Implementation Statement ("IS")

Aon Retirement Plan (the "Plan") (Defined Contribution (DC) Sections)

Plan Year: 1 April 2023 to 31 March 2024

The purpose of the Implementation Statement is for us, the Trustee of the Aon Retirement Plan, to explain what we have done during the Plan Year 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 Plan Year;
2. How our policies in the SIP have been followed during the Plan 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.

The Plan's current DC SIP can be found here: https://www.aonretirementplan.co.uk/pdf/ar3-arp-dcavc-statement-of-investment-principles-20240927.pdf.

Aon Investments Limited acts as both investment adviser and investment manager, with a clear distinction between the roles performed for the Trustee. Throughout this statement, we have referred to Aon Investments Limited in their capacity as investment adviser and investment manager as 'investment adviser' and 'AIL' respectively.

Our conclusion

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

As the fiduciary investment manager[1], AIL has collated the required (and relevant) information on voting behaviour and engagement activity from the underlying asset managers. The details are summarised in this statement.

We conclude that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

What does this mean for members?

The Trustee is responsible for ensuring that the assets of the Plan are invested appropriately on behalf of members and in line with the policies and objectives set out in the SIP.

This statement is important for members as it demonstrates the actions taken by the Trustee to comply with the SIP policies and objectives over the Plan Year.

The Voting, Engagement, and Stewardship section outlines the activity undertaken in these areas, on the Trustee's behalf, by AIL. Engaging with the underlying companies in this way ultimately aims to improve retirement outcomes for members.

Changes to the SIP during the Plan Year

There were no notable changes to the Trustee's policies or approach to the Defined Contribution (DC) and Additional Voluntary Contribution (AVC) Sections' investments. The changes made to the SIP were largely to its structure, to improve its clarity for members. Whilst the changes were made to the SIP during the prior reporting period the updated SIP was signed during the Plan Year in September 2023.

Evidence on how the Trustee has met its SIP objectives and policies

The Trustee outlines in the SIP key objectives and policies. The Trustee has considered the broad themes these objectives and policies fit into, and has noted these below, together with an explanation of how these objectives have been met and policies adhered to over the course of the Plan Year.

[1] We use the term 'fiduciary investment manager' to indicate that AIL has the discretion to implement changes to the underlying investments, in accordance with the broad policies agreed by the Trustee.

Policies relating to strategy

"The Trustee recognises that the key source of financial risk (in relation to members meeting their objectives) normally arises from asset choice. The Trustee therefore retains responsibility for the investment fund options made available to the membership and takes expert advice as required from its investment advisers."

The Trustee continues to provide members with a broad range of investment choices. Members can choose between two broad approaches to invest their pension account:

- **The Aon Managed Retirement Pathway Fund series:** These are asset allocation strategies offered to members targeting three different benefits at retirement, namely drawdown (flexible retirement), annuity purchase and cash. These series of funds will automatically adjust the respective investment strategies as they progress towards a target retirement date. The design of the asset allocation strategy for the Aon Managed Retirement Pathway Funds is focused on achieving a return above inflation, as measured by the Consumer Price Index (CPI).

- **The Self-Select fund range:** The Trustee also makes available a range of asset class based funds.

For members who do not wish to make an active investment decision, a default investment strategy has been put in place, following consideration of the Plan membership, the risks associated with investment, and after taking advice from the investment adviser. The Aon Managed Retirement Pathway to Drawdown is the principal default strategy for the Plan.

During the Plan Year the Trustee discussed with AIL its proposed changes to underlying investments within the Aon Managed Retirement Pathway Funds, to ensure the changes were consistent with the aims and objectives of the Funds and in members' best interests. Further detail on the implementation of the changes, which began during the Plan Year, are given in the 'Policies relating to choosing investments' section below.

No changes were made to the choice of default strategy or the range of self-select funds during the Plan Year.

Policies relating to Governance

"The Trustee takes some decisions and delegates others. When deciding which decisions to take and which to delegate, the Trustee has taken into account whether it has appropriate training and expert advice in order to take an informed decision."

The Trustee has established a decision-making structure, details of which are set out in the SIP.

