

Implementation Statement, covering the Scheme Year from 6 April 2023 to 5 April 2024

The Trustee of the Airbus Group UK Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) and Default Arrangement Statement of Investment Principles (“DASIP”) during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

This Statement is based on the Scheme’s SIP agreed in February 2023. This Statement uses the same headings as the latest SIP available at the time of writing and should be read in conjunction with the latest SIP and DASIP, which can be found online at [Privacy Policy and Investment Statement | Airbus](#).

1. Introduction

No review of the SIP and DASIP was undertaken during the Scheme Year. As noted above, this Statement is based on the Scheme’s SIP agreed in February 2023. However, the Trustee reviewed and updated the SIP in June 2024, which was outside of the Scheme Year. Therefore, next year’s Statement will be based on the updated SIP. No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed the policies in the Scheme’s SIP and DASIP during the Scheme Year. The following sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

The Trustee’s primary objectives for the Scheme are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement;
- a default investment option that the Trustee believes to be reasonable for those members who do not wish to make their own investment decisions. The objective of the default option is to generate returns above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement; and
- an asset allocation at the target retirement date that is appropriate and consistent with how most members are expected to take their retirement savings.

The most recent triennial investment strategy review took place during the Scheme Year. As part of the review of the default arrangements which began in June 2023 and concluded in December 2023, the Trustee considered and reviewed the Scheme’s membership demographics and the variety of ways that members may draw their benefits in retirement from the Scheme. The Trustee decided to make a number of changes to specific funds following this review, which are detailed in section 3, however, these changes will not be implemented until after the Scheme Year end.

The lifestyle investment strategies were reviewed to ensure that investment returns (after deduction of any charges) have been consistent with the aims and objectives of the defaults as stated in the SIP and DASIP, and to check that they remained suitable and appropriate given the Scheme’s risk profile, membership and the variety of ways that members may draw their benefits in retirement from the Scheme. Based on the outcome of this analysis, the Trustee concluded that the at-retirement objectives of the lifestyle investment strategies have been designed to

be in the best interests of the majority of the Scheme's members (targeting drawdown and cash) and reflects the demographics of those members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. The Trustee makes available an alternative lifestyle strategy and self-select fund range to members covering all major assets classes (as set out in Appendix 3 of the SIP). The Trustee monitors the take up of these funds and its advisers have confirmed it is in line with the market.

3. Investment strategy

Members who do not choose an investment option are automatically invested in a default option. The default options are set up as "lifestyle strategies" (i.e. they automatically combine investments in proportions that vary according to the time to retirement age) and have retirement objectives of either transfer to income drawdown, or taking a full lump sum cash withdrawal. There is also one other lifestyle strategy available to members, the Airbus Annuity Lifestyle. Members are also offered a range of self-select funds.

The Trustee reviews the strategy at least every three years and as soon as practicable after any significant change in investment policy, or the demographic profile of relevant members. The Trustee will, from time to time, review retirement data to see how members access their benefits to check whether assumptions made about how members will access their benefits are borne out in practice.

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, formally reviewed the strategy and performance of both the default arrangements during the Scheme Year, with the review beginning in June 2023 and concluding in December 2023. The Trustee concluded that drawdown and cash remain appropriate retirement targets for the Scheme's default arrangements. The Trustee reviewed the default and alternative lifestyle strategies and decided to restructure the strategies to improve simplicity and efficiency for making future changes; and to replace the long duration UK corporate bond allocation with a lower duration, global corporate bond mandate, with the aim of reducing duration risk for members. The changes will be implemented following the Scheme Year end, in October 2024.

As part of this review the Trustee made sure the Scheme's default arrangements were adequately and appropriately diversified between different asset classes and has also considered whether the self-select options provide a suitably diversified range to choose from.

4. Considerations in setting the investment arrangements

As part of the review of performance and strategy of the default arrangements that concluded in December 2023, the Trustee considered the investment risks set out in Appendix 2 of the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee last formally updated its investment beliefs in the SIP in February 2023 to reflect its beliefs regarding climate-related risks and opportunities. It added two new investment beliefs to the SIP, namely:

- aligning the Scheme's assets with net zero greenhouse gas emissions by 2050 where practicable is expected to help reduce the risks to the Scheme from climate change; and
- voting and engagement are important and can create long term value which is in the best interest of Scheme members and therefore we encourage managers to improve their voting and engagement practices.

The Trustee invests for the long term, to provide for the Scheme's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship¹ activities are aligned to the creation of long-term value and the management of long-run systemic risks.

¹ The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustee evaluates investment manager performance over both shorter and longer term periods as available. The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee has a contract with a platform provider, L&G, who makes available the range of investment options to members. As all the funds are accessed via an agreement with the Scheme's platform provider; there is no direct legal relationship between the Scheme and the underlying investment managers of the DC investment funds. Nevertheless, the Trustee is responsible for appointing and providing governance oversight of the managers which the Scheme accesses via the L&G arrangement.

