

Piramal Healthcare UK Pension Fund (DC Section) Implementation Statement for the year ending 31 December 2022

Introduction

This implementation statement has been prepared by the Trustee of the Piramal Healthcare UK Pension Fund (the “Fund”). The statement:

- sets out how, and the extent to which, in the opinion of the Trustee, the DC policies (which also cover AVCs) set out in the Statement of Investment Principles (SIP) have been followed during the year,
- describes any review of the SIP, including an explanation of any DC-related changes made, and
- describes the DC-related voting behaviour by, or on behalf of, the Trustee over the same period.

Trustee’s overall assessment

In the opinion of the Trustee, the DC policies as set out in the SIP have been followed during the year ending 31 December 2022.

Review of the SIP

The Trustee’s DC policies have been developed over time by the Trustee in conjunction with their investment consultant and are reviewed and updated at least every three years.

The SIP was updated in June 2022. The DC policies were reviewed as part of this to confirm they remained appropriate, however the actual changes made concerned the DB Section, and hence are described elsewhere.

Investment strategy

The Trustee’s DC policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from their advisors. In choosing the Fund’s DC investment options, it is the Trustee’s policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.

- An appropriate size of fund range, bearing in mind both member needs and governance requirements.
- ESG considerations.

The Trustee also provides a default strategy to provide a balanced investment strategy for members who do not make an active investment choice. The current default investment strategy was implemented in August 2020 through the introduction of a new platform provider, Mobius Life.

The investment strategy was not reviewed during the year, although discussions were had around particular elements of this, such as the possibility of using currency hedging for the equity allocation. The last review of the default investment strategy and objectives (and that of the wider fund range) was concluded during 2020. The next strategy review will be undertaken during 2023.

The Trustee believes it has complied with the SIP regarding investment strategy considerations.

Policies in relation to the kinds of investments to be held, the balance between various kinds of investments and the realisation of investments

To assist members who do not wish to make an active decision about where to invest their account, the Fund, as of August 2020, offers a lifestyle strategy which manages risks when saving for retirement. This strategy consists of an accumulation phase, a consolidation phase (running from ten years to five years before a member's planned retirement age) and a pre-retirement phase (beginning five years from a member's planned retirement age).

The primary aim of the accumulation phase is to grow a member's assets, while maintaining a suitable level of diversification and taking an appropriate level of risk. The primary aim of the consolidation phase is to introduce a higher level of diversification, providing a more stable asset value, while still maintaining growth potential.

The pre-retirement phase then switches to funds suitable for members approaching retirement. The assets used here are intended to be suitable for use for a range of different purposes (such as annuity purchase at fixed or market-related rates, cash withdrawal or drawdown), with the asset mix chosen to take into account the most likely ways in which members may choose to

withdraw their benefits, bearing in mind the characteristics of the membership and the options available to members within the Fund.

The lifestyle strategies are designed to be appropriate for a member with a predictable retirement date, however, the lifestyle strategy is not necessarily suitable for members who unexpectedly retire early or retire later than planned.

Under normal market conditions, the Trustee expects to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress.

The Trustee is comfortable that the investments it held and the balance between these was in line with its policy, throughout the year. Further, the funds in which the Fund invests did not experience any liquidity issues that had any impact on members during the year.

Policy in relation to the expected return on investments

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. Multi-asset funds are also expected to have long-term returns that exceed price inflation and general salary growth, however these funds also have wider aims, such as increasing diversification, reducing volatility, or facilitating the move to a drawdown arrangement, post retirement.

The long-term returns on bond and cash options are expected to be lower than returns on equity options. However, bond fund volatility and price movements (particularly of longer-dated bonds) are expected to broadly match those of annuities, giving some protection in the amount of secured pension for members closer to retirement, and who are likely to take all or part of their retirement benefits in the form of an annuity. Cash funds aim to provide protection against changes in short-term capital values and may be appropriate for members choosing to take all or part of their retirement benefits in the form of cash.