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. The Trustee also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

The Trustee is responsible for the appointment and monitoring of the fiduciary investment manager. In addition, the Trustee is responsible for the choice of investment options made available to members of the Plan, including the default investment strategy into which assets are invested in the absence of any instructions from the member. Before making this choice, the Trustee obtained and considered written advice on the investment options appropriate for the Plan from the appointed investment adviser (Aon, who is authorised and regulated by the Financial Conduct Authority to give such advice under the Financial Services and Markets Act 2000).

The Trustee is also responsible for the preparation of the SIP. The Trustee has consulted with the Principal Employer prior to writing the SIP and has considered its recommendations, taking the Principal Employer's comments into account when it believes it is appropriate to do so. During the prior Plan Year when the SIP was reviewed, the Trustee obtained and considered written advice provided by the investment adviser before reviewing the structure of the SIP.

During the Plan Year, the Trustee complied with its Governance policies as set out in the SIP.

Policies relating to risk measurement and management

"The Trustee recognises that members take the investment risk. The Trustee takes account of this in the selection and monitoring of the fiduciary manager and the choice of funds offered to members."

The Trustee recognises a key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Plan. The main areas of risk identified by the Trustee are set out in the SIP.

Investment monitoring takes place quarterly with monitoring reports provided to the Trustee by AIL. These include performance reporting on all investment funds relative to their respective benchmarks or targets and performance commentary which highlights key factors affecting the performance of the funds over the quarter. These reports also contain any updates on changes to the funds made by AIL over the quarter, and AIL's manager rating for Environmental, Social and Governance ('ESG') issues. Any issues with the managers' investment strategy, including the ESG assessment, are flagged.

Prior to appointing any underlying fund manager, AIL carries out due diligence on behalf of the Trustee to ensure risks to members relating to fraud, acts of negligence and provider failure are minimised.

During the Plan Year, the Trustee discussed the risks of market fluctuations and inflation, in particular, with AIL. Whilst the 'since inception' performance of the Aon Managed Retirement Pathway Funds is in line with expectations, both 3 year and 5 year performance is disappointing relative to the long term return objectives and to Fund benchmarks. Performance relative to the inflation linked long term objectives has been significantly impacted by recent high inflation. Changes within the Funds designed to address the underperformance relative to benchmarks are described in the section below.

Policies relating to choosing investments

"The Trustee has put in place the default arrangements described in the SIP in acknowledgement that some members would benefit from support in setting their investment choices. A choice of alternative self-select fund options [see Appendix of the SIP], are also offered so members can tailor their investment selections, to meet their requirements, if they so wish."

As the DC Sections of the Plan are not being used for auto-enrolment purposes, the Trustee is not required to designate a default arrangement into which members' assets are invested. However, the Trustee has made available a default investment strategy as described earlier.

The Trustee delegates the selection of the platform provider and day to day management of the funds to AIL.

During the Plan Year, the Trustee discussed with AIL a number of proposed changes to asset allocation weightings within the Aon Managed Retirement Pathway Funds, in response both to market conditions and to recent Fund performance:

- Within the 'growth' phase of the portfolios, a reduction in the allocation to 'factor' equities and an increase in the allocation to 'climate transition' equities. These changes are expected to reduce performance variability versus the benchmark while maintaining the existing expected return / risk profile long-term. These changes commenced during the Plan Year and will be fully implemented by the end of February 2025.

- In the 'to retirement' and 'in retirement' phases of the portfolios, the following changes are being made:
    - Introducing government bonds earlier, from 15 years before retirement instead of 7.5 years.
    - Increasing the allocation to short-dated inflation linked government bonds at and in retirement.
    - Reducing the exposure to corporate bonds and equities.
    - Adjusting the corporate bond portfolio to wholly invest in actively managed bond funds.

  These changes are expected to significantly reduce risk for members closer to retirement, while keeping the Funds on track to deliver the long-term return objectives for members. These changes commenced during the Plan Year and were fully implemented by July 2024.

In addition to these changes, earlier in the Plan Year AIL replaced the BlackRock Emerging Market Index Fund with the newly launched UBS Global Emerging Market Equity Climate Transition Fund within the Aon Managed Global Equity Fund. Following this change, 100% of the Aon Managed Global Equity Fund is now invested in funds with an explicit focus on either climate transition, broader ESG improvements, or both.

Policies relating to costs and performance

"The Trustee is aware of the importance of monitoring their fiduciary managers' total costs and the impact these costs can have on the overall value of the Plan's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by underlying asset managers that can increase the overall cost incurred by their investments."

