

Caterpillar DC Pension Plan (‘the Plan’)

SIP Implementation Statement for the Year Ended
30 September 2023



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Section 1

Introduction

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 running from 1 October 2022 to 30 September 2023 (the “Plan Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Plan Year, which was the SIP dated 16 March 2023.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the SIP during the Plan Year, respectively.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Contribution (“DC”) Section of the SIP have been followed. **The Trustee can confirm that all policies in the SIP have been followed during the Plan Year.**

A copy of the SIP is available at https://www.mycatpension.co.uk/Uploads/Documents/00/00/01/07/DocumentDocument_FILE/Caterpillar-DC-Plan-SIP.pdf.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Plan.

Section 2

Statement of Investment Principles

Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

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 Investment Policy Implementation Document (IPID).

Review of the SIP

During the year, the Trustee reviewed and amended the Plan's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). A revised SIP was signed on 16 March 2023 in order to reflect the investment changes introduced in November 2022 following the latest triennial investment strategy review. Specifically, the updates to the SIP captured the change in name of the Defensive Fund (to the Annuity Aware Fund), updates to the ESG, Stewardship and Climate Change Section and the introduction of the Shariah compliant global equity option.



Assessment of how the policies in the SIP have been followed for the Plan Year

The information provided in the following section highlights the work undertaken by the Trustee during the year and has driven long term value for beneficiaries where relevant and sets out how this work followed the Trustee's policies in the SIP (dated March 2023), relating to the DC Section of the Scheme.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Plan Year.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DC

Policy

The Trustee's policy on the kind of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:

- Investment Objectives (SIP Section 2.1)
- Investment Strategy (SIP Section 2.3)
- Expected Returns (SIP Section 3.4)

How has this policy been met over the Plan Year?

The default investment option's last triennial review was presented at the Trustee 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 were intended to introduce incremental improvements to how these two funds are constructed.

The following changes have been made to the Strategic Asset Allocation of the LTGF in November 2022:

- 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).

The following changes have been made to the DGF in November 2022:

DC

- Reducing corporate bond and index linked gilt exposure.
- Increasing overseas bond allocation.
- Marginal increases to property and infrastructure exposures.

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, available for members to invest since November 2022.

The kind of investments held in the Plan remain consistent with the 16 March 2023 version of the SIP and the above changes were implemented in November 2022.

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.

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.

The portfolio components of the default are also specifically monitored against their respective aims and objectives. 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). The aims and objectives remain appropriate and the default was delivering against them.

Risks, including the ways in which risk are to be measured and managed

DC

Policy

The Trustee's policy on the risks, including the ways in which risks are to be measured and managed can be found in section 2.2 (Investment Risk) of the SIP.

How has this policy been met over the Plan Year?

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.

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 undertaken in September 2022).

Investment Mandates

Securing compliance with the legal requirements about choosing investments

DC

Policy

As required by legislation, **the** Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited. The Trustee, in preparing the Statement, has also consulted the Plan Sponsor. The policy is detailed in Section 1.2 (Decision Making Structure) of the SIP, which applies to the DC Section of the Plan.

How has this policy been met over the Plan Year?

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. These changes were implemented in November 2022 but were actively discussed and the decision to implement was made during the previous Plan year. Appropriate investment advice was received from the Plan's investment consultants ahead of the changes.

There were no further changes to the investment arrangements in the Plan over the year. However, the Trustee's investment consultant attended all meetings during the year and provided updates on fund performance and, where required, appropriateness of the funds used.

Realisation of Investments

DC

Policy

The policy is detailed in Sections 2.2 (Investment Risk) and 3.3 (Realisation of Investments) of the SIP, which applies to the DC Section of the Plan.

How has this policy been met over the Plan Year?

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.

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.

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies

DC

Policy

The Trustee's policy is set out in Sections 4.1 and 4.2 of the SIP, which applies to the DC Section of the Plan.

How has this policy been met over the Plan Year?

The policy reflects current practice.

The manager arrangements were formally assessed as part of the September 2022 investment strategy review. These are also assessed on an ongoing basis when concerns are identified.

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.

Evaluation of asset managers' performance and remuneration for asset management services

DC

Policy

The Trustee's policy is set out in Section 4.4 of the SIP, which applies to the DC Section of the Plan.

How has this policy been met over the Plan Year?

The policy reflects current practice.

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 September 2022 investment strategy review.