The Trustee has not made any changes to its manager arrangements over the Scheme Year.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments with the Scheme's investment managers and informs the Trustee promptly about any significant updates or events they become aware of with regard to the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Scheme's investment managers on a quarterly basis, using the quarterly investment report provided by L&G. The report shows the performance of each manager over the quarter, 1 year, 3 years and 5 years. Performance is considered in the context of each fund's benchmark and objectives.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by its investment adviser, on an annual basis as part of the standard monitoring process.

Over the Scheme Year, the Trustee undertook a value for members assessment which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be competitive when compared against schemes with similar size mandates. While the fee for the Veritas Global Focus Fund was slightly high compared to its peer group, the Trustee successfully negotiated a reduced fee with Veritas, which was implemented after the Scheme Year end. Overall, taking all factors into account, the Trustee believes that the costs and charges members pay represent good value when compared to the benefits the members receive in relation to the Scheme.

6. Realisation of investments

It is the Trustee's policy to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the Scheme's funds which the Trustee offers are daily priced.

7. Consideration of financially material and non-financial matters

In June 2024, outside of the Scheme Year, the Trustee received training on ESG-related topics, including Net Zero, climate investing, and ethical investing, to further deepen its understanding of the evolving ESG landscape.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) within the parameters of the mandates they are set. As such, as part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement. In the previous Scheme Year, the Trustee added a climate-tilted equity fund, the L&G Low Carbon Transition Fund, to the

Scheme's default arrangements. The majority of Scheme assets are invested in this fund. The Trustee also added two funds to the Scheme's self-select fund range that have a specific responsible and sustainable focus.

In conjunction with its investment adviser, the Trustee undertakes an annual review of its investment managers' climate approaches. This review includes a summary of the investment adviser's rating of the managers' approach to responsible investment, climate risk management and net zero alignment. The most recent review was undertaken outside of the Scheme Year in May 2024 and the Trustee was satisfied that no significant concerns were identified. The previous review took place during the Scheme Year, on 6 September 2022.

All of the Scheme's investment managers were signatories to the Net Zero Asset Managers initiative (NZAMI) at the time of writing. The credibility of managers' plans to meet their net zero targets is assessed as part of the annual review of managers' climate approaches, noted above. Where progress is deemed insufficient, the Trustee will engage as appropriate with the relevant investment managers.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. The Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available the L&G Ethical Global Equity Fund and the L&G Fossil Fuel Free Climate Equity Index Fund as investment options for members.

8. Stewardship

The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

Following the introduction of DWP's guidance, the Trustee set stewardship priorities for the Scheme which were: Climate change, human rights and corporate transparency. The Trustee selected these priorities as market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members.

The Trustee communicated these priorities to its managers in March 2023. The communication included the Trustee's expectation that its managers would take into account financially material factors (including climate change and other ESG factors) when investing the Scheme's assets and improve their ESG practices over time within the parameters of their respective mandates. All the Scheme's fund managers have responded to the Trustee's communication, acknowledging its priorities and accepting that they were in line with their beliefs.

The Trustee expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking in to account the long-term financial interests of the beneficiaries. The Trustee also expects the managers to communicate their policies on stewardship from time to time and provide the Trustee with reporting on the results of their engagement and voting activities regularly and at least once a year.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements. If the Trustee's monitoring identifies areas of concern, it will engage with the relevant manager to encourage improvements. The Trustee will set objectives and target dates for each formal engagement, review progress, and have an escalation process which it will follow if progress is unsatisfactory.

9. Responsibilities, decision-making and fees (Appendix 1 of SIP)

The Trustee is responsible for formulating a policy on voting rights. The investment managers are responsible for exercising voting rights attaching to investments and undertaking engagement activities in respect of investments. These responsibilities have been followed over the year, as described in section 12 below.

As mentioned in Section 5, the Trustee assesses the performance of the Scheme's investment managers on an ongoing basis as part of the quarterly investment reports they receive.

The performance of the investment adviser is considered on an ongoing basis by the Trustee. The Trustee has put in place formal objectives for its investment adviser and will review the adviser's performance against these objectives on a regular basis. During the Scheme Year, in March 2024, the Trustee reviewed the formal objectives

it has in place for its investment adviser and agreed to add new objectives based on its adviser's work to raise investment ideas, deliver specialist services and meet relationship and service standards.

During the Scheme Year the Trustee Directors received regular updates from their advisers on the latest regulatory requirements and industry trends, in particular quarterly updates from their DC adviser.

