Implementation Statement ("IS")

University of Oxford Staff Pension Scheme (the "Scheme")

Scheme Year End – 31 March 2024

The purpose of the Implementation Statement is for us, the Trustee of the University of Oxford Staff Pension Scheme, to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

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

In our view, most of the Scheme's material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship priorities.

A few managers, as outlined later in the report, did not provide any requested engagement information, or the information provided was limited and often not in line with the best practice Investment Consultants Sustainability Working Group ("ICSWG") industry standard engagement reporting guide.

We will engage with these managers, as set out in our engagement action plan, to encourage them to provide detailed and meaningful disclosures about their engagement activities, and learn how they consider financially material Environmental, Social and Governance ("ESG") factors into their stewardship policies.

Changes to the SIP during the year

We reviewed the DB Section SIP during the year and updated it in October 2023.

The revised DB Section SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class
- Removal of wording relating to the Recovery Plan set out in the 2019 Actuarial Valuation as it is no longer applicable
- Replacement of wording relating to the Scheme's funding position
- Revised wording relating to the Scheme's new investment strategy
- Revised wording regarding the Stewardship matters relating to the Scheme, in compliance with updated regulatory requirements

The SIP for the DB Section can be found here:
https://finance.admin.ox.ac.uk/sitefiles/osps-db-sip-october-2023.pdf

The DB Section SIP was revised post Scheme year end in July 2024. The revised SIP reflects the changes to the investment strategy including:

- Revised strategic allocations for each asset class
- Inclusion of wording regarding the use of Liability Driven Investment ("LDI")
- Further detail in the 'Division of responsibilities' section

The SIP for the DC Section can be found at
https://finance.admin.ox.ac.uk/sitefiles/dc-sip-june-2021.pdf

What is stewardship?

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

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

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

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP. Policies taken from the SIP are presented in quotation marks. Note, the policies listed are not exhaustive; please refer to the full SIP.

Defined Benefit ("DB")

Strategy
Investment objectives
"The Scheme's assets are invested in such a way that sufficient money is available to meet the liability to provide benefits to the members of the Scheme as they fall due."

Allocation of assets

"Asset allocation is considered regularly by the Trustee and reviewed in detail in conjunction with (or following) each actuarial valuation."

Strategic allocation

"Any investment undertaken will have considered:

- *Whether the asset class proposed is appropriate given market expectations for that asset class;*
- *Whether the investment manager has the skill and ability to run a mandate which is expected to achieve the return targets;*
- *Whether the specific asset class and manager are appropriate for the overall risk, return and diversification of the total portfolio."*

The investment strategy outlined in the SIP is monitored frequently to ensure the strategy remains appropriate. As part of meeting the Scheme's investment objectives, the Trustee monitored the funding level on a quarterly basis. This allowed the Trustee to consider the funding level progression within the context of the long-term funding target.

The Trustee actively manages the portfolio, making changes to the asset classes, fund managers and allocation as they see fit to ensure it remains well diversified and on track to meet the Scheme's objective. This includes ensuring the Scheme has the "*necessary liquidity to pay benefits as they become due*". The Trustees reviewed the liquidity of the portfolio in detail in November 2023, and will continue doing so on an annual basis.

Following the 31 March 2022 Actuarial Valuation, an investment strategy review was carried out at the November 2022 meeting whereby the risk and return profile and asset allocation was considered. The strategic allocation that was agreed upon can be found in the October 2023 SIP. In light of further improvements to the Scheme's funding level, discussions took place throughout the Scheme year and decisions were made to de-risk the portfolio to protect the Scheme's strong funding position. A new strategic allocation was formally signed off by the Trustee and the University in February 2024, reflected in the July 2024 SIP.

The Trustees discussed the long-term direction of travel for the Scheme at the March 2024 meeting.

Risks

The SIP outlines risks which have the potential to cause deterioration in the Scheme's funding level. The Trustee reports on several of the risks associated with the Scheme's investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. In this report, the Trustee monitors the risks associated with both the DB and Additional Voluntary Contributions ("AVCs") portions of the Scheme, concentrating on market risks, credit risk, interest rate risk, inflation risk and others.