DC

The investment management fees were assessed as part of the value for members' assessment undertaken for the year to 30 September 2023 included as part of the Chair's Statement.

Monitoring portfolio turnover costs

DC

Policy

The Trustee's policy is set out in Section 4.5 of the SIP, which applies to the DC Section of the Plan.

How has this policy been met over the Plan Year?

The policy reflects current practice.

The Trustee considers the level of transaction costs as part of their annual value for members' assessment for the year to 30 September 2023.

However, at present, the Trustee notes a number of challenges in assessing these costs:

- 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.

The Trustee will continue to monitor transaction costs on an annual basis.

The duration of the arrangements with asset managers

DC

Policy

The Trustee is a long-term investor. All funds are open-ended and therefore there is no set duration for manager appointments. Further details of the Trustee's policy are set out in Section 4.6 of the SIP, which applies to the DC Section of the Plan.

How has this policy been met over the Plan Year?

The policy reflects current practice. There is no set duration for investment manager appointments.

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.

During the Plan year, the Trustee agreed to move the Plan to the LifeSight Master Trust. This exercise is due to be completed in 2024.

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

DC

Policy

The Plan's SIP outlines the Trustee's beliefs on ESG factors (including climate change). Further details are included in Sections 2.2, 3.2, 3.3 and 4.3 of the SIP, which applies to the DC Section of the Plan. The Trustee keeps its policies under regular review.

How has this policy been met over the Plan Year?

The Pension Schemes Act 2021 introduced legislation requiring specified pension schemes to ensure there is effective governance with respect to the effects of climate change.

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.

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).

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.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee's would monitor and engage with relevant persons about relevant matters).

DC

Policy

The Trustee's policy is set out in Section 3.2 of the SIP, which applies to the DC Section of the Plan. In addition, it is the Trustee's responsibility to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

How has this policy been met over the Plan Year?

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.

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance*") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote":

- A significant vote is defined as one that is linked to the Plan's stewardship priorities/themes.
- A vote could also be significant for other reasons, e.g., due to size of holdings.
- The Trustee is to include details on why a vote is considered significant and rationale for voting decision.

Section 3 sets out a summary of voting activity and a sample of the most significant votes cast on behalf of the Trustee by these investment managers. During the August 2023 ISC meeting, the Trustees discussed how to define significant votes. It was noted that the assets would have been transferred out of the Plan within a 12-month period and the use of pooled funds meant that the Trustee was unable to independently influence the managers to any great extent. The Trustee has decided to consider any voting relating to Climate Change, Pollution and natural resource degradation, Human Rights and Diversity, Equity and Inclusion as part of their criteria for significant votes. Those areas of focus aligned with the Trustee's Statement of Investment Principles (SIP) and the Caterpillar Sustainability Report.

Section 3

Voting and Engagement Activity by the Trustee during the Plan year

Engagement Policy Statement

Section 3.2 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 "Voting and Engagement Disclosures" on the previous page, **it is the Trustee's view that this policy has been followed during the Scheme year to 30 September 2023.**

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 "Voting and Engagement Disclosures" 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 2023, 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
HSBC	HSBC Islamic Global Equity Index Fund

The funds highlighted in bold hold equities.

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

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 as they seek 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 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. LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

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 LGIM's 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

Overview of HSBC's approach to voting and engagement

HSBC's policy on consulting with clients before voting

The legal right to the underlying votes lies with the directors of the HSBC CCF Islamic Global Equity Fund. They have delegated this execution of this voting to HSBC Global Asset Management (UK) Limited.

HSBC's process for deciding how to vote

HSBC exercises its voting rights as an expression of stewardship for client assets. HSBC has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

Proxy voting services

HSBC uses the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene its guidelines. HSBC reviews voting policy recommendations according to the scale of our overall holdings. The bulk of holdings are voted in line with the recommendation based on its guidelines.

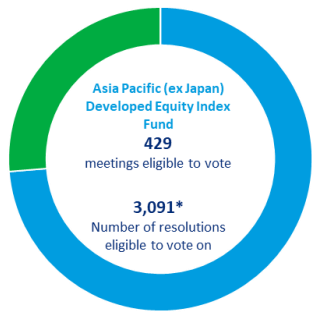
Processes for determining the most significant votes

HSBC regards the votes against management recommendation as the most significant. With regards to climate, in its engagement HSBC encourages companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, HSBC will generally vote against the re-election of the Chairman. HSBC also generally supports shareholder resolutions calling for increased disclosure on climate-related issues.