The lifestyle strategy arrangement reflects the above policies in terms of achieving the intended balance of return and risk reduction.

During the year, the Trustee received advice around return expectations for the funds it offers as part of performing SMPI calculations for member statements. It also received two monitoring reports (dated February 2022 and September 2022) which contained information on the actual returns achieved by the funds offered to members over various reporting periods and the Trustee was comfortable that the returns achieved were in line with expectations. Having considered these items, the Trustee remains comfortable that it is acting in line with its policy around expected investment returns.

Policy in relation to risks

The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Fund, accepting that a member's annual contribution rate – a major factor in the accumulation of members' funds – is outside of the Trustee's control or visibility, as the Piramal Fund is closed to new contributions. The Trustee

also recognises that the extent to which members can rely in retirement on other savings, which sit outside of the Fund, is outside of the Trustee's visibility and control.

Due to the complex and interrelated nature of the various risks for the Fund, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review, the last of which took place during 2020 and is next scheduled for 2023.

In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a six-monthly basis, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets in place.

During 2022, the Trustee;

- received performance monitoring information from its investment consultant in reports dated February 2022 and September 2022, which were discussed at subsequent Trustee meetings.
- Sent out member newsletters and annual benefit statements, informing members of fund performance and projected growth rates (respectively), allowing members to determine whether the fund they are invested in remains appropriate for their personal circumstances.
- Sent out a new member booklet to all members, which explains the nature of the DC benefits members have, and gives an overview of the options for using or accessing those benefits.
- Introduced an online pension and transfer value illustration tool, to allow members to quantify and compare the different options for using their PIRAMAL DC pot.

Policies in relation to their investment manager arrangements

The Trustee will monitor the Fund's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters, at least annually. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee has not been made aware of any significant changes to its investment managers' investment approaches over the course of the year and hence remains comfortable with these.

As part of preparing this statement, the Trustee also reviewed the investment managers' voting and engagement activities and found them to be acceptable.

Investment manager monitoring and charges

The Trustee gathers information on charges and transaction costs for the DC Section as part of its annual work in preparing the Chair's Statement. The Trustee works with its investment consultant and asset managers to understand these costs in more detail where required.

There were no changes to the top-level charges for funds used by the Fund during the year and fluctuations in transaction cost figures were within reasonable expectations.

Stewardship of investments

- The Trustee recognises the significance of its role as steward of capital and the need to ensure high standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Fund invests, as this ultimately creates long-term financial value for the Fund and its beneficiaries.
- The Trustee reviews on a regular basis the suitability of the Fund's appointed asset managers and takes advice from its investment consultant in respect to any changes. If an incumbent manager is shown to be falling short of the standards the Trustee has set out in its policy, the Trustee undertakes to engage with the manager and seek a more sustainable position but may seek to replace the manager if they fail to comply.

The Trustee do not believe there was any falling manager standards during 2022 and is satisfied that this policy is being met.

Stewardship - monitoring and engagement

- The Trustee shares its policies and priorities with respect to stewardship with the Fund's appointed investment managers and will engage with them as necessary to ensure that robust active ownership behaviours, reflective of the Trustee's active ownership policies, are carried out. The Trustee reviews the alignment of the Trustee's policies to those of the Fund's asset managers to ensure that their managers, or other third parties, use their influence as major institutional investors to carry out the Trustee's rights and duties as a responsible shareholder and asset owner. This includes exercising all applicable voting rights, along with – where relevant and appropriate – engaging with underlying investee companies and assets to promote good corporate governance, accountability, and positive change.
- The Trustee receives annual stewardship reports on the monitoring and engagement activities carried out by its investment managers, which supports the Trustee in determining the extent to which the Trustee's engagement policy has been followed throughout the year.
- Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies.
- 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.

