

Implementation Statement (“IS”)

Industry - Wide Coal Staff Superannuation Scheme (the “Scheme”)

Scheme Year End – 31 December 2023

The purpose of the Implementation Statement is for us, the Trustee of the Industry - Wide Coal Staff Superannuation Scheme (the “Scheme”), to explain what we have done during the year ending 31 December 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year.
2. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

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

In our view, the Scheme’s investment managers were able to disclose adequate evidence of voting and engagement activity. We believe that the activities the managers have completed align with our stewardship priorities, and that our voting policy has been implemented effectively in practice. However, in future we expect LGIM to provide specific engagement examples relevant to the funds the Scheme invests in, and BlackRock to provide information regarding their engagement activities relevant to our investments in UK property. Through Aon, we will engage with the managers to encourage better reporting going forward.

Changes to the SIP during the year

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

The changes made included:

- Updates to the stewardship policy, which expands on the Scheme’s voting and engagement policy;
- How we monitor our investment managers;
- How we engage with managers if their voting and engagement policies are not aligned with our own policies;

The Scheme’s latest SIPs can be found here:

DB Section

<https://www.iwcsss.com/resources/iwcsss-statement-of-investment-principles-2023/>

DC Section

<https://www.iwcsss.com/resources/iwcsss-statement-of-investment-principles-dc-section-2023>

What is stewardship?

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

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

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

Source: UN PRI

How the policies in the SIPs have been followed

In the table below we set out what we have done during the year to meet the policies in the DB and DC SIPs.

DB Section

| Requirement | Policy | In the year to 31 December 2023 |
|-------------|--|---|
| Strategy | The Trustee monitors strategy relative to the agreed asset allocation benchmarks. It is intended that the investment strategy for each employer section will be reviewed at least every three years following actuarial valuations of the sections. In reviewing strategy, the Trustee will seek written advice as required. | The Trustees is provided with quarterly reports detailing the asset allocation against the benchmark. The Trustee reviews the Scheme’s expected returns on a quarterly basis to monitor against its objective. |

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| Performance | <p>The Trustee believes that having appropriate governing documentation, setting clear expectations to the asset managers by other means (where necessary), and regular monitoring of asset managers' performance and investment strategy, is in most cases sufficient to incentivise the asset managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.</p> | <p>The Trustee was provided with quarterly investment reports produced by their investment advisor which provide all the relevant monitoring information for each fund.</p> |
| Risk | <p>The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and their advisers considered this mismatching risk when setting the investment strategy and have specifically structured the Scheme's assets so as to minimise this risk as far as is practical.</p> | <p>The Trustee and its advisers considered this mismatching risk when setting the investment strategy and monitors the LDI portfolio on an ongoing basis.</p> |
| Environmental, Social and Governance consideration | <p>In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly.</p> | <p>Aon's specialist manager research team regularly reviews the Scheme's managers including on stewardship and the exercise of voting rights. Aon provides the Trustee with updates if there are any material changes to Aon's ESG ratings of each fund.</p> <p>Aon confirmed that all applicable managers received at least integrated ESG rating over Q1. This means that the fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.</p> |
| Stewardship | <p>The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.</p> | <p>Information, in particular focussing on case studies of voting and engagement activity, were requested from managers in conjunction with the preparation of this Implementation Statement.</p> <p>All voting and engagement has been delegated to managers.</p> |

DC Section

| Requirement | Policy | In the year to 31 December 2023 |
|--------------------|---|--|
| Strategy | <p>The Trustee's policy is to obtain written advice concerning the continued appropriateness of the investment strategy, investment manager and the range of funds available every three years, or sooner in the event of any significant changes to their investment objectives. The investment strategy review also considers the key risks inherent within the DC section.</p> <p>Investment in the insurance contract is under the control of the Trustee and it is the Trustee's policy to review the investments and to obtain written advice about them periodically.</p> | <p>The Trustee did not carry out a formal review of the investment strategy during the year, as the last review was carried out in 2022 and there have been no significant changes to the Trustee's investment objectives.</p> |
| Performance | <p>The Trustee monitors DC fund performance on a quarterly basis, with reference to each funds' benchmark (or expected return, if applicable)</p> | <p>The Trustee reviewed the performance of the DC funds, using the quarterly report issued by Legal & General at Administration, Risk and Finance Sub-committee meetings held on: 23 March 2023, 22 June 2023, 28 September 2023 and 14 December 2023.</p> |
| Costs | <p>The Trustee is aware of the importance of monitoring the costs and charges borne by members, and the impact these can have on member outcomes. It obtains information about the level of costs and charges, as part of the work to prepare the Chair's Statement each year.</p> <p>The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a high level of transaction costs is acceptable, as long as it is consistent with the asset class characteristics and manager's style and historic trends. Where the Trustee's monitoring identifies a lack of</p> | <p>The costs and charges for all DC and AVC funds held by members over the year to 31 December 2022 were obtained from the providers and are set out in the Chair's Statement for the year ending 31 December 2022.</p> <p>The Trustee carried out a high-level review of transaction costs for DC and AVC funds when carrying out the value for members assessment for the year ending 31 December 2022. The Trustee did not identify any inconsistencies in the transaction costs reported for the year ending 31 December 2022, compared to previous years.</p> |

consistency, the mandate will be reviewed.