The Trustee collated all member borne cost and charges data for the Plan Year and these are published in the Annual Chair's Statement, which is available to the Plan's members. The Chair's Statement contains illustrations of the cumulative effects of these costs and charges at retirement.

The Trustee assesses the performance of AIL as its fiduciary manager on a net of all costs basis and recognises that this provides an incentive on AIL to control costs. It also believes that explicit, regular monitoring of the level and the trends of costs incurred will enhance those incentives. The Trustee is comfortable that fees paid to both AIL and the underlying investment managers remain reasonable.

During the Plan Year, the Trustee noted that the performance of the default arrangement lagged its benchmark and long-term inflation linked return objectives, particularly for members closer to retirement, over the long term. The Trustee is comfortable that the portfolio changes described above are an appropriate response to concerns about portfolio performance relative to benchmark. The Trustee accepted that meeting the long-term inflation linked return objectives was particularly difficult given the recent high inflation.

The Trustee is comfortable that the inflation linked objectives remain appropriate over the long-term.

In addition, at the request of the Trustee, AIL has introduced peer group performance comparisons with other off-the-shelf default arrangements into its quarterly monitoring reports. The Plan's performance compares well within the peer group, in particular for the 'at retirement' portfolio.

Policies relating to arrangements with asset managers

"The Trustee recognises that the arrangements with the fiduciary manager, and in turn with the underlying asset managers, are key to ensuring that interests between all parties are aligned."

The Trustee considers AIL to be its primary investment manager. On an ongoing basis Aon assesses the appropriateness of the decisions taken by AIL regarding the Plan's membership. No significant issues were raised by our advisers in relation to AIL over the Plan Year.

AIL considers the suitability of the Plan's underlying fund managers on an ongoing basis, on behalf of the Trustee. AIL will only appoint underlying fund managers who are 'Buy' rated and achieve a minimum standard or rating for ESG from our adviser's investment manager research team. This team meets the underlying fund managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other material factors to ascertain whether the overall 'Buy' rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.

Voting, engagement, and stewardship

How the Trustee's expectations regarding voting and engagement have been implemented

The Plan is invested entirely in pooled funds, and so the implementation of voting and engagement is delegated to AIL and the underlying managers. The Trustee retains responsibility for the voting and engagement actions carried out by AIL on its behalf. AIL invests the Plan's assets in a range of funds including the default strategy and wider range of self-select funds. AIL selects the underlying asset managers to achieve the objective of each Fund on behalf of the Trustee.

We reviewed the stewardship activity carried out over the Plan Year by the material investment managers and, in our view, all were able to disclose adequate evidence of voting and / or engagement activity. More information on the stewardship activity carried out by AIL and the underlying investment managers can be found in the following sections.

Over the Plan Year, we monitored the performance of the Plan's investments on a quarterly basis and received updates on important issues from our investment manager. In particular, we received quarterly Environment Social Governance ("ESG") ratings from AIL for the funds the Plan is invested in (where available).

Each year, we review the voting and engagement policies of the Plan's investment managers to ensure they align with our own policies for the Plan and help us to achieve them.

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 ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

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

Source: UN PRI

AIL's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies or investment managers (as owners of companies) 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.

Over the year, AIL held several engagement meetings with many of the underlying investment managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the underlying investment managers. AIL provided feedback to the underlying investment managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to a baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

Underlying managers' voting activity – Equity, real asset and multi-asset funds

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 Plan's investments is an important factor in deciding whether a manager remains the right choice for the arrangement.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights. Over the year, the material equity, real asset and multi-asset investments held by the Plan within the default strategy and wider self-select fund range were:

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

Aon Managed Retirement Pathway Funds

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: BlackRock, LGIM, UBS
	Listed real assets: BlackRock, LGIM
Aon Managed Diversified Asset Fund	BlackRock, LGIM

Source: Aon Investments Limited

Self-select fund range

Fund name	Underlying managers (equity-owning only)
Aon Managed Global Equity Fund	BlackRock, LGIM, UBS
Aon Managed Active Global Equity Fund	Baillie Gifford, BNY Mellon, BlackRock, Harris
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Property and Infrastructure Fund[1]	BlackRock, LGIM (listed real assets)
Aon Managed Diversified Multi Asset Fund[1]	BlackRock, LGIM
BlackRock UK Equity Index Fund	BlackRock
BlackRock World ex-UK Equity Index Fund	BlackRock
BlackRock Emerging Market Index Fund	BlackRock
HSBC Islamic Global Equity Index Fund	HSBC
LGIM Ethical Global Equity Index Fund	LGIM

Source: Aon Investments Limited

Voting statistics: Aon Managed Retirement Pathway Funds

The table below shows the voting statistics for each of the material funds held within the default strategy, the Aon Managed Retirement Pathway Funds, for the 12 months to 31 March 2024.