The Trustee decreased the growth portfolio allocation in favour of the matching portfolio to reduce the risk caused by interest and inflation rate fluctuations during the Scheme year, to protect the favourable funding position. As part of the investment strategy review, the investment adviser proposed modelled portfolios, each with a reduction of allocation to growth assets in favour of matching assets to reduce the overall risk (expressed as a Value at Risk measure) whilst maintaining a prudent return. In order to better protect the portfolio against interest and inflation rate fluctuations, the Trustees undertook LDI training in October 2023 and adopted a LDI strategy for management of their matching portfolio. The initial implementation of the LDI strategy took place in February 2024.

Implementation

Choosing investments

"The Funding and Investment Committee considered the suitability of a range of asset classes, the need for diversification, the risk and rewards of different asset allocations, and the sponsoring employers' views (including the strength of the sponsoring employers' covenant)."

The Trustee reviewed the corporate bonds allocation during the 2022-2023 Scheme year and agreed to replace the BlackRock corporate bonds mandate with Robeco partly due to the ESG integration of the mandate. Onboarding and investment into Robeco finalised over H2 2023.

To better protect the Scheme's strong funding position, the Trustees explored LDI as a solution to better match the sensitivities of the Scheme's liabilities, stabilise the funding position and lock in gains. The Trustees undertook LDI training in October and received presentations from three LDI managers. Each manager presented an overview of their business, their approach to LDI management, and their proposed solution tailored to the Scheme, where the managers were asked to provide their "best" solution and show what level of hedging they could achieve. Following further modelling from the managers, it was discussed and agreed that Insight would replace SSgA as the Scheme's matching portfolio manager, managing the Scheme's LDI strategy. Implementation took place over Q1 2024.

The following was taken into consideration when making these decisions:

- Utilisation of the investment adviser's manager research team to conduct necessary due diligence
- The return and overall risk of the investments
- ESG credentials of the asset classes and the managers

General

Direct investments

"Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate."

The Defined Contribution Committee formally review the DC arrangements at the committee meeting on 14 March 2023. This review included an in-depth presentation from Legal & General regarding the investment strategy applied to its target date funds, both historically and planned future developments.

The arrangements with asset managers

"The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee's policies."

The Trustee received quarterly Funding and Investment reports from its investment adviser outlining the valuation of all investments held, monitoring the performance of these investments, and recording any material transactions undertaken during the quarter. Investment returns are compared with appropriate performance targets to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation set out in the SIP. Within this report also, the Trustee received an overview of each "buy" rated manager produced by Aon's manager research team giving a quarterly update on the rating of the manager. This includes an ESG rating for equity and fixed income managers where available.

The Trustee received an annual implementation statement reporting on the monitoring and engagement activities carried out by its investment managers.

"The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies."

The Funding and Investment Committee ("FIC") reviewed the Trustee's Responsible Investment ("RI") and ESG Policy at the November 2023 meeting. The FIC agreed that the note accurately stated the Trustee's key objectives in respect of RI and ESG matters, which it considers to be stewardship priorities. These are outlined in more detail within the 'Environmental, social and governance considerations' section of this report.

The Trustee will share the policy with the Scheme's asset managers and intends to go through a detailed exercise in Q4 2024 to assess the managers' alignment with the policy.

"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."

In Q4 2023, it was agreed to appoint Insight to replace SSgA as the Scheme's matching portfolio manager. The Trustee received a formal s36 document from the Scheme's investment adviser confirming suitability of the new fund and fund manager as part of the portfolio.

On an ad hoc basis, the Scheme invites asset managers to present at Trustee meetings and engage on matters of interest such as performance and ESG. M&G presented at the August 2023 meeting and Copenhagen presented at the March 2024 meeting.

Environmental, social and governance considerations

"In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance."

