

# Crane Pension Scheme

## Engagement Policy Implementation Statement for the year ending 5 April 2022

### Introduction

The Trustee of the Crane Pension Scheme (the 'Scheme') has a fiduciary duty to consider its approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

This statement sets out how, and the extent to which, in the opinion of the Trustee, the policies (set out in the Statement of Investment Principles) on the exercise of rights (including voting rights) attaching to the investments, and engagement activities have been followed during the year ending 5 April 2021. This statement also describes the voting behaviour by, or on behalf of, the Trustees.

The Trustee, in conjunction with its investment consultant, appoints its investment managers to meet specific Scheme policies. It expects that its investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustee also expects its investment managers to take non-financial matters into account as long as the decision does not involve a risk of significant detriment to members' financial interests.

### Stewardship - monitoring and engagement

The Trustee recognises that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustee detailing their voting activity.

The Trustee also delegates responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

As all of the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer to peer engagement in investee companies.

## Investment manager engagement policies

The Scheme'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 the investment managers engage 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 is provided in the Appendix.

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

Engagement								
	LGIM UK Equity Index Fund	LGIM World Equity Index Fund	LGIM North America Equity Index Fund - GBP Currency Hedged	LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged	LGIM Japan Equity Index-GBP Hedged	LGIM Asia Pacific (ex Japan) Developed Equity Index Fd - GBP Ccy Hgd	LGIM Active Corp Bond - All Stocks	PIMCO UK Corporate Bond Fund
Period	01/04/2021 – 31/03/2022	01/04/2021 – 31/03/2022	01/01/2021 – 31/12/2021	01/01/2021 – 31/12/2021	01/01/2021 – 31/12/2021	01/01/2021 – 31/12/2021	01/04/2021 – 31/03/2022	01/01/2021 – 31/12/2021
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 year	147	333	130	54	112	33	82	173
Number of engagements over the year	244	501	196	90	134	40	175	282

## Exercising rights and responsibilities

The Trustee recognises that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers publish online the overall voting records of the firm on a regular basis.

All 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 the votes cast by or on behalf of their investment managers but relies on the requirement for its investment managers to provide a high-level analysis of their voting behaviour.

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

The latest available information provided by the investment manager is as follows:

	<b>LGIM UK Equity Index Fund</b>	<b>LGIM World Equity Index Fund</b>	<b>LGIM North America Equity Index Fund - GBP Currency Hedged</b>	<b>LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged</b>	<b>LGIM Japan Equity Index-GBP Hedged</b>	<b>LGIM Asia Pacific (ex Japan) Developed Equity Index Fd - GBP Ccy Hgd</b>	<b>LGIM Active Corp Bond - All Stocks</b>
Period	01/04/2021 – 31/03/2022	01/04/2021 – 31/03/2022	01/04/2021 – 31/03/2022	01/04/2021 – 31/03/2022	01/04/2021 – 31/03/2022	01/04/2021 – 31/03/2022	01/04/2021 – 31/03/2022
Number of meetings eligible to vote at	772	3,079	663	549	512	499	8
Number of resolutions eligible to vote on	10,813	36,675	8,181	9,447	6,109	3,457	9
Proportion of votes cast	100%	99.8%	100%	100%	100%	100%	100%
Proportion of votes for management	93.1%	80.2%	70.4%	82.2%	86.6%	73.4%	100%
Proportion of votes against management	6.9%	18.9%	29.5%	17.1%	13.3%	26.4%	0.0%
Proportion of resolutions abstained from voting on	0.0%	0.9%	0.1%	0.7%	0.0%	0.2%	0.0%

### Trustees' assessment

The Trustee has undertaken a review of each investment manager's engagement policy including its policies in relation to financially material considerations.

The Trustee has considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

The Trustee may also consider reports provided by other external ratings providers.

Where an investment manager has received a relatively low rating from the investment consultant or from other external rating providers, the Trustee will consider whether to engage with the investment manager.

The Trustee has reviewed the investment managers' policies relating to engagement and voting and how they have been implemented and have found them to be acceptable at the current time.