We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds to Drawdown.

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Initial Growth Phase Fund[1,2]	96.5%	17.7%	0.1%
Aon Managed Global Impact Fund	99.0%	23.4%	2.0%
Aon Managed Diversified Asset Fund[1]	96.6%	17.9%	0.1%
Aon Managed Retirement Pathway Funds			
Member 30 years from retirement[1]	**96.7%**	**18.3%**	**0.3%**
Member at retirement[1]	**96.7%**	**18.1%**	**0.2%**

Source: Aon Investments Limited, Underlying investment managers: BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea. [1]Please note figures shown only reflect the proportion of the portfolio with equity-voting rights. [2]Invests 90% in the Aon Managed Global Equity Fund and 10% in property and infrastructure.

Voting statistics: self-select funds

The table below shows the voting statistics for each of the material funds offered within the wider self-select fund range available for the year to 31 March 2024.

Fund name	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Global Equity Fund	97.0%	18.8%	0.1%
Aon Managed Active Global Equity Fund	97.6%	2.8%	0.4%
Aon Managed Global Impact Fund	99.0%	23.4%	2.0%
Aon Managed Property and Infrastructure Fund[1]	91.6%	7.4%	0.4%
Aon Managed Diversified Multi Asset Fund[1]	96.6%	17.9%	0.1%
BlackRock UK Equity Index Fund	96.6%	2.6%	1.1%
BlackRock World ex-UK Equity Index Fund	97.7%	5.6%	0.4%
BlackRock Emerging Market Index Fund	98.7%	10.3%	2.7%
HSBC Islamic Global Equity Index Fund	96.0%	23.1%	0.0%
LGIM Ethical Global Equity Index Fund	99.8%	18.5%	0.2%

Source: Aon Investments Limited, underlying investment managers (BlackRock, LGIM, UBS, Nordea, Mirova, Baillie Gifford, BNY Mellon, Harris, HSBC).
[1]Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

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 Plan's underlying investment managers use proxy voting advisers.

Manager	Description of use of proxy voting
Baillie Gifford	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (Institutional Shareholder Services (ISS) and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon ISS's recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisers in the Chinese and Indian markets to provide it with more nuanced market specific information.
BlackRock	BlackRock uses ISS's electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform its voting decision.
BNY Mellon	The BNY Mellon receives third party research ISS for information purposes. However, the recommendations from any intermediary have no bearing on how BNY Mellon votes.
Harris	Harris utilises the services of ISS proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS services are otherwise used for information only. Harris states that it will follow its Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, the final decision rests with Harris' Proxy Voting Committee.

Manager	Description of use of proxy voting
HSBC	HSBC uses the leading voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's guidelines. ISS reviews voting policy recommendations according to the scale of HSBC's overall holdings. The bulk of holdings are voted in line with the recommendation based on HSBC's guidelines.
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 it does not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.
Mirova	Mirova uses ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation is not prescriptive or determinative to Mirova's voting decisions. All voting decisions are made by Mirova in accordance with its voting policy.
Nordea	In general, every vote Nordea cast is considered individually on the background of its bespoke voting policy, which Nordea have developed in-house based on its own principles. Nordea's proxy voting is supported by ISS to facilitate voting, execution and to provide analytic input.
UBS	UBS AM retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.

Source: Aon Investments Limited. Underlying managers

Significant voting activity

To illustrate the voting activity being carried out on our behalf, we asked AIL to provide a selection of what they and the underlying investment managers consider to be the most significant votes in relation to the Plan's funds. A sample of these significant votes can be found in the appendix for the main funds used within the default strategy.

Engagement

Engagement is when an investor communicates with current (or potential) investee companies or investment managers (as owners of companies) 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.