Stewardship

The Trustee reviews the continuing suitability of the appointed provider at least every three years and takes advice from its investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustee reviews the stewardship activities of the fund managers on an annual basis, covering both engagement and voting actions.

The continuing suitability of Legal & General as the provider of the DC Section (and Aviva as the AVC provider) was reviewed using the governance and value assessment report presented by its investment advisers at the Administration, Risk and Finance Sub-committee meeting on 25 May 2023. This review did not specifically take account of broader stewardship matters and the exercise of voting rights by the appointed managers, however these matters are taken account of by the Trustee's investment advisers when considering the overall suitability of the investments. They were also considered by the Trustee when drafting the Implementation Statement for the year ending 31 December 2022.

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers. The Scheme also has a Liability Driven Investment ("LDI") portfolio, however, stewardship activity within the LDI portfolio is not material given that the overarching purpose of these funds is to track the Scheme's liabilities. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, all of our investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Investment monitoring takes place on a quarterly basis with a brief quarterly monitoring report being provided to us by our investment adviser, Aon Investments Limited ("Aon") for the DB section. Over the reporting year, we monitored the performance of the investments on a quarterly basis and received updates on important issues from Aon.

Discussions with the sponsor to align applicable ESG objectives

The views of the sponsor, where applicable, have been aligned to the Scheme's ESG objectives. For example, this includes manager appointments and changes to the SIP to highlight updates to the stewardship guidance. Furthermore, the Trustee and sponsor have jointly received training, delivered by Aon, on regulatory matters relating to stewardship and responsible investment in a broader context when required.

Our Engagement Action Plan

Based on the work we have done for the Implementation Statement, we have decided to take the following steps over the next 12 months:

1. Whilst Legal and General Investment Management Limited (“LGIM”) did provide a comprehensive list of fund-level engagements, which we find encouraging, it did not provide detailed engagement examples specific to the funds in which we are invested, as per the Investment Consulting Sustainability Working Group (“ICSWG”) industry standard engagement reporting template. We will continue to work with LGIM to better understand its voting and engagement practices and discuss the areas which are behind those of its peers.
2. BlackRock did not provide any data on engagement relating to its UK Property Fund and mentioned that it does not report on the stewardship activities of this Fund. We will continue to engage with BlackRock to encourage improvements in its engagement reporting.
3. We will continue to undertake an annual review of Aon’s stewardship report and evaluate how the underlying investment managers’ responsible investment policies align with those of our own.

LGIM’s engagement activity

We invest the majority of the Scheme’s assets with LGIM. As part of LGIM’s appointment, we have delegated the day-to-day management of the majority of the Scheme’s growth assets as a bespoke growth portfolio to LGIM. We have agreed parameters with LGIM to manage the Scheme’s growth assets. This allows LGIM to select the underlying funds on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to LGIM. We have reviewed LGIM’s latest annual Stewardship Report, and we believe it shows that LGIM is using its resources to effectively influence positive outcomes in the funds in which it invests.

Our investment managers’ voting activity

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

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

Why is voting important?

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

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Scheme’s material LGIM funds with voting rights for the year to 31 December 2023

| Funds | Number of resolutions eligible to vote on | % of resolutions voted | % of votes against management | % of votes abstained from |
|--------------------------------|---|------------------------|-------------------------------|---------------------------|
| DB Section | | | | |
| Multi Asset Target Return Fund | 3,261 | 99.2% | 26.1% | 0.7% |

| | | | | |
|---|--------|--------|-------|------|
| Diversified Multi-Factor Equity Fund | 18,524 | 99.9% | 20.1% | 0.5% |
| World Emerging Markets Equity Fund | 34,029 | 99.9% | 18.6% | 0.9% |
| FTSE Developed Core Infrastructure Index Fund | 1,884 | 100.0% | 24.2% | 0.1% |
| Global List Private Equity Passive Fund | 841 | 100.0% | 23.9% | 0.0% |
| Europe (ex UK) Equity Index Fund (GBP Currency Hedged and Unhedged) | 9,955 | 99.9% | 19.3% | 0.4% |
| UK Equity Index Fund | 10,517 | 99.8% | 5.8% | 0.0% |
| North America Equity Index Fund | 8,760 | 99.7% | 34.5% | 0.0% |
| Asia Pacific (ex-Japan) Developed Equity Index Fund | 3,283 | 100.0% | 26.3% | 0.0% |
| Japan Equity Index Fund - (GBP Currency Hedged and Unhedged) | 6,098 | 100.0% | 11.9 | 0.0% |
| MSCI World Small Cap ESG Exclusions Fund | 45,631 | 99.8% | 26.2% | 0.1% |
| DC Section | | | | |
| Multi-Asset Fund | 95,582 | 99.8% | 23.3% | 0.3% |

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

Use of proxy voting advisers

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

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

The table below describes how LGIM uses proxy voting advisers.