As noted earlier, the Trustee considered the ESG credentials of Insight as the new LDI manager. Due to the limited materiality of stewardship for LDI as an asset class, the ESG credentials of Insight was considered on an overall level.

Since 1 October 2022, the Trustee has been required to produce and publish an annual report in line with the recommendations of the Taskforce on Climate Related Financial Disclosures ("TCFD"). Over the reporting period, the Trustee has carried out several activities, with the support of Aon, to formally align with the recommendations of the TCFD and fully understand the potential impact that climate-related risks and opportunities could have on the DB and DC Sections of the Scheme. These activities supplement the wider ESG-related monitoring exercises already carried out by the Trustee. This includes:

- An overview of the Scheme's governance structure, to ensure that it is still able to make informed decisions on climate-related financial risks and opportunities;
- A review on all of its appointed investment managers on how they view their exposures to climate-related risks and opportunities, both at an individual fund level and a firm level. The Trustee and its advisers then assessed these responses to identify key areas of investment risk for the Scheme and implications for the Scheme's investment strategy. This was then compared to last year's reporting period to identify any improvements or declines in managers' exposure to physical and transition risks;
- A review of the quantitative climate change scenario analysis on the DB Section, and a qualitative climate change scenario analysis on the DC Section of the Scheme, that was completed as at June 2021 to understand the potential impact of climate change on each section over the next 30 years. The Trustee is comfortable that the analysis remains appropriate for this year's reporting, and does not intend to undertake new analysis since significant strategy changes were still ongoing as at the reporting date;
- Following the activities outlined within the Climate Risk Management Framework that integrates climate-related risks into the Trustee's various documents and processes. This enables the Trustee to identify, assess and monitor climate-related risks and opportunities on a continuous basis;
- Gathering climate-related data on the Scheme's investments, to aid understanding of the Scheme's current exposure to climate-related risks. During this reporting period, the Trustee gathered Scope 3 emission data alongside a portfolio alignment metric (by measuring the portion of the portfolio with net zero- or Paris-

aligned targets from the Scheme's underlying managers. The overall carbon data was compared to last year's reporting period, to understand whether any significant changes have occurred year-on-year; and

- Reviewing the appropriateness of the climate-related targets set in the previous year of reporting, to support future monitoring and management of climate-related risks.

Climate-related risks and TCFD reporting have been discussed at all FIC meetings over the year to 31 March 2024, and the FIC has kept the Trustee Board appraised of any material climate-related developments through regular updates, as and when required. The Trustee published its first TCFD report in October 2022 and carries out this exercise on an annual basis, in line with the regulatory requirements.

In March 2024, the FIC received training by the Trustee's investment consultant, on the key takeaways from the initial wave of pension scheme TCFD reports, across the industry. The training helped inform the preparation of the Trustee's TCFD report for the year ending 31 March 2024. During the same session, the FIC also received training on net zero targets, including what they are and why they are important. More detailed net zero training was provided to the Trustee during the July 2024.

The Trustee has agreed an RI and ESG Policy for the Scheme, which sets out the Trustee's approach on these matters. The Policy sets out requirements for the asset managers, such as how they are expected to take into account various long-term ESG issues, disclosures of how ESG factors are considered, voting policies and how they give effect to their ESG policies. This is due to be reviewed in Q4 2024.

Whilst the Trustee's SIP does not explicitly cover stewardship priorities, the Trustee has considered the 'Key objectives' set out in its RI and ESG Policy to be stewardship priorities for the purposes of its IS.

The stewardship priorities of the Trustee are voting and engagement opportunities that align with the following key objectives:

- UK government legislation and regulations (for example, on modern slavery, environmental quality, climate change and other relevant issues);
- UK government commitment to international conventions and treaties (for example, UN conventions on climate change, cluster bombs, antipersonnel mines that are designed to harm or kill civilians and related issues);
- Direct and indirect investment in companies and related financial instruments that are associated with activities that are harmful to human health and welfare (for example, alcohol, gambling, tobacco and cigarette manufacturing and other similar issues); and
- Direct and indirect investment in companies and related financial instruments that violate international norms and/or UK moral principles (for example, human trafficking, indenture, and exploitation and other similar issues).