The Trustee recognises that engagement and voting policies, practices and reporting, will continue to evolve over time and are 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	Annual disclosure statement
Legal & General Investment Management	<a href="https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf</a>	<a href="https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf">https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-global-corporate-governance-and-responsible-investment-principles.pdf</a>
Janus Henderson	<a href="https://www.janushenderson.com/en-us/investor/about-us/esg-environmental-social-governance/">https://www.janushenderson.com/en-us/investor/about-us/esg-environmental-social-governance/</a>	<a href="https://cdn.janushenderson.com/webdocs/ESG+Company+Engagement+Report_SECURED_Final.pdf">https://cdn.janushenderson.com/webdocs/ESG+Company+Engagement+Report_SECURED_Final.pdf</a>
M&G	<a href="https://www.mandgplc.com/~media/Files/M/MandG-Plc/documents/mandg-investments-policies/15-06-20-MandG-Shareholder-Rights-Directive-Engagement-Policy.pdf">https://www.mandgplc.com/~media/Files/M/MandG-Plc/documents/mandg-investments-policies/15-06-20-MandG-Shareholder-Rights-Directive-Engagement-Policy.pdf</a>	<a href="https://global.mandg.com/our-business/mandg-investments/responsible-investing-at-mandg-investments/voting-history">https://global.mandg.com/our-business/mandg-investments/responsible-investing-at-mandg-investments/voting-history</a>
PIMCO	<a href="https://www.pimco.co.uk/handlers/displaydocument.ashx?wd=Fund%20Brochure&amp;fn=PIMCO_ESG_Policy_Statement.pdf&amp;id=GgNFILduryTcQJ%2bXHKujy%2bp32H5fyj12jfePPYSqxAA7kYlcnq4CtM%2f9wPAFCj0SmNorb2MH9X4H9BTEZcJluDdaDirYZkWI5iHebCLGrkM6eiZZrUhtxelgdgSBipk5%2bYffEuWuLtgueG%2fuT5a9%2bMrZ3HV4VPowjOIBS1p5RsY0oY4s6L7JljXX4Hw5Qia3f5MWEXXQG06fuVdHHPT15RSMuPh73noYJ16A99nOphbXBlhefu6hc7ZtO8SXXKCL6BEqchvp0VasmwzpTt2HlpRYh11IrfKYQq8wBLpwUmATJ7DbDDDV18xEhv5yZxa55eOcS2g%2bWW9vYqG3Klm9MITjqsI9z8BCiBY8dw%2f2g8%3d">https://www.pimco.co.uk/handlers/displaydocument.ashx?wd=Fund%20Brochure&amp;fn=PIMCO_ESG_Policy_Statement.pdf&amp;id=GgNFILduryTcQJ%2bXHKujy%2bp32H5fyj12jfePPYSqxAA7kYlcnq4CtM%2f9wPAFCj0SmNorb2MH9X4H9BTEZcJluDdaDirYZkWI5iHebCLGrkM6eiZZrUhtxelgdgSBipk5%2bYffEuWuLtgueG%2fuT5a9%2bMrZ3HV4VPowjOIBS1p5RsY0oY4s6L7JljXX4Hw5Qia3f5MWEXXQG06fuVdHHPT15RSMuPh73noYJ16A99nOphbXBlhefu6hc7ZtO8SXXKCL6BEqchvp0VasmwzpTt2HlpRYh11IrfKYQq8wBLpwUmATJ7DbDDDV18xEhv5yZxa55eOcS2g%2bWW9vYqG3Klm9MITjqsI9z8BCiBY8dw%2f2g8%3d</a>	<a href="https://www.pimco.co.uk/handlers/displaydocument.ashx?wd=Grafico%20di%20allocazione%20settoriale%20(in%20inglese)&amp;fn=PIMCO%20UK%20Stewardship%20Report%20October%202021.pdf&amp;id=4Z2Ih6DKIJhgXw0%2bpw%2f7JymMWPkobjslGy1QfkDKRNk115WzEH5HQdMZs2LAvM5h9qVKSXvcwTjA%2fEjQ88Fqy5yQppEbG8MtKDQIRKVBqAhxefmLk%2bdvs93eLcGD3FM7yhZEWUQoGFf9tzlGhoFvTLE%2byihs9Xuuu6ifonK1UDn3OcHpealPVSSVg7ed5fe6LMh7GEnYJKvnN4c1fwQdNmBFyTE7bHKFni6LvsfE0KnIMAP2Jt8LF%2f7mTTbI9RBn%2fN373jF6nZ4EwoUotm9RpN8c0ZtcK8%2fNXNKhXNLjurvKiqvw9">https://www.pimco.co.uk/handlers/displaydocument.ashx?wd=Grafico%20di%20allocazione%20settoriale%20(in%20inglese)&amp;fn=PIMCO%20UK%20Stewardship%20Report%20October%202021.pdf&amp;id=4Z2Ih6DKIJhgXw0%2bpw%2f7JymMWPkobjslGy1QfkDKRNk115WzEH5HQdMZs2LAvM5h9qVKSXvcwTjA%2fEjQ88Fqy5yQppEbG8MtKDQIRKVBqAhxefmLk%2bdvs93eLcGD3FM7yhZEWUQoGFf9tzlGhoFvTLE%2byihs9Xuuu6ifonK1UDn3OcHpealPVSSVg7ed5fe6LMh7GEnYJKvnN4c1fwQdNmBFyTE7bHKFni6LvsfE0KnIMAP2Jt8LF%2f7mTTbI9RBn%2fN373jF6nZ4EwoUotm9RpN8c0ZtcK8%2fNXNKhXNLjurvKiqvw9</a>