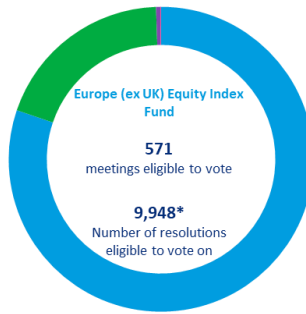
Source: HSBC

Voting Activity during the Plan year

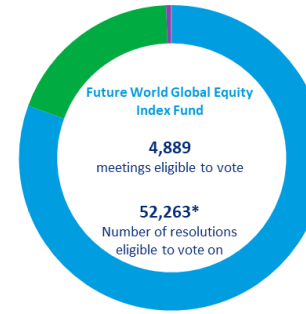
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Plan. Funds where voting is not applicable (i.e., non-equity funds) are not included in the list below.



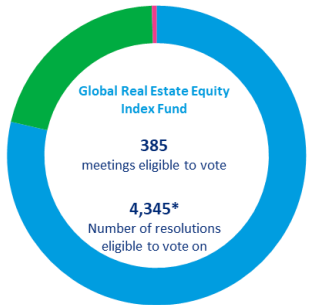
*100.0% of resolutions voted on



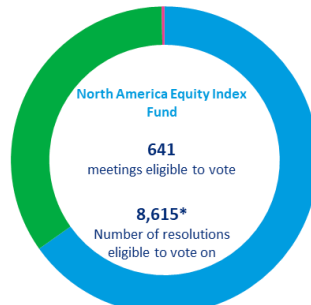
*99.9% of resolutions voted on



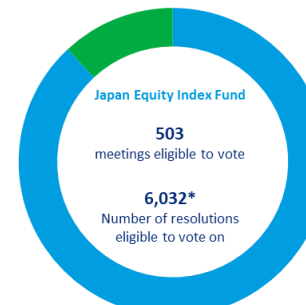
*99.9% of resolutions voted on



*99.5% of resolutions voted on

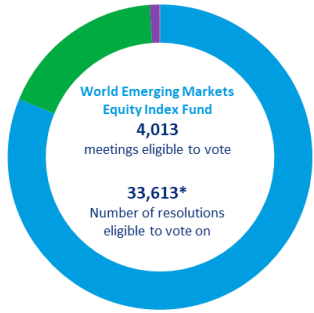


*99.7% of resolutions voted on



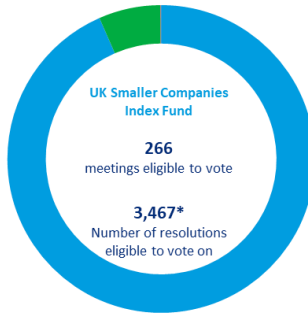
*100.0% of resolutions voted on

Source: LGIM and HSBC



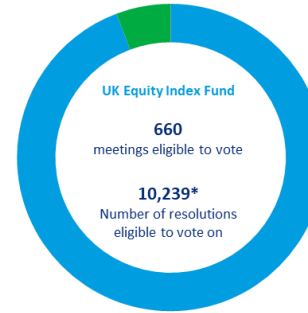
81% Votes **with** management
18% Votes **against** management
1% Abstentions
0% Unvoted

*100.0% of resolutions voted on



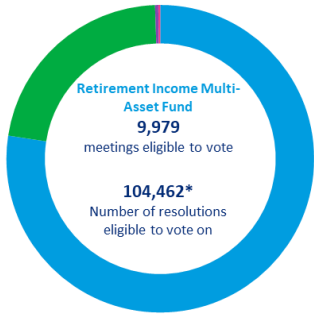
93% Votes **with** management
7% Votes **against** management
0% Abstentions
0% Unvoted

*99.9% of resolutions voted on



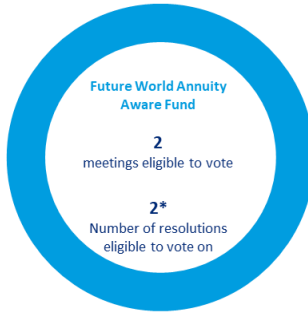
94% Votes **with** management
6% Votes **against** management
0% Abstentions
0% Unvoted