The Trustee has aligned its voting examples with these priorities wherever this was possible based on the significant votes provided to the Trustee by its investment managers.

Cost and transparency

"The Trustee intends to collect annual cost transparency reports covering all of its investments in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class."

"The Trustee assesses the performance of its investment managers quarterly and the remuneration of its investment managers at least annually."

"The Trustee monitors portfolio turnover…"

The Trustee received and reviewed the cost transparency report provided by ClearGlass. ClearGlass collects costs (including portfolio turnover costs) incurred by the Scheme from the Scheme's investment managers in line with the CTI template for each asset class. The Trustee received quarterly Funding and Investment reports from the investment adviser which details the performance of its investment managers. The detailed investment manager fee information i.e. Total Expense Ratios ("TERs") is also covered in the report and reviewed by the Trustee on a quarterly basis.

The Trustee raises areas for concern as discussion points at meetings with its investment adviser where relevant.

Review of SIP

"This SIP will be reviewed typically annually or immediately following a change of investment policy."

An investment strategy review was undertaken during the Scheme year. The SIP was updated to reflect the agreed strategy.

Policy on rights attaching to investments

"The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy."

The Trustee receives an annual Implementation Statement showing the levels of voting activity and engagement from the asset managers. To aid in its continuing understanding and awareness of the ESG risks and opportunities to which the Scheme is exposed, the Trustee is provided with guidance from its adviser in the form an ESG dashboard (named 'RI-360i') on an annual basis. The Trustee reviewed an updated version of this dashboard in November 2023.

The Trustee uses RI-360i to analyse the underlying portfolio and establish what is owned by the Scheme. The online tool also informs the Trustee about who is making decisions on what is owned, by analysing the Scheme's asset managers, their capabilities and their culture. These insights then steer the Trustee's engagements with its asset managers, so they know - and are doing - what is expected of them by the Trustee.

Defined Contribution ("DC")

Strategy

Investment objectives

"The Trustee is responsible for investing DC assets in line with members' preferences. Its key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. The Trustee has taken into account members' circumstances; in particular the possible range of members' attitudes to risk and term to retirement."

Allocation of assets

"In order to meet the Scheme's Investment Objective, the Trustee provides members access to a number of individual funds via the provider's platform. For the default investment strategy, the key aims are to support DC members in building their real retirement income while managing possible downside risks; and to hold investments at retirement that do not target a particular benefit but are diversified across primarily 'lower risk' asset classes such as cash and investment grade bonds, whilst also allocating a lesser proportion to 'higher' risk assets such as equities, property and alternatives."

The Trustee undertakes a formal review of the DC Section default investment strategy at least every 3 years. The investment strategy review is currently underway, the previous review having been concluded on 25 March 2021.

The investment strategy for the DC Section is monitored quarterly by the Defined Contribution Committee. During this reporting period, the performance of DC funds was considered at meetings on 8 June 2023, 31 August 2023, 7 December 2023 and 14 March 2024.

Risks

As well as the risks set out in the DB Section above, for the DC Section the Trustee also considers the risk of not meeting members' expectations and the default investment strategy not being suitable for members.

As stated above, the Trustee reports on several of the risks associated with the Scheme's investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. The risks associated with the DC Section of the Scheme are also considered as part of the investment strategy reviews carried out every three years (which consider the DC Section membership profile, and how members are expected to access these funds) and the frequent monitoring of investment and administration performance, including any member complaints or feedback reported by Legal & General.

Implementation

Choosing investments

"In choosing the DC Section's investment options, it is the Trustee's policy to consider (i) a full range of asset classes. (ii) the suitability of the possible styles of investment management and extent of manager diversification. (iii) the suitability of each asset class for a DC Scheme. (iv) the need for appropriate diversification of asset classes (v) the current and expected future membership of the DC Section of the Scheme and (vi) the fund charges, in order to assess value for money"

Features (i) to (v) are considered as part as part of the investment strategy reviews carried out every three years. The fund charges and value for money are assessed annually through the Trustee's formal value for members assessment carried out to support the Chair's Statement. The value for members assessment for the period ending 31 March 2023 was considered by the Defined Contribution Committee on 31 August 2023.