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

<b>LGIM UK Equity Index Fund</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Informa Plc	The Sage Group Plc	JD Sports Fashion Plc
Date of vote	3 June 2021	3 June 2021	1 July 2021
Approximate size of fund's holding (% of portfolio)	0.34%	0.30%	0.18%
Summary of the resolution	Resolution 3, Re-elect Stephen Davidson as Director Resolution 5, Re-elect Mary McDowell as Director Resolution 7, Re-elect Helen Owers as Director Resolution 11, Approve Remuneration Report	Resolution 11 - Re-elect Drummond Hall as Director	Resolution 4 - Re-elect Peter Cowgill as Director
How the fund manager voted	Against Resolutions 3, 5, 7, and 11 (against management recommendation).	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	The company's prior three Remuneration Policy votes – in 2018, June 2020, and at a General Meeting that was called in December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the December 2020 meeting, the	Diversity: A vote against is applied because of a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board.	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 we have supported shareholder proposals seeking the

Remuneration Policy and the Equity Revitalisation Plan (EVP) received over 40% of votes against. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. LGIM has noted the concerns with the company's remuneration practices for many years. Due to continued dissatisfaction, we again voted against the proposed Policy at the December 2020 meeting. However, despite significant shareholder dissent at the 2018 and 2020 meetings, the company implemented the awards under the plan, a few weeks after the December meeting. Additionally, the Remuneration Committee has adjusted the performance conditions for the FY2018 long-term incentive plan (LTIP) awards while the plan is running, resulting in awards vesting where they would otherwise have lapsed. Due to consistent problems with the implementation of the company's Remuneration Policy and the most recent events as described above, we again voted against the Chair of the Remuneration Committee for the past three years. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent

appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles. Furthermore, they have published a guide for boards on the separation of the roles of chair and CEO (available on their website), and we have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.

	<p>concerns, LGIM has taken the decision to escalate our vote further to all incumbent Remuneration Committee members, namely Stephen Davidson (Remuneration Committee Chair), Mary McDowell and Helen Owers.</p>		
Outcome of the vote	<p>Resolution 3 53.4% of shareholders supported the resolution. Resolution 5 80% of shareholders supported the resolution. Resolution 7 78.1% of shareholders supported the resolution. Resolution 11 38.3% of shareholders supported the resolution.</p>	94.4%	84.8%
Implications of the outcome	<p>LGIM will continue to seek to engage with the company and monitor progress.</p>	<p>LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>	
Criteria on which the vote is assessed to be “most significant”	<p>LGIM consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring LGIM’s vote intention is an important tool for their engagement activities. LGIM decide to pre-declare voting intention for a number of reasons, including as part of their escalation strategy, where they consider the vote to be contentious, or as part of a specific engagement programme.</p>	<p>LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.</p>	<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).</p>