Trustee Directors also regularly attend conferences, seminars and webinars to keep up to date on current affairs and topics in the pensions arena. A record of attendance is kept centrally by the Secretary to the Trustee.

Each Trustee Director has an annual assessment and discussion each year with the Independent Trustee Chairman where areas for improvement are identified and actions are planned accordingly.

10. Policy towards risk, risk measurement and risk management (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustee maintains a risk register and this is discussed at quarterly meetings, with an in-depth review undertaken on an annual basis.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser or information provided to the Trustee by the Scheme's investment managers. These include, but are not limited to, credit risk, equity risk, currency risk and counterparty risk.

With regards to the risk of inadequate returns, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default option and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The Trustee believes that equity risk is a rewarded investment risk, over the long term, and considers exposure to equity risk in the context of the Scheme's overall investment strategy. The Trustee has used equity and equity-based funds in the growth phase of the default strategies and they are also made available within the self-select fund range.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

11. Investment manager arrangements (Appendix 3 of SIP)

There are no specific policies in this section of the Scheme's SIP.

12. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and as noted in the Scheme's SIP, the Trustee has therefore delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations. The Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. The Trustee notes each of the investment managers quarterly reports and questions investment managers on any voting or ESG issues when necessary.

In this section the Trustee has included data on the Scheme's funds which hold equities and that:

- are used in the Scheme's default strategies, as these are the strategies which contain the majority of members and Scheme assets; and
- are offered as part of the Scheme's self-select range and have a particular focus on Responsible Investment.

As such, the Trustee has included manager voting data for the following funds:

- L&G Low Carbon Transition Global Equity Index Fund;
- L&G Diversified Fund;
- Columbia Threadneedle Responsible Global Fund;
- L&G Fossil Fuel Free Climate Equity Index Fund; and
- L&G Ethical Global Equity Index Fund.

12.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustees review these regularly with the last review completed in June 2023 (after the Scheme Year), focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's policy overall.

Legal and General Investment Management ("LGIM" or "L&G").

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

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

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

LGIM's Investment Stewardship team uses Institutional Shareholder Services ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS' recommendations is to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes are in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

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

Columbia Threadneedle Investments ("Columbia Threadneedle")

Columbia Threadneedle's expectations of corporate governance standards at investee companies are embodied in its Global Corporate Governance Guidelines. These guidelines are translated into detailed proxy voting policies, including 25 market/regional variations that take into consideration local legal and regulatory environments as well as local codes of best practice.

Columbia Threadneedle partners with ISS for routine votes, who implement Columbia Threadneedle's in-house and bespoke regional policies (using Columbia Threadneedle's detailed voting rules). ISS supplies Columbia

Threadneedle with custom research based on its own in-house corporate governance guidelines (which are updated annually based on country-specific best practice standards) and with an electronic voting platform for proxy execution. Columbia Threadneedle also subscribes to research on FTSE All-Share companies provided by the Investment Association's Institutional Voting Information Service.

Columbia Threadneedle's specialist governance team operates with a workflow structured on a regional rather than sectoral basis, reflecting how governance standards are rooted in local company law and best practice codes. Columbia Threadneedle deploys its specialist governance team on the most complex and sensitive cases, and partner with ISS to deliver voting on the more simple, routine votes through the careful and consistent application of detailed in-house voting policies.

In certain cases, vote decisions are arrived at through consultation with the internal investment teams. In addition, controversial high-profile meetings can be escalated to the Proxy Working Group, which contains representatives from each part of Columbia Threadneedle.

For regional or local high-profile issues, Columbia Threadneedle pro-actively advises its clients on its intention to vote well in advance of the meeting. Columbia Threadneedle's clients then have the option to state their preference and vote differently. Clients receive detailed vote reports including vote comments. In addition, full vote reports are online, including reasons for Columbia Threadneedle's decisions.

12.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the year to 31 March 2024 is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Manager name	LGIM	LGIM	LGIM	LGIM	Columbia Threadneedle
Fund name	L&G Low Carbon Transition Global Equity Index Fund ²	L&G Diversified Fund	L&G Ethical Global Equity	L&G Fossil Fuel Free Climate Equity	CT Responsible Global Equity
Total size of fund at end of reporting period	£4.6bn	£11.9bn	£1.2bn	£0.8bn	£1.4bn
Value of Scheme assets at end of reporting period ¹	£239.7m	£20.7m	£3.9m	£0.2m	£0.0m
Number of equity holdings at end of reporting period	2,838	7,569	1,065	1,390	50
Number of meetings eligible to vote	4,698	8,997	1,167	1,676	50
Number of resolutions eligible to vote	46,620	93,090	16,564	21,964	760
% of resolutions voted	99.9%	99.8%	99.8%	99.8%	96.1%
Of the resolutions on which voted, % voted with management	78.9%	76.6%	81.4%	79.4%	93.8%
Of the resolutions on which voted, % voted against management	20.8%	23.1%	18.5%	20.4%	5.4%
Of the resolutions on which voted, % abstained from voting	0.3%	0.3%	0.2%	0.1%	0.8%
Of the meetings in which the manager voted, % with at least one vote against management	65.3%	73.6%	75.0%	73.0%	54.0%
Of the resolutions on which the manager voted, % voted contrary to	12.0%	14.5%	14.1%	15.7%	N/A ³

recommendation of proxy
advisor

¹Total Scheme assets are shown as at Scheme Year end, 5 April 2024.