. **General**

The arrangements with asset managers

"The Trustee regularly monitors the DC Section's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee's policies."

The Trustee receives quarterly monitoring reports from Legal & General including the valuation of all investments held, monitoring the performance of these investments, and membership changes during the quarter. Investment returns are compared to the performance comparators set by Legal & General.

The annual implementation statement that the Trustee receives reporting on the monitoring and engagement activities carried out by its investment managers includes the DC Section funds.

"The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies."

The Trustee shared its ESG policy with Legal & General on 25 January 2023. Legal & General included details of its approach to ESG as part of its presentation to the Defined Contribution Committee on 14 March 2023. The Trustee were satisfied the manager was aligned with the Scheme's ESG policy.

Environmental, social and governance considerations

"In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- *The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance."*

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section.

Cost and transparency

"*The Trustee is aware of the importance of monitoring the costs and charges borne by members and the impact these costs can have on member outcomes. The Trustee regularly monitors and reviews the costs and charges borne by members, as part of the work to prepare the Chair's Statement each year."*

During this reporting period, the Trustee collated the costs and charges borne by members (including implicit transaction costs) for the 12-month period ending 31 March 2023 as part of the value for members assessment and the work to prepare the Chair's Statement.

Review of SIP

"The SIP will be reviewed typically annually or immediately following a change of investment policy."

The DC Section SIP was not reviewed during this reporting period. It will be updated by 1 October 2024 to include the Trustee's policy on investing in illiquid assets and again once the triennial investment strategy review that is currently underway has been completed.

Policy on rights attaching to investments

"The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code, and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy."

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section

Our Engagement Action Plan

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

1. For the illiquid investments held by the Scheme: M&G Investments for its Illiquid Credit Opportunities Fund ("ICOF") did not provide engagement data at a fund level, though M&G did provide the number of fund level engagement for its Inflation Opportunities Fund; the manager did not provide engagement activity by theme/topic at fund level. Ares Capital and Copenhagen provided limited engagement information; DIF did not provide any information at a fund-level but did provide a firm-level response on its ESG processes. Whilst the

opportunities for engagement with illiquid investments, such as infrastructure funds, are not as extensive as they are for other investments, such as equity and corporate bonds, we would still expect our investment managers of these funds to demonstrate and report on some level of engagement; for example, by engaging to exert influence on underlying companies or asset management through governance and how identified ESG risks are managed, as per the guidance issued by the Pension and Lifetime Saving Association ("PLSA").

2. Generation did not provide fund-level engagement data, nor did it provide significant voting examples as per the PLSA template. We will review the manager to better understand its engagement and voting practices and the areas which are behind those of its peers.

3. Threadneedle did not provide any information at the fund-level although it did provide a firm-level response. The manager stated this was because its way of tracking engagement is inconsistent with the ICSWG guide. This fund was fully disinvested on 30 April 2024.

4. Legal and General Investment Management Limited ("LGIM") did provide a comprehensive list on fund-level engagements, which we find encouraging, but it did not provide detailed engagement examples specific to the fund in which we are invested, as per the Investment Consulting Sustainability Working Group ("ICSWG") industry standard template. Our investment adviser will continue to engage with LGIM to encourage improvements in its engagement reporting.

5. We will invite our investment managers to meetings to get a better understanding their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

6. We will undertake regular and detailed ESG monitoring of our managers.

7. We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.

8. We will undertake training related to Responsible Investment topics.

Our managers' voting activity

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

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

Why is voting important?

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

Source: UN PRI

Voting statistics

The table below shows the voting statistics for the Scheme's material funds with voting rights held in the Defined Benefit ("DB"), Defined Contribution ("DC"), and Additional Voluntary Contribution ("AVC") mandates with voting rights for the year to 31 March 2024.