**LGIM North America  
Equity Index Fund -  
GBP Currency  
Hedged\***

	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Apple Inc.	Microsoft Corporation	Amazon.com, Inc.
Date of Vote	4 Mar 2022	30 Nov 2021	26 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.0%	5.8%	3.7%
Summary of the resolution	Resolution 9 - Report on Civil Rights Audit	Elect Director Satya Nadella	Resolution 1a Elect Director Jeffrey P. Bezos
How the fund manager voted	For	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 our 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 we consider these issues to be a material risk to companies.	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight	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 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they are voting

			against all combined board chair/CEO roles. Furthermore, they have published a guide for boards on the separation of the roles of chair and CEO (available on their website), and they have reinforced our position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.
Outcome of the vote	53.6%	94.7%	95.1% of shareholders supported the resolution.
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.	LGIM will continue to vote against combined Chairs and CEOs and will consider whether vote pre-declaration would be an appropriate escalation tool.	LGIM will continue to engage with our investee companies, publicly advocate our 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 we manage on their behalf.	A vote linked to an LGIM engagement campaign, in line with the Investment Stewardship team's five-year ESG priority engagement themes.	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 World Equity Index Fund has similar voting data, therefore it is not added here.

<b>LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Total SE	ABB Ltd.	Kering SA
Date of Vote	28 May 2022	24 Mar 2022	22 Apr 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3%	0.7%	0.6%
Summary of the resolution	Resolution 6 Reelect Patrick Pouyanne as Director	Resolution 7.10 - Reelect Peter Voser as Director and Board Chairman	Resolution 4 Reelect Francois-Henri Pinault as Director
How the fund manager voted	LGIM voted against the resolution (against management)	Against	LGIM voted against the resolution (against management)
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	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 they have supported shareholder proposals seeking the appointment of independent board	Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least 25% of board members being women. They expect companies to increase female participation both on the board and in leadership positions over time.	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 they have supported shareholder proposals seeking the appointment of independent board

	<p>chairs, and since 2020 they are voting against all combined board chair/CEO roles. Furthermore, they have published a guide for boards on the separation of the roles of chair and CEO (available on their website), and we have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.</p>		<p>chairs, and since 2020 they are voting against all combined board chair/CEO roles. Furthermore, they have published a guide for boards on the separation of the roles of chair and CEO (available on their website), and we have reinforced their position on leadership structures across their stewardship activities – e.g. via individual corporate engagements and director conferences.</p>
Outcome of the vote	77.4% of shareholders supported the resolution.	79.5%	93.7% of shareholders supported the resolution.
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 considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	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).
<b>LGIM Japan Equity Index-GBP Hedged</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>

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Company name	Mitsubishi UFJ Financial Group, Inc.	Shin-Etsu Chemical Co., Ltd.	Recruit Holdings Co., Ltd.
Date of Vote	29 Jun 2021	29 Jun 2021	17 Jun 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5%	1.5%	1.5%
Summary of the resolution	Resolution 3 Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	Resolution 3.1 Elect Director Saito, Yasuhiko	Resolution 5 Amend Articles to Allow Virtual Only Shareholder Meetings
How the fund manager voted	For	LGIM voted against the resolution (management recommendation: 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 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	Climate change: A vote in favour of this shareholder proposal is warranted as LGIM expects companies to be taking sufficient action on the key issue of climate change. While they positively note the company's recent announcements around net-zero targets and exclusion policies, they think	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf. For 10 years, their have been using their position to engage with companies on this issue. As part of their efforts to influence their investee	A vote AGAINST this proposal is warranted because:- Japanese companies are able to hold virtual meetings using temporary regulatory relief (without amending articles) for two years, but the passage of this proposal will authorize the company to hold virtual meetings permanently, without

	that these commitments could be further strengthened and they believe the shareholder proposal provides a good directional push.	companies on having greater gender balance and following a campaign on gender diversity in Japan in 2019, they decided to escalate their voting policy. In 2020, they announced they would be voting against all companies in the large-cap TOPIX 100 index that do not have at least one woman on their board. In 2021, they expanded the scope of our policy to vote against TOPIX Mid 400 companies that do not have at least one woman on the board.	further need to consult shareholders, even after the current health crisis is resolved.- The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs.
Outcome of the vote	22.7% of shareholders supported the resolution.	90.7% of shareholders supported the resolution.	83.8% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage on this important ESG issue.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage on this important ESG issue.
Criteria on which the vote is assessed to be "most significant"	LGIM views climate change as a financially material issue for their clients, with implications for the assets they manage on their behalf. This was also a high-profile proposal	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.	This was a high-profile vote where the company proposed a change in articles to allow virtual-only AGMs beyond the temporary regulatory relief effective for 2