²As at Scheme Year end, the L&G Low Carbon Transition Global Equity Index Fund was the sole underlying fund of the Airbus Global Equity Fund.

³Columbia Threadneedle do not report where its voting differs from the proxy advisor's recommendations as it applies its own custom voting policy. Columbia Threadneedle will vote contrary to the proxy advisor's recommendations where its voting deviates from its custom voting policy.

12.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

We have interpreted "most significant votes" to mean those that:

- align with the Trustee's stewardship priorities of climate change, human rights, and corporate transparency;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial; and
- the Scheme or the sponsoring company may have a particular interest in.

Further information on L&G's most significant votes are available on request from the Airbus Pensions Team at <https://www.airbus.com/en/who-we-are/our-worldwide-presence/airbus-in-europe/airbus-in-the-united-kingdom/airbus-uk-pension>

LGIM Low Carbon Transition Global Equity Index Fund

Company name: JPMorgan Chase & Co., May 2023.

Relevant stewardship priority: Climate change

Vote cast: For resolution.

Summary of resolution: Report on climate transition plan describing efforts to align financing activities with greenhouse gas targets

Rationale: LGIM voted in favour of this resolution as it generally supports resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believes detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. LGIM believed the onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.

Approximate size of the mandate's holding at the date: 0.70%

The reason the Trustee considered this vote to be “most significant”: This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager’s vote – the resolution did not pass.

LGIM Diversified Fund

Company name: Shell Plc, May 2023.

Relevant stewardship priority: Climate change

Vote cast: Against resolution.

Summary of resolution: Approve the Shell energy transition progress.

Rationale: LGIM acknowledges the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company’s leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations, both of which are key areas to demonstrate alignment with the 1.5°C trajectory.

Approximate size of the mandate’s holding at the date: 0.30%

The reason the Trustee considered this vote to be “most significant”: This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager’s vote – the resolution passed.

LGIM Ethical Global Equity Index Fund

Company name: The Coca-Cola Company, April 2023.

Relevant stewardship priority: Corporate transparency

Vote cast: For resolution.

Summary of resolution: Report on congruency of political spending with company values and priorities.

Rationale: LGIM voted in favour of this resolution as it expects companies to be transparent in their disclosures of their lobbying activities and internal review processes involved. While LGIM appreciates the level of transparency Coca-Cola provides in terms of its lobbying practices, it is unclear whether the company systematically reviews any areas of misalignment between its lobbying practices and its publicly stated values. LGIM believes that the company is potentially leaving itself exposed to reputational risks related to funding organisations that take positions that are contradictory to those of the company’s stated values, and potentially attracting negative attention that could harm the company’s public image and brand. Producing a report on the congruency of political spending with company values and priorities may help the company to identify and question its previous political spending priorities.

Approximate size of the mandate’s holding at the date: 0.70%

The reason the Trustee considered this vote to be “most significant”: This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager’s vote – the resolution did not pass.

LGIM Fossil Fuel Free Climate Equity Index Fund

Company name: Amazon.com, Inc., May 2023.

Relevant stewardship priority: Corporate transparency and human rights

Vote cast: For resolution.

Summary of resolution: Report on median and adjusted gender/racial pay gaps

Rationale: LGIM voted in favour of this proposal as it 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.

Approximate size of the mandate's holding at the date: 2.5%

The reason the Trustee considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager's vote – the resolution did not pass.

Columbia Threadneedle Responsible Global Equity Fund

Company name: Mastercard Incorporated, June 2023.

Relevant stewardship priority: Corporate transparency

Vote cast: For resolution.

Summary of resolution: Report on lobbying payments and policy

Rationale: Columbia Threadneedle voted in favour of the proposal as it believes comprehensive, aggregate disclosure on political spending is best practice. Disclosure should include all state and local donations including support for all organisations and ballot initiatives. In addition, the company should identify key relationships with trade associations that engage in lobbying on the corporation's behalf, as well as describe its policies and processes for giving. Columbia Threadneedle asks that the board provide ultimate oversight for political donations.

Approximate size of the mandate's holding at the date: 4.6%

The reason the Trustee considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager's vote – the resolution did not pass.