Engagement Activity - Aon Managed Retirement Pathway Funds

Below we provide examples of some of the engagement activity carried out by the underlying investment managers for the default strategy and the most material self-select funds. The managers have provided information for the most recent calendar year available (1 January 2023 – 31 December 2023). Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund invested in by the Aon Managed Retirement Pathway Funds.

All managers engaged across all key themes. We would expect this to be the case, as all underlying managers meet AIL's required standards for consideration of ESG factors / risks. The key themes engaged are shown in the below table:

Themes engaged on at a firm level						
Environment - Climate Risk Management	Environment - Biodiversity	Governance - Remuneration	Governance - Board Effectiveness	Governance - Corporate Strategy	Social - Human Capital	Social - Risks & Opportunities

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea).

Engagement Activity – Wider fund range

Below we provide examples of some of the engagement activity carried out by the underlying investment managers for the most material self-select funds. The managers have provided information for the most recent calendar year available (1 January 2023 – 31 December 2023). Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund.

We also provide examples of specific engagement activity carried out by the most material underlying investment managers below.

BlackRock has had extensive, multiyear engagements with **Chevron** during which it has discussed a range of corporate governance topics that, in BlackRock's assessment, are important for long-term financial value creation, including board composition, corporate strategy, human capital management as well as the board's oversight of and management's approach to climate-related risk and opportunities. At Chevron's May 2023 AGM, BlackRock highlighted four key votes.

- The first was a Shareholder proposal requesting that the company rescind a 2021 non-binding shareholder proposal asking the company "to reduce its Scope 3 emissions in the medium- and long-term future. BlackRock did not support this shareholder proposal as it believes Chevron's approach to incorporating scope 3 greenhouse gas ('GHG') emissions into the company's Portfolio Carbon Intensity (PCI) targets to be a meaningful way for the company to reduce GHG emissions in its value chain while maintaining the integrity of its core business and reducing sales of company products is not the only means to achieving meaningful scope 3 reductions.
- The second was a shareholder proposal requesting that Chevron set a medium-term reduction target covering the GHG emissions associated with the use of its energy products (scope 3 emissions), that is consistent with the goal of the Paris Climate Agreement[1].

[1]The Paris Agreement is a legally binding international treaty on climate change. Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."

BlackRock did not support this shareholder proposal as it believes the company has already taken actions that address the proponent's request given that the company incorporate scope 3 emissions into its aforementioned PCI metric. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management's ability to set the company's long-term business strategy.

- The third shareholder proposal requested Chevron to report on the social impact on workers and communities from closure or energy transition of the Company's facilities, and alternatives that can be developed to help mitigate the social impact of such closures or energy transitions. BlackRock did not support this shareholder proposal as, in the manager's assessment, Chevron is already providing disclosure regarding its approach to workforce continuity amid a transition to a low-carbon economy.

- The fourth shareholder proposal requested that the board "commission and publicly disclose the findings of an independent racial equity audit, analysing the adverse impacts of Chevron's policies and practices that discriminate against or disparately impact communities of colour, above and beyond legal and regulatory matters. BlackRock did not support this shareholder proposal as, in the manager's assessment, Chevron's policies and actions on diversity, equity, and inclusion largely address the issues of focus in the shareholder proposal, which was confirmed by the independent racial equity audit the company voluntarily undertook in the last year.

UBS engaged with **Starbucks** in 2023, Starbucks has experienced on-going allegations and strikes from its US workforce in connection with infringements of their rights to unionize and participate in collective bargaining practices. The National Labour Relations Board (NRLB) have outlined that complaints have included that the company has adopted an anti-union approach and used retaliation against individuals or stores. UBS encourages companies to fully respect the ILO Declaration on Fundamental Principles and Rights at Work, including freedom of association and the effective recognition of the right to collective bargaining.

To get a clearer understanding of the current status, the manager engaged with the company, and also attended a meeting held by a group of shareholders that had filed a resolution at the AGM that was seeking the company to commission a third-party assessment on its commitment to worker rights. The company has outlined in dialogue with UBS that even though the company fully honours the NLRB process, it disagrees with the allegations.

After careful review of both the company and shareholder viewpoints on the subject, UBS decided to support the proposal. The manager expects board members to protect and enhance the brand and reputation of the company and feel that the allegations around anti-union practices toward employees are a clear reputational risk to the company. A third-party assessment would benefit shareholders in understanding where the implementation of company policies is falling short and how they can be remedied moving forward. The proposal passed at the AGM held on 23rd March, with majority support of 53%. Following this outcome, UBS will continue to engage with the company on this topic and monitor what steps management is taking to eradicate practices that do not align with policies.