	in Japan, where climate-related shareholder proposals are still rare.		years from June 2021.
<b>LGIM Asia Pacific (ex Japan) Developed Equity Index Fd - GBP Ccy Hgd</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Goodman Group	United Overseas Bank Limited (Singapore)	Hyundai Motor Co., Ltd.
Date of Vote	18 Nov 2021	30 April 2021	24 Mar 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.9%	0.7%	0.7%
Summary of the resolution	Elect Rebecca McGrath as Director of Goodman Limited	Resolution 5 Elect Wong Kan Seng as Director	Resolution 2.2.1 - Elect Jeong Ui-seon as Inside Director
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 our engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	A vote against is applied as LGIM expects a company to have a diverse board, with at least 25% of board members being women. They expect companies to	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. For 10 years,	Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a

	increase female participation both on the board and in leadership positions over time.	they have been using their position to engage with companies on this issue. As part of their efforts to influence their investee companies on having greater gender balance, they expect all companies in which they invest globally to have at least one woman on their board. Please note they have stronger requirements in the UK, North American, European and Japanese markets, in line with their engagement in these markets. For further details, please refer to their vote policies on their website.	division of responsibilities ensures there is a proper balance of authority and responsibility on the board.
Outcome of the vote	79.2%	86.0% of shareholders supported the resolution.	N/A
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 we manage on their behalf.	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).	



Information on the most significant engagement case studies for each of the managers investing in public equities or bonds on the Scheme's behalf is shown below.

<b>LGIM</b>	<b>Case Study 1</b>	<b>Case Study 2</b>	<b>Case Study 3</b>
Name of entity engaged with	BP	McDonalds	Experian
Topic	Climate Transition	Antimicrobial resistance	Financial Inclusion
Rationale	<p>Their 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. They actively support the initiative by sitting on sub-working groups related to European engagement activities and proxy voting standards. They also co-lead several company engagement</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 our water systems, including our clean water, wastewater, rivers and seas.<sup>38</sup> 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 on AMR and wrote to</p>	<p>Pay equality and fairness has been a priority for LGIM for several years. They 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 we 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>programmes, including at BP* (ESG score: 27; -11) and Fortum* (ESG score: 27; -11).</p>	<p>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> <ul style="list-style-type: none"> <li>• A member of their team was on the expert committee for the 2021 AMR Benchmark methodology. The benchmark, which was launched in November 2021, evaluates 17 of the world's largest pharmaceutical companies on their progress in the fight against AMR. They participated in a panel discussion on governance and stewardship around AMR.</li> </ul>	<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>What the investment manager has done</p>	<p>They 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, they voted on the issue of AMR. A shareholder proposal was filed at McDonald's† (ESG score: 62; +8) seeking a report on antibiotics and public health costs at the company. We supported the proposal as we believe the proposed study, with its particular focus on systemic implications, will inform</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</p>

		shareholders and other stakeholders on the negative implications of sustained use of antibiotics by the company.	transforming financial livelihoods.
Outcomes and next steps	<p>Following constructive engagements with the company, they 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 become a net-zero company by 2050 – an ambition we expect to be shared across the oil and gas sector as we aim to progress towards a low-carbon economy.</p> <p>More broadly, their detailed research on the EU coal phase-out earlier this year reinforced our 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 our engagement with multinational energy</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>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.</p> <p>The company also launched the United for Financial Health project as part of its social innovation fund to help educate and drive action for those most vulnerable.</p>

provider RWE's senior management, for example, we have called for the company to investigate such a transfer. They think transfers like this could make the remaining transition focused companies more investable for many of our funds and for the market more generally.