Why use a proxy voting adviser?

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

| Description of use of proxy voting advisers <i>(in the managers' own words)</i> | |
|---|---|
| LGIM | LGIM's Investment Stewardship team uses ISS's 'Proxy Exchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. |

Source: LGIM.

Significant voting examples

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

Our investment managers' engagement activity

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

The table below shows some of the engagement activity carried out by the Scheme's material managers. The investment managers have provided information for the most recent calendar year available.

| Funds | Number of engagements | | Themes engaged on at a fund level |
|---|-----------------------|------------|--|
| | Fund level | Firm level | |
| DB Section | | | |
| Multi-Asset Target Return Fund | 100 | 2,486 | Environment - Climate Impact Pledge, Climate Change Social - Ethnic Diversity, Gender Diversity Governance - Remuneration Others - Corporate Strategy |
| Diversified Multi-Factor Equity Fund | 388 | 2,486 | Environment - Climate Impact Pledge, Climate Change Social - Gender Diversity, Income Inequality Governance - Remuneration, Board Composition Others - Corporate Strategy |
| High Yield Bond Fund | 83 | 2,486 | Environment - Climate Impact Pledge, Deforestation Social - Ethnic Diversity Governance - Remuneration, Board Composition Others - Corporate Strategy |
| World Emerging Markets Equity Index Fund | 235 | 2,486 | Environment - Climate Impact Pledge, Deforestation Social - Gender Diversity Governance - LGIM ESG Score Others - Corporate Strategy |
| Emerging Market Passive Local Currency Government Bond Fund | <i>Not provided</i> | 2,468 | <i>Not provided</i> |
| FTSE Developed Core Infrastructure Index Fund | 38 | 2,486 | Environment - Climate Impact Pledge, Deforestation Social - Labour Standards, Employee-Board Relations Governance - Remuneration, Board Composition Others - Corporate Strategy |
| Global List Private Equity Passive Fund | 6 | 2,486 | Environment - Climate Change Social - Ethnic Diversity Governance - Remuneration, Activism |
| Europe (ex UK) Index Fund (GBP Hedged and Unhedged) | 94 | 2,486 | Environment - Climate Change, Climate Impact Pledge Social - Public Health, Labour Standards Governance - Remuneration Others - Company Disclosure & Transparency, Corporate Strategy |
| Overseas Bond Index Fund - GBP Hedged | <i>Not provided</i> | 2,468 | <i>Not provided</i> |
| AAA-AA-A Bonds-All Stocks Index Fund | 118 | 2,486 | Environment - Climate Change, Energy Social - Gender Diversity, Public Health Governance - Remuneration, Nominations and succession Others - Corporate Strategy |
| USD Corporate Bond Passive AAA-AA-A Fund - GBP Hedged | 279 | 2,486 | Environment - Climate Change, Climate Impact Pledge Social - Gender Diversity, Public Health |

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| | | | Governance - Remuneration, Board Composition Others - Corporate Strategy, Company Disclosure & Transparency |
| UK Equity Index Fund | 370 | 2,486 | Environment - Climate Impact Pledge, Climate Change Social - Ethnic Diversity, Income Inequality Governance - Remuneration, Board Composition Others - Corporate Strategy |
| GBP Corporate Bond BBB-Fallen Angels Fund | 113 | 2,486 | Environment - Climate Change, Energy Social - Inequality, Gender Diversity Governance - Remuneration, Activism Others - Corporate Strategy |
| North America Equity Index Fund | 269 | 2,486 | Environment - Climate Impact Pledge, Climate Change Social - Gender Diversity, Public Health Governance - Remuneration, Combined Chair & CEO Others - Corporate Strategy |
| Asia Pacific (ex-Japan) Developed Equity Index Fund | 114 | 2,486 | Environment - Climate Impact Pledge, Climate Change Social - Gender Diversity Governance - Remuneration, Board Composition Others - Corporate Strategy |
| Emerging Market Passive USD Gov Bond Fund | <i>Not provided</i> | 2,468 | <i>Not provided</i> |
| Japan Equity Index Fund - (GBP Currency Hedged and Unhedged) | 65 | 2,486 | Environment - Climate Change, Deforestation Social - Income Inequality, Gender Diversity Governance - Board Composition Others - Corporate Strategy |
| LGIM Sterling Liquidity Plus Fund | 25 | 2,486 | Environment - Climate Change, Climate Impact Pledge Social - Gender Diversity Governance - Activism, Remuneration Others - Corporate Strategy |
| MSCI World Small Cap ESG Exclusions Fund | 1,100 | 2,486 | Environment - Climate Impact Pledge, Deforestation Social - Ethnic Diversity Governance - Remuneration, Board Composition Others - Corporate Strategy |
| BlackRock - UK Property Fund | <i>Not provided</i> | 3,768 | <i>Not provided</i> |
| DC Section | | | |
| LGIM Multi-Asset Fund | 1,952 | 2,486 | Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity Governance - Remuneration, Board Composition Others - Corporate Strategy |