*100.0% of resolutions voted on



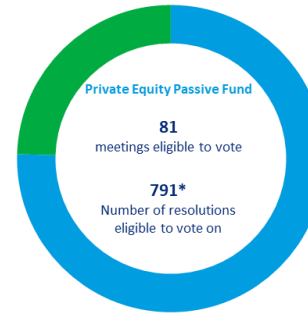
78% Votes **with** management
22% Votes **against** management
0% Abstentions
0% Unvoted

*99.8% of resolutions voted on



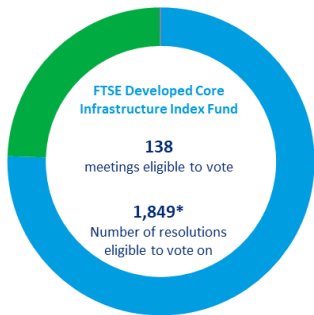
100% Votes **with** management
0% Votes **against** management
0% Abstentions
0% Unvoted

*100.0% of resolutions voted on



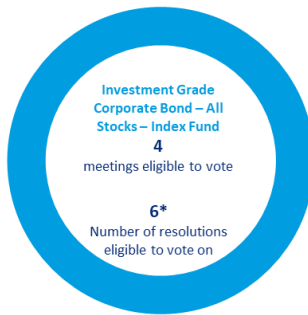
75% Votes **with** management
25% Votes **against** management
0% Abstentions
0% Unvoted

*100.0% of resolutions voted on



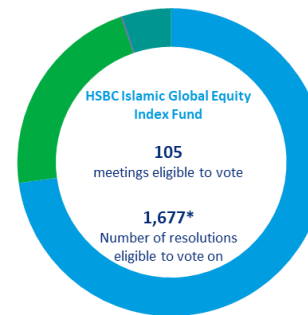
76% Votes **with** management
24% Votes **against** management
0% Abstentions
0% Unvoted

*100.0% of resolutions voted on



100% Votes **with** management
0% Votes **against** management
0% Abstentions
0% Unvoted

*100.0% of resolutions voted on



73% Votes **with** management
22% Votes **against** management
0% Abstentions
5% Unvoted

*94.8% of resolutions voted on

Most significant votes

A “Significant Vote” is defined as one that is linked to the Plan’s stewardship priorities/themes. As per DWP’s Statutory Guidance a vote could also be significant for other reasons, e.g., due to the size of holding. The Trustee is required to include details on why a vote is considered significant and rationale for voting decision. The votes included below are all those that the Trustee believe to be most significant for the DC Section of the Plan based on Plan’s beliefs and stewardship priorities: Climate change, Pollution and natural resource degradation, Human rights and Diversity, Equity and Inclusion. Also, where possible, a screen related to size is included, specifically that the stock in question is in the top 10 largest holdings of the portfolio, to ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio. A maximum of two votes per fund were chosen based on these criteria to include the top 2 as long as the Stewardship Priority is not repeated (e.g. two votes related to Board Diversity for the same fund).