<b>PIMCO</b>	<b>Case Study 1</b>	<b>Case Study 2</b>	<b>Case Study 3</b>
Name of entity engaged with			
Topic	Physical Risks and Resilience, ESG Bonds, Land use and Biodiversity, Greenhouse Gas Emissions, Human & Labour Rights and Health & Safety	ESG Bonds	Social - Supply Chain Management  Environmental - Climate Change  ESG Bonds
Rationale	The issuer is one of the UK's leading clothing and food retailers. PIMCO saw the opportunity to make a positive impact through engagement with the issuer; they already regard the issuer as having leading practices on the climate front and note their willingness to	The issuer is the UK's largest housing association, through its ownership and management of 100,000+ homes. They note the issuer as a leader on the environmental front, exemplified by an innovative sustainability bond framework to fund residential real estate	The company leading in the development, sale and repair of computers and related products. PIMCO saw that they could make an impact through engagement as we noted that the issuer labour right issues and have been working on improving their responsible sourcing practices,

	<p>engage on issuers such as SLB Bonds, Net Zero Commitments and Deforestation.</p> <p>They consider the issuer to be aligned with SDG 12.5 and 12.6, given the issuer's commitments to ambitious sustainability targets throughout its value chain.</p>	<p>projects in the UK with both environmental and social benefits (energy efficient affordable homes). This is particularly relevant to issuers in the sector. PIMCO saw an opportunity to make an impact through engagement with the issuer, given our expertise on best practice for impact (green, social, sustainability and sustainability-linked bond issuance).</p> <p>They consider the issuer's Sustainability bond's to be well aligned with SDG 11.1 and 11.6, which reflects their commitment to both increasing access to housing and decreasing the environmental impact of cities.</p>	<p>with a focus on sustainable targets. They are now very close to best practice in their industry.</p>
<p>What the investment manager has done</p>	<p>Their main discussions with the issuers have covered a variety of topics. Recently, they have asked about the issuer's disclosure plan on Scope 3 carbon emissions, their net zero roadmap (e.g. mitigation potential / trajectory, CAPEX) as well WWF (World Wide Fund for Nature)</p>	<p>PIMCO engaged on the green bond framework (e.g. carbon thresholds for eligibility criteria, energy performance levels) and the importance of setting a net zero or science-based target. The issuer provided granular details across these factors and communicated a roadmap to achieve</p>	<p>PIMCO engaged with the issuer on labour right issues in their supply chain, including compliance on working hours and response and investigation on forced labour disputes. They encouraged the company to disclose supplier audit coverage and assurance progress</p>

	<p>Basket metrics. Throughout ongoing evaluation, they continue to focus on TCFD requirements and the issuer's plans to align its 3-year investment plan with Net Zero. PIMCO has shared our feedback on what they see key for a transition plan, referring to the Climate Action 100+ Net Zero benchmark, emissions trajectories etc.</p>	<p>Zero Carbon New Homes by 2025.</p>	<p>for conflict mineral sourcing, including sub-tier suppliers, and make public commitments to 100% Responsible Minerals Assurance Process (RMAP) for conflict mineral sourcing. We also recently had a 1-on-1 conversation with the firm's IR and Head of Sustainability, discussing ESG bonds framework, specifically sustainability-linked bonds, net zero goals, and update on responsible sourcing. They recommended developing a transition plan outlining key levers for achieving net zero.</p>
<p>Outcomes and next steps</p>	<p>'On the topic of biodiversity, the issuer committed to halt the loss of nature by 2030 (COP26/WWF pledge). Further, following the issuer's pledge to the Coalition to End Forced Labour earlier in the year, the issuer launched a pilot to verify the origins of cotton. On the issuer's commitment to net zero deforestation and no exploitation, PIMCO probed further on setting further relevant criteria and recommended clear disclosure on</p>	<p>The company issued sustainability bonds and social bonds. One issue focuses on new construction meeting the "Certified Sustainable Housing Label" which combines both environmental and social criteria and practices, and was specifically developed for affordable housing companies (e.g., rent levels below local market average, energy efficiency).</p>	<p>The company confirmed their audits cover much of their supply chain. They also updated disclosure on RMAP-conformant supplier list to maintain transparency. They would note that good progress has been made on scope 1 and 2 carbon emission reductions but still needs improvement on scope 3 emissions.</p> <p>In terms of next steps: the issuer is working to achieve 100% RMAP conformance for the relevant</p>

certification status by  
type and traceability.

conflict minerals.  
They will continue to  
engage on supply  
chain transparency  
and traceability.  
Finally, the issue is  
exploring the use of  
SBTi for net zero  
validation and starting  
to evaluate options in  
the ESG bond space.

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\* PIMCO reported case studies are the top 3 engagements made over the period 1 January 2021 - 31 December 2021