LGIM engaged with **Skandinaviska Enskilda Banken AB ("SEB")** over 2023. SEB is a banking group with a local presence in 20 countries. It offers financial services to large companies, institutional clients and investors.

LGIM has been engaging with SEB over the year, the resolution was an instruction to the Board of Directors to Revise SEB's Overall Strategy to be in Line with the goals of the Paris Agreement.

A vote against this proposal was applied from LGIM. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of Scope 1, 2 and material Scope 3 GHG emissions and short, medium, and long-term GHG emissions reduction targets consistent with the 1.5°C goal. The manager considers the principles of the proposal to be broadly supportable. However, the drafting of the proposal and demand for a climate strategy that seeks to immediately halt new fossil fuel extraction is too vague and does not consider the nuances in an orderly transition to a net-zero emissions economy.

Engagement Activity - Non-equities

While equity managers may have more direct influence on the companies they invest in, managers investing in asset classes such as fixed income and alternatives are also increasingly influential in their ability to encourage positive change.

The Aon Managed Retirement Pathway Funds and several of the wider self-select fund options include investment in non-equity assets. This might include fixed income, cash, direct property and alternatives such as gold, depending on the fund. Below we describe examples of engagement.

Fixed Income

The Aon Managed Retirement Pathway and several of the wider self-select fund options invested in fixed income and cash over the Plan Year. The above engagement activities carried out by LGIM, BlackRock and UBS are also applicable for equity, Multi Asset and Fixed Income funds.

Direct Property
The Aon Managed Retirement Pathway Funds, Aon Managed Initial Growth Phase Fund and the Aon Managed Property and Infrastructure Fund invested in direct property over the Plan Year.

The Trustee appreciates that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustee expects ESG engagement to be integrated in its managers' investment approaches.

The direct property manager, Threadneedle, is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle takes an approach to real estate whereby it strives to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

Key topics of engagement during the year include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During the 12 months to 30 June 2023, Threadneedle completed a range of projects designed to improve the energy efficiency of the underlying assets.

Commodities
The Aon Managed Retirement Pathway Funds, Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund invested in commodities over the Plan Year.

The Invesco Physical Gold Exchange – Traded Commodities Fund provides exposure to physical gold. Invesco incorporates ESG considerations within the Fund, as it follows the London Bullion Market Association (LBMA) Responsible Gold Guidance that requires strict adherence to rules around the provenance of gold. Additionally, Invesco engage directly with companies in the gold mining space and see engagement as an opportunity to encourage continual ESG improvement.

Data limitations
At the time of writing, LGIM and BlackRock did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group (“ICSWG”) template.

Nordea and Harris Associates did not provide any voting examples in relation to Environment or Social topics.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the underlying investment managers appointed by the Manager and used within the default strategy, the Aon Managed Retirement Pathway Funds.

The Trustee considers a significant vote to be one which the underlying investment manager deems to be significant. The underlying investment managers will 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 underlying managers' own words.

LGIM	**Company name**	**Wells Fargo & Company**
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%
	Summary of the resolution	Resolution 8 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
	How the manager voted	For
	Did the manager communicate its 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 sent 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	Fail
	Implications of the outcome	LGIM will continue to engage with the company and monitor progress.
	On which criteria have the vote is considered 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.
BlackRock	**Company name**	**Restaurant Brands International**
	Date of vote	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	Shareholder Proposal to Report on the Reduction of Plastic Use
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	BlackRock did not support this proposal because, in their analysis, RBI's existing disclosures on plastics use are comprehensive and provide sufficient information to allow investors to understand the company's approach to managing the risks and opportunities of plastics use.
	Outcome of the vote	Fail
	Implications of the outcome	RBI is already taking steps to address this issue, including the disclosure of a number of commitments, such as phasing out intentionally added PFAS from guest facing packaging by 2025 or sooner as well as recycling guest facing packaging in restaurants globally, where commercially viable and where infrastructure is available by 2025. RBI has indicated that they will continue to enhance their disclosures, including providing quantitative information, in future sustainability reports
	On which criteria have the vote is considered significant?	Board quality & effectiveness, incentives aligned with financial value creation, animal welfare, corporate political activities, company impacts on people, and climate risk & natural capital