- Where asset managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

In addition to regular fund manager monitoring activities, during the year the Trustee also:

- considered how to apply the Scheme's Responsible Investment policy to the DC assets in a proportionate manner, given the size and type of investments,
- requested and considered a copy of the Stewardship report for Mobius Life,
- obtained and considered information on the level of exposure to Russia / Ukraine to better understand the level of impact the Russia / Ukraine war could have, and the extent to which this needed to be considered from a Stewardship perspective.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and is supportive of its investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each underlying investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
BlackRock Investment Management	Yes	Yes
Legal & General Investment Management	Yes	Yes
State Street Global Advisors	Yes	Yes

As part of preparing this statement, the Trustee reviewed the investment managers' voting and engagement activities and found them to be acceptable.

Investment manager engagement policies

The Fund's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental, and corporate governance aspects.

Links to each investment manager’s engagement policy or suitable alternative are shown in the appendix. Note these are provided for the underlying investment managers, for whom voting is typically ultimately delegated to, as opposed to for the platform provider.

These policies are publicly available on each of the investment managers’ websites.

The Trustee is comfortable that these policies are broadly in line with the Fund’s chosen stewardship approach and that they do not diverge significantly from the key stewardship priorities identified for the Fund.

The latest available information provided by the investment managers (with mandates that contain public equities or bonds) is as follows:

Engagement	LGIM Future World Fund	LGIM Retirement Income Multi-Asset Fund	LGIM Infrastructure Equity MFG - GBP Hedged	LGIM Global Real Estate Equity Index Fund	LGIM Investment Grade Corporate Bond All Stocks	SSgA Emerging Markets Index Fund*
Period	01/01/2022-31/12/2022	01/01/2022-31/12/2022	01/01/2022-31/12/2022	01/01/2022-31/12/2022	01/01/2022-31/12/2022	01/10/2022-31/12/2022
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.					
Number of companies engaged with over the period	327	703	24	37	91	200
Number of engagements over the period	528	973	46	46	193	220

* Data provided for this fund is at an SSgA-wide level as individual fund level information was not available at the time of writing.

Exercising rights and responsibilities

The Trustee has identified climate change risk and poor corporate governance as important investment risks to the Fund and, as such, the Trustee will level scrutiny on their investment managers accordingly. The Trustee expects that the Fund’s asset managers will prioritise and actively monitor these risks within their investment processes and that they will provide adequate transparency with respect to the management and mitigation of these risks, including transparency around voting and engagement actions where appropriate. The transparency offered for engagements should include methods of engagement, progress, and perspectives around shortcomings as well as escalation procedures for unsuccessful engagements.

The transparency for voting should include voting actions and rationale with relevance to the Fund, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; votes differed from the voting policy of either the Trustee or the asset manager.

The Trustee has been provided with details of what each investment manager considers to be the most significant votes. The Trustee has not influenced the manager's definitions of significant votes but has reviewed these and is satisfied that they are all reasonable and appropriate.

The Trustee has selected the three votes affecting the largest asset holdings for inclusion in this statement. The Trustee did not communicate with the manager in advance about the votes it considered to be the most significant.

The investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.

The Trustee does not carry out a detailed review of all votes cast by or on behalf of each investment manager but relies on the requirement for the investment manager to provide a high-level analysis of their voting behaviour.

The Trustees considers the proportion of votes cast, and the proportion of votes against management and believes this to be an important (but not the only) consideration of investor behaviour.

The latest available information provided by each investment manager (for mandates that contain public equities) is as follows:

Voting behaviour					
	LGIM Future World Fund	LGIM Retirement Income Multi-Asset Fund	LGIM Infrastructure Equity MFG - GBP Hedged	LGIM Global Real Estate Equity Index Fund	SSgA Emerging Markets Index Fund
Period	01/01/2022-31/12/2022	01/01/2022-31/12/2022	01/01/2022-31/12/2022	01/01/2022-31/12/2022	01/01/2022-31/12/2022
Number of meetings eligible to vote at	1,952	10,048	91	411	3,899
Number of resolutions eligible to vote on	25,193	102,624	1,114	4,314	33,127
Proportion of votes cast	99.8%	99.8%	100.0%	99.7%	96.8%
Proportion of votes for management	80.6%	77.8%	76.5%	79.8%	0.8%

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Proportion of votes against management	18.8%	21.5%	23.5%	20.1%	0.2%
Proportion of resolutions abstained from voting on	0.6%	0.7%	0.0%	0.1%	2.7%

Trustee engagement

The Trustee has previously reviewed the investment managers' policies relating to engagement and voting (including their policies in relation to financially material considerations) and how they have been implemented, and found them to be acceptable.