✗ Resolution not passed ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
Asia Pacific (ex Japan) Developed Equity Index Fund	1.48	Woodside Energy Group Ltd.	2023-04-28	Re-elect Mr Ian Macfarlane as a director	Against	The rationale for LGIM intention to vote against, reflects its concerns around the company’s lack of commitment to aligning with the Paris objectives and net zero, and the insufficient reaction to the significant proportion of shareholder votes against their climate report in the 2022 AGM. Additionally, following the completion of the BHP petroleum assets merger in 2022, LGIM is looking to get more clarity on the decarbonisation targets of the combined group, and note a number of gaps in the company’s disclosure, primarily around the overreliance on offsets for achieving climate goals. In 2023, LGIM have met with the company and with the chair of the board. However, LGIM still feels that actions taken are insufficient to restore investor confidence and that there is a lack of urgency around better aligning the company with the Paris objectives.	✓	The Trustee had deemed votes related to the climate change risks, policies and activities to be a significant vote.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
Europe (ex UK) Equity Index Fund	2.01	Novartis AG	2023-03-07	Re-elect Joerg Reinhardt as Director and Board Chair	Against	A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM expects companies to increase female participation both on the board and in leadership positions over time.	Not provided	The Trustee had deemed votes related to the governance and board diversity to be a significant vote.
	1.74	TotalEnergies SE	2023-05-26	Approve the Company's Sustainable Development and Energy Transition Plan	Against	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, LGIM remains concerned of the company 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.	Not provided	The Trustee had deemed votes related to the climate change risks, policies and activities to be a significant vote.
	2.06	NVIDIA Corporation	2023-06-22	Elect Director Stephen C. Neal	Against	A vote against is applied as LGIM expects a company to have at least one-third women on the board. A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Not provided	The Trustee had deemed votes related to the governance and board diversity to be a significant vote.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
Future World Global Equity Index Fund	1.34	Amazon.com, Inc.	2023-05-24	Report on Median and Adjusted Gender/Racial Pay Gaps	For	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. Board diversity is an engagement and voting issue, as LGIM believes cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	✘	The Trustee had deemed votes related to the labour practices (Social) and diversity to be a significant vote.
Global Real Estate Equity Index Fund	7.43	Prologis, Inc.	2023-05-04	Elect Director Jeffrey L. Skelton	Against	A vote against is applied as LGIM expects a company to have at least one-third women on the board; a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background; the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background and as the company has an all-male Executive Committee.	Not provided	The Trustee had deemed votes related to the governance and board diversity to be a significant vote.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
	2.97	Public Storage	2023-05-02	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	For	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.	✗	The Trustee had deemed votes related to the climate change risks, policies and activities to be a significant vote.
North America Equity Index Fund	2.47	Amazon.com, Inc.	2023-05-24	Report on Median and Adjusted Gender/Racial Pay Gaps	For	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 LGIM believes cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	✗	The Trustee had deemed votes related to the labour practices and diversity to be a significant vote.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
Japan Equity Index Fund	4.19	Toyota Motor Corp.	2023-06-14	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	For	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledges the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years however, believes that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, LGIM expects Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review and that the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.	✗	The Trustee had deemed votes related to the climate change risks, policies and activities to be a significant vote.
World Emerging Markets Equity Index Fund	4.24	Tencent Holdings Limited	2023-05-17	Elect Jacobus Petrus (Koos) Bekker as Director	Against	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	✓	The Trustee had deemed votes related to the climate change risks, policies and activities to

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
								be a significant vote.
UK Smaller Companies Index Fund	0.73	Henderson Far East Income Limited	2023-01-27	Re-elect Ronald Gould as Director	Against	A vote against is applied because of a lack of progress on gender diversity on the board.	Not provided	The Trustee had deemed votes related to the governance and board diversity to be a significant vote
UK Equity Index Fund	6.96	Shell Plc	2023-05-23	Approve the Shell Energy Transition Progress	Against	LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company 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 key areas to demonstrate alignment with the 1.5C trajectory.	✓	The Trustee had deemed votes related to the climate change risks, policies and activities to be a significant vote.
Retirement Income Multi-Asset Fund	0.34	Prologis, Inc.	2023-05-04	Elect Director Jeffrey L. Skelton	Against	A vote against is applied as LGIM expects a company to have at least one-third women on the board, as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background, as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant	Not provided	The Trustee had deemed votes related to the governance and board diversity to be a significant vote.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
						skills, experience, tenure, and background and as the company has an all-male Executive Committee.		
Private Equity Passive Fund	7.73	EQT AB	2023-05-30	Reelect Conni Jonsson as Board Chair	Against	A vote against is applied as LGIM expects the presence of an independent lead director to ensure there is sufficient challenge to management, as LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM expects companies to increase female participation both on the board and in leadership positions over time.	Not provided	The Trustee had deemed votes related to board composition to be a significant vote.
FTSE Developed Core Infrastructure Index Fund	4.12	American Tower Corporation	2023-05-24	Elect Director Robert D. Hormats	Against	A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives officers to include at least 1 female.	✓	The Trustee had deemed votes related to the governance and board diversity to be a significant vote.
HSBC Islamic Global Equity Index Fund	2.86	Meta Platforms, Inc.	2023-05-31	Report on Human Rights Impact Assessment of Targeted Advertising	For	HSBC believes that the proposal would contribute to the better management of human rights issues.	✗	The Trustee had deemed votes related to human rights to be a significant vote.

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
	1.97	Exxon Mobil Corporation	2023-05-31	Elect Director Joseph L. Hooley	Against	HSBC voted against this Nomination Committee Chair as they have concerns about insufficient gender diversity of the board. HSBC voted against this Lead Director as they have concerns about the company's management of climate-related risks.	✓	The Trustee had deemed votes related to the governance and board diversity to be a significant vote.