Section	Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	Generation - Global Equity Fund	621	100.0%	8.7%	1.1%
DC	L&G PMC 2020 - 2025 Target Date Fund	19,875	99.8%	21.7%	0.7%
DC	L&G PMC 2025 - 2030 Target Date Fund L&G PMC 2030 - 2035 Target Date Fund	103,654	99.8%	22.5%	0.2%
DC	L&G PMC 2035 - 2040 Target Date Fund L&G PMC 2040 - 2045 Target Date Fund	93,473	99.8%	23.1%	0.2%
DC	L&G PMC 2045 - 2050 Target Date Fund L&G PMC 2050 - 2055 Target Date Fund L&G PMC 2055 - 2060 Target Date Fund L&G PMC 2060 - 2065 Target Date Fund L&G PMC 2065 - 2070 Target Date Fund	17,454	99.8%	22.5%	0.7%
DC	L&G PMC Future World Multi-Asset Fund	91,840	99.8%	23.1%	0.2%
DC	L&G PMC All World Equity Index Fund	64,058	99.9%	20.2%	0.5%
DC	L&G PMC Ethical Global Equity Index Fund	16,564	99.8%	18.5%	0.2%
DC	Prudential - With Profits Investment Account[1]	65,638	98.4%	7.0%	1.0%
AVC	Prudential - With Profits Cash Accumulation[2]				

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

[1] Prudential – the with Profits Investment Account can only invest in the Prudential - With Profits Cash Accumulation Fund – and as such the voting records provided covers both funds.
[2]Prudential Fund Management has been delegated to a number of fund managers, including M&G Investment Management. The voting is carried out by the underlying fund managers.

Why use a proxy voting adviser?

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

Use of proxy voting advisers

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

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

The table below describes how the Scheme's managers use proxy voting advisers.

Managers	Description of use of proxy voting advisers *(in the managers' own words)*
Generation Investment Management ("Generation")	Generation has appointed Institutional Shareholder Services ("ISS") as its proxy voting agent to provide notice of all company meetings and to ensure Generation's voting instructions are effectively carried out. However, we do not follow any third-party advice as a default. This is because we believe each analyst should review the relevant

	issues on a case-by-case basis and exercise their best judgement on how to vote, given their deep knowledge of the company.
Legal & General Investment Management Limited ("LGIM")	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions
Prudential[1]	M&G Investment Management We use research provided by ISS and the Investment Association; and we use the ProxyExchange platform from ISS for managing our proxy voting activity. BlackRock While we subscribe to research from the proxy advisory firms Institutional Shareholder Services ("ISS") and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research. Lazard Asset Management Ltd Lazard currently subscribes to advisory and other proxy voting services provided by Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co. ("Glass Lewis"). These proxy advisory services provide independent analysis and recommendations regarding various companies' proxy proposals. ISS provides additional proxy-related administrative services such as vote execution, recordkeeping and reporting support services. The Proxy Administration Team reviews proxy information on a daily basis and regularly communicates with representatives of ISS to ensure that all agendas are considered and proxies are voted on a timely basis. Members of the Proxy Committee, along with members of the Legal & Compliance Team, conducts periodic due diligence of ISS and Glass Lewis.

Source: Managers
[1]Prudential Fund Management has been delegated to a number of fund managers, including M&G Investment Management. The voting is carried out by the underlying fund managers, with the most material managers shown above.

Significant voting examples

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

Our managers' engagement activity

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

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme .

Section	**Funds**	**Number of engagements**		**Themes engaged on at a fund/ firm level**
		Fund level	**Firm level**	
DB	Ares – Capital Europe V	*Not provided; the manager stated that: "We do not currently track engagements at the strategy (and firm) level. However, Ares engages in regular meetings with portfolio company management teams and tracks ESG developments on an ongoing basis. […] If we are the lead / sole lender to a company, Ares has the opportunity to raise issues and discuss relevant risk-mitigation or value-creation ESG-related initiatives."*		Others - Diversity targets, Cybersecurity improvements, Diversity and carbon emission reduction targets, CO_2 emission reductions, equality of opportunity and governance scores
	Copenhagen – Infrastructure IV	*Not provided; the manager stated that: "As an active owner, Copenhagen (through its funds) engages with every investment in its fund portfolios on an ongoing basis, normally daily."*		Environment* - Natural resource use/impact (biodiversity) Social* - health & safety
	DIF – Infrastructure V	*Not provided*	*75*[1]	Governance, Climate resilience, Safety, Community and Environment[2]
	Generation - Global Equity Fund	*Not provided*	517	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human Capital Management
	M&G – Illiquid Credit Opportunities Fund VII	*Not provided*	297	Environment* - Climate Change Social* - Human Capital Management Governance* - Remuneration; Board effectiveness - Diversity Other* - Multiple Topics
	M&G – Inflation Opportunities Fund V	33	297	Environment* - Climate Change Social* - Human Capital Management Governance* - Remuneration; Board effectiveness - Diversity Other* - Multiple Topics
	Robeco - Global Sustainable Development Goals ("SDG") Credit Income Fund	29	319	Governance - Shareholder Rights Environment - Climate Change Social - Human and Labour Rights; Human Capital Management Other - SDG Engagement
	Threadneedle AM – Property Unit Trust ("TPUT")	*Not provided*	1,424	Environment* - Climate Change

				Social* - Human Capital Management; Human and Labour Rights Governance* - Leadership - Chair/CEO; Board effectiveness - Other
DC	L&G PMC 2020 - 2025 Target Date Fund L&G PMC 2025 - 2030 Target Date Fund L&G PMC 2030 - 2035 Target Date Fund	1,660	2,500	Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Income inequality Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC 2035 - 2040 Target Date Fund L&G PMC 2040 - 2045 Target Date Fund L&G PMC 2045 - 2050 Target Date Fund L&G PMC 2050 - 2055 Target Date Fund L&G PMC 2055 - 2060 Target Date Fund L&G PMC 2060 - 2065 Target Date Fund L&G PMC 2065 - 2070 Target Date Fund	1,560		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Income inequality Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC Future World Multi-Asset Fund	1,552		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Income inequality Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC All World Equity Index Fund	816		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Lobbying and Political Donations Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	L&G PMC Ethical Global Equity Index Fund	363		Environment - Climate Impact Pledge, Climate Change, Deforestation Social - Ethnic Diversity, Gender Diversity, Lobbying and Political Donations Governance - Remuneration, Board Composition, Nominations and succession Other - Corporate Strategy
	Prudential - With Profits Investment Account	2,987	250	Environment* - Climate change Social* - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance* - Board effectiveness – Diversity, Board effectiveness - Independence or Oversight Strategy, Financial and Reporting* - Capital allocation
AVC	Prudential - With Profits Cash Accumulation	204	250	Environment - Climate Change (including Strategy, Broader Sector Opportunities and Thermal Coal), Water use/Scarcity/Pollution Social – Inequality, Diversity & Inclusion Governance – Board Composition & Effectiveness, Shareholder rights

	Strategy, Financial and Reporting - Capital allocation

Source: Managers.
**The following managers did not provide fund level themes; themes provided are at a firm-level: Copenhagen; Generation; M&G; Threadneedle; and Prudential - With Profits Investment Account. Copenhagen themes taken from case studies provided.*
[1]Number of investments engaged with, may include multiple engagements.
[2]Focus areas to assess ESG Performance of the investments.