Although no further specific reviews were undertaken during the scheme year, the Trustee is not aware of any changes to the policies of their investment managers with regards to these areas and so believes these to remain acceptable.

The Trustee recognises that engagement and voting policies, practices and reporting, will continue to evolve over time and is supportive of its investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement Policy
BlackRock Investment Management	https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
State Street Global Advisors	https://www.ssga.com/library-content/pdfs/global/esg-investment-statement.pdf https://www.ssga.com/library-content/pdfs/ic/state-street-global-advisors-issuer-engagement-protocol.pdf

Information on the most significant votes for each of the funds containing public equities is shown below.

LGIM Future World Fund	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Alphabet Inc.	Amazon.com, Inc.
Date of Vote	04/03/2022	01/06/2022	25/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.6	2.2	1.3
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 1f - Elect Director Daniel P. Huttenlocher
How the fund manager voted	For	For	Against
Where the fund manager voted against management, did they communicate their intent to the	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an		

company ahead of the vote	AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: 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.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
Outcome of the vote	53.6%	17.7%	93.3%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.
LGIM Retirement Income Multi-Asset Fund	Vote 1	Vote 2	Vote 3
Company name	Prologis, Inc.	Apple Inc.	Royal Dutch Shell Plc
Date of Vote	04/05/2022	04/03/2022	24/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3	0.2	0.2

Summary of the resolution	Resolution 1a - Elect Director Hamid R. Moghadam	Resolution 9 - Report on Civil Rights Audit	Resolution 20 - Approve the Shell Energy Transition Progress Update
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	Voted in line with management.
Rationale for the voting decision	<p>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.</p> <p>Independence: 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.</p>	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as LGIM consider these issues to be a material risk to companies.	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge 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, LGIM 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.
Outcome of the vote	92.9%	53.6%	79.9%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM have voted against all combined board chair/CEO roles.</p>	<p>LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p>	<p>LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p>

LGIM Infrastructure Equity MFG - GBP Hedged	Vote 1	Vote 2	Vote 3
Company name	VINCI SA	Aena S.M.E. SA	Getlink SE
Date of Vote	12/04/2022	31/03/2022	27/04/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.9	2.7	1.9
Summary of the resolution	Resolution 4 - Reelect Xavier Huillard as Director	Resoluttion 7.3 - Reelect Maurici Lucena Betriu as Director	Resolution 26 - Approve Company's Climate Transition Plan (Advisory)
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate and not to be recombined once separated. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	Climate change: A vote against is applied due to the lack of clarity around long-term goals and net zero ambitions.

Outcome of the vote	90.8%	N/A	97.3%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM have voted against all combined board chair/CEO roles.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.
LGIM Global Real Estate Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Prologis, Inc.	Realty Income Corporation	Simon Property Group, Inc.
Date of Vote	04/05/2022	17/05/2022	11/05/2022

Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.2	2.1	2.0
Summary of the resolution	Resolution 1a - Elect Director Hamid R. Moghadam	Resolution 1d - Elect Director Reginald H. Gilyard	Resolution 1c - Elect Director Karen N. Horn
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	<p>Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.</p> <p>Independence: 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.</p>	<p>Diversity: A vote against is applied as the company has an all-male Executive Committee. Board mandates: A vote against is applied as LGIM expects a CEO (or Chair/CEO) or Non-Executive Director not to hold too many external positions to ensure they can undertake their duties effectively.</p>	<p>Diversity: A vote against is applied as the company has an all-male Executive Committee. Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. Average board tenure: 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.</p> <p>Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to</p>

			maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of the vote	92.9%	89.5%	82.1%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM have voted against all combined board chair/CEO roles.</p>	<p>LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.</p>	<p>LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf. LGIM also considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM have voted against all</p>

	combined board chair/CEO roles.		
SSgA Emerging Markets Index Fund	Vote 1	Vote 2	Vote 3
Company name	Meituan	Naspers Ltd.	Naspers Ltd.
Date of Vote	18/05/2022	25/08/2022	25/08/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.8	0.5	0.5
Summary of the resolution	Elect Director	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve Remuneration Policy
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	SSgA do not publicly communicate their vote in advance.		
Rationale for the voting decision	SSgA are voting against the nominee due to the lack of gender diversity on the board.	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.
Outcome of the vote	n/a	n/a	n/a
Implications of the outcome	Where appropriate SSgA will contact the company to explain their voting rationale and conduct further engagement.		

Criteria on which the vote is assessed to be “most significant”	Director Election	Compensation	Compensation
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Information on the most significant engagement case studies for LGIM as a company for the funds containing public equities or bonds as at 31 December 2021 (latest available) is shown below:

LGIM - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	BP	McDonalds	Experian
Topic	Climate Transition	Antimicrobial resistance	Financial Inclusion
Rationale	<p>LGIM’s work with the Institutional Investor Group on Climate Change (IIGCC) is a crucial part of their approach to climate engagement. IIGCC is a founding partner and steering committee member of Climate Action 100+ (CA100+), a global investor engagement initiative with 671 global investor signatories representing \$65 trillion in assets that aims to speak as a united voice to companies about their climate transition plans. LGIM actively support the initiative by sitting on sub-working groups related to European engagement activities and proxy voting standards. LGIM also co-lead several</p>	<p>The overuse of antimicrobials (including antibiotics) in human and veterinary medicine, animal agriculture and aquaculture, as well as discharges from pharmaceutical production facilities, is often associated with an uncontrolled release and disposal of antimicrobial agents. Put simply, antibiotics end up in their water systems, including their clean water, wastewater, rivers and seas. This in turn potentially increases the prevalence of antibiotic-resistant bacteria and genes, leading to higher instances of difficult-to-treat infections. In autumn 2021, LGIM worked again with Investor Action</p>	<p>Pay equality and fairness has been a priority for LGIM for several years. LGIM ask all companies to help reduce global poverty by paying at least the living wage, or the real living wage for UK based employees. Income inequality is a material ESG theme for LGIM because they believe there is a real opportunity for companies to help employees feel more valued and lead healthier lives if they are paid fairly. These are important steps to help lift lower-paid employees out of in-work poverty. This should ultimately lead to better health, higher levels of productivity and result in a positive effect on communities.</p>

	<p>company engagements programmes, including at BP 5* (ESG score: 27; -11) and Fortum 5* (ESG score: 27; -11).</p> <p>UN SDG: 13 - Climate Action</p>	<p>on AMR and wrote to the G7 finance ministers, in response to their Statement on Actions to Support Antibiotic Development. The letter highlighted investors' views on AMR as a financial stability risk.</p> <p>UN SDG 3 - Good Health & Wellbeing</p>	<p>Global credit bureau Experian† (ESG score: 69; +9) has an important role to play as a responsible business for the delivery of greater social and financial inclusion.</p> <p>UN SDG 8 - Decent work and economic growth</p>
<p>What the investment manager has done</p>	<p>LGIM engaged with BP's senior executives on six occasions in 2021 as they develop their climate transition strategy to ensure alignment with Paris goals.</p>	<p>During 2021, LGIM voted on the issue of AMR. A shareholder proposal was filed at McDonald's seeking a report on antibiotics and public health costs at the company. LGIM supported the proposal as they believe the proposed study, with its particular focus on systemic implications, will inform shareholders and other stakeholders on the negative implications of sustained use of antibiotics by the company.</p>	<p>LGIM has engaged with the company on several occasions in 2021 and are pleased to see improvements made to its ESG strategy, encompassing new targets, greater reporting disclosure around societal and community investment, and an increasing allocation of capital aligned to transforming financial livelihoods.</p>
<p>Outcomes and next steps</p>	<p>Following constructive engagements with the company, LGIM were pleased to learn about the recent strengthening of BP's climate targets, announced in a press release on 8 February 2022, together with the commitment to</p>	<p>The hard work is just beginning. LGIM continues to believe that without coordinated action today, AMR may be the next global health event and the financial impact could be significant.</p>	<p>The latter includes the roll-out of Experian Boost, where positive data allows the consumer to improve their credit score, and Experian Go, which is hoped to enable access for more people. The company also</p>

