Report on Physical Risks of Climate Change	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	<input checked="" type="checkbox"/>
Japan Equity Index Fund	Mitsubishi Corp.	2022-06-24	For	Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	<input checked="" type="checkbox"/>
	Sumitomo Mitsui Financial Group, Inc.	2022-06-29	For	Amend Articles to Disclose Measures to be Taken to Make Sure that the Company's Lending and Underwriting are not Used for Expansion of Fossil Fuel Supply or Associated Infrastructure	A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply.	<input checked="" type="checkbox"/>
	The Kansai Electric Power Co., Inc.	2022-06-28	For	Amend Articles to Disclose Transition Plan through 2050 Aligned with Goals of Paris Agreement	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.	Not provided

Caterpillar DC Pension Plan

Fund	Company	Date	How the manager voted	Summary of the Resolution	Rationale for the Manager vote	Final outcome
World Emerging Markets Equity Index Fund	China Construction Bank Corporation	2022-06-23	Against	Elect Graeme Wheeler as Director	A vote against is applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.	<input checked="" type="checkbox"/>
UK Smaller Companies Index Fund	North Atlantic Smaller Companies Inv Trust PLC	2022-06-21	Against	Re-elect Sir Charles Wake as Director	A vote against is applied because of a lack of progress on gender diversity on the board.	<input checked="" type="checkbox"/>
	Glencore Plc	2022-04-28	Against	Approve Climate Progress Report	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. While they note the progress the company has made in strengthening its medium-term emissions reduction targets to 50% by 2035, they remain concerned over the company's activities around thermal coal and lobbying, which they deem inconsistent with the required ambition to stay within the 1.5°C trajectory.	<input checked="" type="checkbox"/>
UK Equity Index Fund	BP Plc	2022-05-12	For	Approve Net Zero - From Ambition to Action Report	A vote FOR is applied, though not without reservations. While LGIM notes the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened.	<input checked="" type="checkbox"/>
	Anglo American Plc	2022-04-19	Against	Approve Climate Change Report	LGIM recognises the substantial progress the company has made in climate reporting, primarily on transparency and the expansion of GHG emissions reduction targets (including the ambition to work to decarbonise its value chain), as well as the importance of the company's products in enabling the low-carbon transition. However, they remain concerned that the company's interim operational emissions targets (to 2030) are insufficiently ambitious to be considered aligned with the 1.5C trajectory.	<input checked="" type="checkbox"/>

Caterpillar DC Pension Plan

Fund	Company	Date	How the manager voted	Summary of the Resolution	Rationale for the Manager vote	Final outcome
Retirement Income Multi-Asset Fund	Getlink SE	2022-04-27	Against	Approve Company's Climate Transition Plan (Advisory)	A vote against is applied due to the lack of clarity around long-term goals and net zero ambitions.	<input checked="" type="checkbox"/>
	ENGIE SA	2022-04-21	Against	Approve Company's Climate Transition Plan	A vote Against this plan is warranted. While LGIM recognizes the substantial progress that the company has made in setting scope 1, 2 and 3 greenhouse gas emission reduction targets, as well as its commitments to phase-out the use of coal in Europe by 2025 and globally by 2027. However, they are concerned that the company's electricity generation targets are not aligned with a 1.5C trajectory.	<input checked="" type="checkbox"/>
	Barclays Plc	2022-05-04	Against	Approve Barclays' Climate Strategy, Targets and Progress 2022	While LGIM positively notes the Company's use of absolute emissions targets for its exposure in the Energy sector, as well as the inclusion of capital markets financed emissions within its methodology, they have concerns that the ranges used for interim emissions reduction targets and the exclusion of US clients from the 2030 thermal coal exit falls short of the actions needed for long-term 1.5C temperature alignment. A vote Against is therefore 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.	<input checked="" type="checkbox"/>
Private Equity Passive Fund	ICG Enterprise Trust plc	2022-06-28	Against	Re-elect Jane Tufnell as Director	A vote against is applied because of a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board.	<input checked="" type="checkbox"/>
FTSE Developed Core Infrastructure Index Fund	Centrica Plc	2022-06-07	For	Approve Climate Transition Plan	While LGIM notes the inherent challenges in the decarbonization efforts of this sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is LGIM view that the company has taken significant steps to progress towards a net zero pathway, however they welcome the company's review of interim targets as part of the Science Based Targets Initiative validation process, as well as disclosures that are aligned to the CA100+ benchmark.	Not provided
	Tokyo Electric Power Co. Holdings, Inc.	2022-06-28	For	Amend Articles to Require Disclosure of Asset Resilience to a Net Zero by 2050 Pathway	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Not provided



Caterpillar DC Pension Plan

Engagement Activity during the Plan year

Fund	Fund Market Cap Engaged	Eligible Fund Value Engaged	Unique Companies Engaged	Number of engagements on:			
				Environmental	Social	Governance	Other (e.g. financial and strategy)
FTSE Developed Core Infrastructure Index Fund	23%	23%	13	13	3	8	3
Future World Global Equity Index Fund	37%	39%	353	221	211	295	84
Global Real Estate Equity Index Fund	24%	24%	82	66	5	32	0
Japan Equity Index Fund	22%	23%	65	64	12	35	11
North America Equity Index Fund	39%	42%	137	102	83	114	35
Over 5 Year Index-Linked Gilts Index Fund	0%	42%	14	19	3	15	2
Asia Pacific (ex Japan) Developed Equity Index Fund	19%	20%	31	37	8	24	6
Europe (ex UK) Equity Index Fund	31%	31%	66	60	29	54	13
Private Equity Passive Fund	10%	11%	14	14	5	15	2
Retirement Income Multi-Asset Fund	17%	26%	454	288	229	335	89

Caterpillar DC Pension Plan

Fund	Fund Market Cap Engaged	Eligible Fund Value Engaged	Unique Companies Engaged	Number of engagements on:			
				Environmental	Social	Governance	Other (e.g. financial and strategy)
Sterling Liquidity Fund	25%	42%	14	19	3	15	2
UK Equity Index Fund	59%	62%	141	68	77	153	32
UK Smaller Companies Index Fund	14%	16%	26	4	2	25	0
World Emerging Markets Equity Index Fund	24%	25%	50	44	54	32	16
Annuity Aware Fund	16%	25%	78	74	54	89	33

The table above provide examples of engagement activity undertaken by the Plan's investment managers.

Source: Legal & General Investment Management ("LGIM")