Data limitations

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

- Ares and Copenhagen provided limited engagement data. As per Ares, given the diverse nature of its investment strategies, it does not have a firmwide approach. However, it is in process of developing an engagement strategy, including tracking and prioritization of themes. Copenhagen mentioned that it is difficult to provide a split as the engagement levels vary widely based on the status (i.e. construction vs. operations) of the investment and any financing processes.
- DIF did not provide any information at a fund-level, but did provide firm-level response on number of investments participating in its ESG path program and its ESG focus areas. The manager noted that there is no formal engagement tracking in a way which is consistent with the ICSWG guide.
- Threadneedle did not provide any information at a fund-level, but did provide firm-level response and noted its engagement tracking is not categorised in a way which is consistent with the ICSWG guide.
- M&G did not provide engagement data for the ICOF II. Although M&G did provide the number of fund level engagement for its Inflation Opportunities Fund, the manager did not provide engagement activity by theme/topic at fund levels.
- Generation did not provide fund-level engagement information and noted its engagement reporting is not consistent with the ICSWG template. Also, the manager did not provide sufficient information on its significant voting example.
- LGIM did provide fund-level engagement information but not in line with the best practice ICSWG guide.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Example (DB Section)

In the table below are some significant vote examples provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

Generation - Global Equity Fund	**Company name**	Amazon.com, Inc.
	Date of vote	24 May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Report on Efforts to Reduce Plastic Use
	How you voted?	Votes Against Resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not provided
	Rationale for the voting decision	We believe this proposal places incorrect emphasis on Amazon's own plastic use and misses the far more important effort around Amazon's suppliers' use, which is what Amazon is rightly focused on.
	Outcome of the vote	Not provided
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Not provided
	On which criteria have you assessed this vote to be most significant?	Not provided

Source: Manager

Appendix – Significant Voting Examples (DC/AVC Section)

In the table below are some significant vote examples provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

L&G PMC 2020 - 2025 Target Date Fund; L&G PMC 2045 - 2050 Target Date Fund; L&G PMC 2050 - 2055 Target Date Fund; L&G PMC 2055 - 2060 Target Date Fund; L&G PMC 2060 - 2065 Target Date Fund; L&G PMC 2065 - 2070 Target Date Fund	**Company name**	Westpac Banking Corp.
	Date of vote	14 December 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.03 – 0.1%
	Summary of the resolution	Resolution 5 - Approve Westpac Climate Change Position Statement and Action Plan
	How you voted?	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics
	Rationale for the voting decision	Climate change: A vote AGAINST this proposal is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While we positively note the company's net-zero commitments and welcome the opportunity to voice our opinion on the bank's climate transition plan, we highlight some concerns with the scope of targets and disclosures. In particular - The bank has not committed to establish science-based targets; and - The sector policies notably on certain fossil fuels (such as unconventional oil and gas) and existing business relationships remains limited in scope. More specifically, the company's position on power generation is quite high level and particularly narrow in scope.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be most significant?	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

L&G PMC 2025 - 2030 Target Date Fund; L&G PMC 2030 - 2035 Target Date Fund; L&G PMC 2035 - 2040 Target Date Fund; L&G PMC Future World Multi-Asset Fund	**Company name**	Toyota Motor Corp.
	Date of vote	14 June 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.17% - 0.25%
	Summary of the resolution	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
	How you voted?	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.
	Outcome of the vote	15.1% (Fail)
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic - Lobbying: LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.
L&G PMC All World Equity Index Fund; L&G PMC Ethical Global Equity Index Fund	**Company name**	Wells Fargo & Company
	Date of vote	25 April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.24% – 0.42%
	Summary of the resolution	Resolution 8 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with Green House Gas ("GHG") Targets
	How you voted?	For

	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe 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. 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.
	Outcome of the vote	30.8% (Fail)
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
Prudential - With Profits Cash Accumulation[1]	**Company name**	Microsoft Corporation
	Date of vote	07 December 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.2%
	Summary of the resolution	Report on Risks of Operating in Countries with Significant Human Rights Concerns
	How you voted?	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Not Applicable
	Rationale for the voting decision	Given the expansion of data centres, additional disclosures around human rights risks would benefit shareholders.
	Outcome of the vote	Fail
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Not Provided
	On which criteria have you assessed this vote to be most significant?	Environmental and social

Source: Managers

[1]Prudential – the with Profits Investment Account can only invest in the Prudential - With Profits Cash Accumulation Fund – and as such the voting records provided covers both funds.