UBS	**Company name**	**Netflix, Inc.**
	Date of vote	June 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not disclosed
	Summary of the resolution	Advisory Vote to Ratify Named Executive Officers' Compensation
	How the manager voted	Against Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Accelerated vesting of awards undermines shareholder long-term interest. Majority of awards vest without reference to performance conditions. Lack of a clawback provision. Excessive pay quantum.
	Outcome of the vote	Fail
	Implications of the outcome	Ahead of the AGM, UBS engaged with the company in regard to their concerns and affirmed these concerns through their voting action. The company has an unconventional pay framework, via stock options. UBS continue to require the company to implement performance pay awards.
	On which criteria have the vote is considered significant?	Aggregate percentage of votes against management exceeded 70% of votes cast.
Nordea	**Company name**	**Deere & Company**
	Date of vote	February 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.5%
	Summary of the resolution	Vote to Ratify Named Executive Officers' Compensation
	How the manager voted	Against management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Share-based long-term incentive plan for executives was 64% time-based. In Nordea's view, properly devised remuneration systems should, in an uncomplicated, clear and transparent manner, aim to achieve a better performance and increase value for shareholders. Ideally, the incentive programs would incentivise the participant to achieve something out of the ordinary and thus, they should have clear and sufficiently challenging performance conditions.
	Outcome of the vote	For
	Implications of the outcome	Nordea will continue to vote against badly structured renumeration programs with large proportions of time based variable compensation.
	On which criteria have the vote is considered significant?	Significant votes are those that are severely against our principles, and where they feel they need to enact change in the company.
Mirova	**Company name**	**Legal & General Group Plc**
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.6%
	Summary of the resolution	Say on Climate
	How the manager voted	Supported management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	On balance, the company's climate transition plan is sufficiently robust to warrant a vote FOR at this stage. The investment policy is

		aligned with +1.5°C trajectory. Targets are set for the short, medium, and long-term and covers all scopes.
	Outcome of the vote	Pass
	Implications of the outcome	Mirova's main criticism is that they would have preferred the inclusion of sovereigns. Indeed, while L&G allegedly excludes sovereigns due to lack of clear industry GHG methodologies to account for this asset class, Mirova disagrees with this rationale: methodologies do exist, rather the issue stems from most governments not taking their climate commitments seriously.
	On which criteria have the vote is considered significant?	Relevant to engagement strategy
Baillie Gifford	**Company name**	**Dexcom, Inc.**
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.7%
	Summary of the resolution	Shareholder Resolution requesting median pay gap reporting
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	We opposed a shareholder resolution asking for a median pay gap reporting. We are satisfied that the company committed to provide this reporting and is currently working with consultants on this.
	Outcome of the vote	Fail
	Implications of the outcome	As the Company has committed to publish adjusted median pay and provided a breakdown of their workforce, we will be waiting for the release of the materials and seek engagement to understand the nature of adjustment in the future.
	On which criteria have the vote is considered significant?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
HSBC	**Company name**	**Apple Inc.**
	Date of vote	February 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	7.9%
	Summary of the resolution	Report on Median Gender/Racial Pay Gap
	How the manager voted	Vote Against Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	We believe that the proposal would contribute to improving gender inequality.
	Outcome of the vote	The shareholder resolution did not pass.
	Implications of the outcome	We will likely vote against a similar proposal should we see insufficient improvements.
	On which criteria have the vote is considered significant?	The company has a significant weight in the portfolio and we voted against management.
Harris	**Company name**	**Alphabet Inc.**
	Date of vote	June 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.5%
	Summary of the resolution	Advisory Vote on Say on Pay Frequency

How the manager voted	Against Management
Did the manager communicate its intent to the company ahead of the vote?	No
Rationale for the voting decision	Management put forward a resolution to hold 'Say on Pay' votes every three years. We believe that a yearly say on pay vote is most appropriate.
Outcome of the vote	Pass
Implications of the outcome	We will continue to monitor executive compensation at the company, and will engage with management on this issue if necessary.
On which criteria have the vote is considered significant?	Voted against management

Source: Aon Investments Limited, Underlying Managers (LGIM, BlackRock, UBS, Baillie Gifford, Mirova, Nordea, HSBC, Harris).