Source: Managers.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM did provide fund-level engagement information but not in the industry standard template.
- BlackRock did not provide any requested data in relation to its UK Property Fund.

This report does not include commentary on the Scheme's liability driven investments/gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by LGIM. We consider a significant vote to be one which the investment manager considers significant or where more than 15% of votes were cast against management. Investment managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below in the investment managers' own words:

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| World Emerging Markets Equity Fund | Company name | Tencent Holdings Limited |
| | Date of vote | 17-May-2023 |
| | Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.42% |
| | Summary of the resolution | Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director |
| | How you voted? | Against |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| | Rationale for the voting decision | Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. |
| | Outcome of the vote | Pass |
| | Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with the company and monitor progress. |
| | On which criteria have you assessed this vote to be most significant? | Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement program targeting companies in climate-critical sectors. |
| FTSE Developed Core Infrastructure Index Fund | Company name | American Tower Corporation |
| | Date of vote | 24-May-2023 |
| | Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.41% |
| | Summary of the resolution | Resolution 1f - Elect Director Robert D. Hormats |
| | How you voted? | Against |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| | Rationale for the voting decision | Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least 1 female. |
| | Outcome of the vote | Pass |

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| | Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. |
| | On which criteria have you assessed this vote to be most significant? | Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf. |
| North America Equity Index Fund | Company name | Amazon.com, Inc. |
| | Date of vote | 24-May-2023 |
| | Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.25% |
| | Summary of the resolution | Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps |
| | How you voted? | For |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting. |
| | Rationale for the voting decision | A vote in favor is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy, and society. |
| | Outcome of the vote | Fail |
| | Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with the company and monitor progress. |
| | | On which criteria have you assessed this vote to be most significant? |
| UK Equity Index Fund | Company name | Shell Plc |
| | Date of vote | 23-May-2023 |
| | Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.69% |
| | Summary of the resolution | Resolution 25 - Approve the Shell Energy Transition Progress |
| | How you voted? | Against |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| | Rationale for the voting decision | Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in |

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| | pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory. |
| Outcome of the vote | Pass |
| Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM continues to undertake extensive engagement with Shell on its climate transition plans. |
| On which criteria have you assessed this vote to be most significant? | Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. |
| Asia Pacific (ex-Japan) Developed Equity Index Fund | Westpac Banking Corp. |
| Company name | |
| Date of vote | 14-December-2023 |
| Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.18% |
| Summary of the resolution | Resolution 5 - Approve Westpac Climate Change Position Statement and Action Plan. |
| How you voted? | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| Rationale for the voting decision | Climate change: A vote AGAINST this proposal 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 we positively note the company's net-zero commitments and welcome the opportunity to voice our opinion on the bank's climate transition plan, we highlight some concerns with the scope of targets and disclosures. In particular, - The bank has not committed to establish science-based targets; and - The sector policies notably on certain fossil fuels (such as unconventional oil and gas) and existing business relationships remains limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope. |
| Outcome of the vote | Pass |
| Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress. |
| On which criteria have you assessed this vote to be most significant? | Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan. |

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| Japan Equity Index Fund | Company name | Toyota Motor Corp. |
| | Date of vote | 14-June-2023 |
| | Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.42% |
| | Summary of the resolution | Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement. |
| | How you voted? | For |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting. |
| | Rationale for the voting decision | 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. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe 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, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonization targets, and how its climate lobbying practices are in keeping with this. |
| | Outcome of the vote | Fail |
| | Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to engage with the company and monitor progress. |
| | On which criteria have you assessed this vote to be most significant? | Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved. |
| Multi-Asset Fund | Company name | Public Storage |
| | Date of vote | 02-May-2023 |
| | Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio) | 0.15% |
| | Summary of the resolution | Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal |
| | How you voted? | For (against management recommendation) |
| | Where you voted against management, did you communicate your intent to the company ahead of the vote? | LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |
| | Rationale for the voting decision | Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting |

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| | 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. |
| Outcome of the vote | Fail |
| Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome? | LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution. |
| On which criteria have you assessed this vote to be most significant? | High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received. |

Source: LGIM.