become a net-zero company by 2050 – an ambition LGIM expect to be shared across the oil and gas sector as we aim to progress towards a low-carbon economy.

More broadly, LGIM's detailed research on the EU coal phase-out earlier this year reinforced their view that investors should support utility companies in seeking to dispose of difficult-to-close coal operations, but only where the disposal is to socially responsible, well-capitalised buyers, supported and closely supervised by the state. In LGIM's engagement with multinational energy provider RWE's senior management, for example, LGIM have called for the company to investigate such a transfer. LGIM think transfers like this could make the remaining transition focused companies more investable for many of their funds and for the market more generally.

launched the United for Financial Health project as part of its social innovation fund to help educate and drive action for those most vulnerable.

Information on the most significant engagement case studies for SSgA as a company for the funds containing public equities or bonds as at over the fourth quarter of 2022 (latest available) is shown below:

SSgA - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Chevron Corporation	Volkswagen AG	HSBC Holdings Plc
Topic	Methane and Governance	Strategy and Governance	Remuneration
Rationale	SSgA conducted two engagements with Chevron in Q4. The first was part of SSGA's targeted engagement campaign on methane. The second engagement was an in-depth off-season engagement with members of Chevron's board including the recently appointed Lead Director.	SSgA participated in an in-person engagement with members of the Supervisory Board focused on long-term strategy and corporate governance.	SSgA engaged with HSBC on key remuneration issues for 2022 and provided input on proposed 2023 remuneration measures.
What the investment manager has done	<p>1st Engagement</p> <p>SSgA spoke with Chevron's internal subject matter experts regarding enhancing methane detection and monitoring, improving measurement-based reporting and data quality, managing flaring and methane emissions reductions commitments, and integrating these efforts into the climate transition plan and business strategy.</p> <p>2nd Engagement</p> <p>SSgA discussed a number of topics including the company's strategy and performance, corporate governance, board culture and oversight, ongoing geopolitical developments, and energy market dynamics. SSgA also discussed the board's oversight of environmental and social</p>	SSgA discussed recent strategy developments as well as governance topics related to shareholder rights, board oversight, and board independence and shared SSGA's perspectives. SSgA also provided feedback on Volkswagen's climate and decarbonization strategy under NEW AUTO and discussed how the board is addressing risks and opportunities related to a "Just Transition" as the company transforms its business.	Within the remuneration conversation, topics discussed included the implementation of executive directors' remuneration policy, with key focus on the change of Group CFO from January 1, 2023 as well as human capital management considerations of the greater workforce. For the CEO's remuneration SSgA cited the need for balance between financial and non-financial performance metrics, structure of the incentive scorecard, and

	<p>topics including human capital management, DEI, and the ongoing evolution of the company's climate strategy.</p>		<p>considerations around the 2:1 cap where variable pay is capped at 200% of fixed pay.</p>
<p>Outcomes and next steps</p>	<p>The goal of the methane campaign is to both inform SSgA's views on managing methane in the oil and gas industry as well as encourage best practice methane management and reduction. Further information on this campaign can be found here: https://www.ssga.com/library-content/products/esg/methane-emissions-campaign202207.pdf</p> <p>The board members discussed the focus of methane as part of its climate strategy and the recently published methane standalone report.</p>	<p>SSgA will continue to engage with the company to track its progress.</p>	<p>SSgA will continue to engage with the company to track its progress.</p>