



Pirelli Tyres Limited 1988 Pension and Life Assurance Fund – DC Section

Implementation Statement for the year ending 31 March 2023

Introduction

This implementation statement has been prepared by the Trustees of the Pirelli Tyres Limited 1988 Pension and Life Assurance Fund (the Fund). The statement:

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

A copy of the SIP and a copy of this statement are available to members on request and may be accessed free of charge by visiting the publicly available website:

[\[https://www.pirelli.com/tyres/en-gb/uk-legal-information\]](https://www.pirelli.com/tyres/en-gb/uk-legal-information)

The Trustees' policies contained in the SIP are underpinned by their investor beliefs, which have been developed in consultation with their investment consultant.

Trustees' overall assessment

In the opinion of the Trustees, the policies as set out in the SIP have been followed during the year ending 31 March 2023.

Review of the SIP

The Trustees' policies have been developed over time by the Trustees in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

The SIP was not reviewed during the scheme year but will be reviewed in 2023. The latest review was due to changes in legislation effective from 1 October 2019 as well as to incorporate other changes to the investment arrangements. This review resulted in the following policies being updated on August 2020.

- Policy in relation to financially material considerations, including environmental, social and governance (ESG) factors.
- Policy in relation to non-financial matters.
- Policy in relation to stewardship.

Investment strategy

The Fund provides members with a range of funds in which to invest together with Lifestyle Strategies from which to make their investment choices. These aim to allow members to achieve the following:

- maximising the value of retirement benefits, to ensure a reasonable standard of living in retirement;
- protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs; and
- tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

The Trustees also provide a default strategy to provide a balanced investment strategy for members who do not make an active investment choice.

A review of investment strategy commenced during the year.

As part of this review exercise, the Trustees will consider:

- Demographic analysis of their membership
- Market information around member investment and retirement behaviour and how this may translate to their particular scheme's membership
- Changes which could be made to the glidepath of the default investment strategy
- Alternative asset classes to incorporate into the default strategy and/or alternative lifestyle strategies and/or wider fund range
- The fees and expenses payable by members and the effect that any changes in investment strategy would have on these

In considering these factors, the Trustees believe they have complied with their SIP regarding investment strategy considerations.

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

The Trustees have given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Fund invests in pooled funds to manage costs, diversify investments and improve liquidity.

During the year, the Trustees discussed the performance of the asset classes invested in and the attributes of the asset classes that contributed to that performance.

The investment managers maintain a diversified portfolio within each of the funds offered under the Fund (both within the default and self-select options). In addition, the design of the default strategy provides further diversification through the use of multiple funds throughout a member's working lifetime.

As part of the review of the investment strategy and the appointment of the investment managers the Trustees discussed the degree of diversification within the strategy.

Under normal market conditions the Trustees expect to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress. Dealing spreads and liquidity are monitored periodically by the investment consultant, particularly during periods of heightened volatility.

All funds in which the Trustees invest did not experience any liquidity issues that had any impact on members during the year.

Policy in relation to the expected return on investments

The default option is expected to provide an appropriate return on members' investments, based on the Trustees' understanding of the Fund's membership and having taken into account the risk considerations set out in the SIP.

The expected return of the default option was assessed during the year as part of the initial stages of the investment strategy review. The expected return of both the default option and the self-select options were considered during the year as part of SMPI calculations.

Policy in relation to risks

The Trustees have considered risk from a number of perspectives. These are the risk that:

- the investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income,
- investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
- investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,
- the default option is not suitable for members who invest in it, and
- fees and transaction costs reduce the return achieved by members by an inappropriate extent.

The investment strategy for the default option has been chosen with the aim of reducing these risks.

The Trustees monitor these risks through the regular performance monitoring reports and annual cost disclosure documents provided by and discussed with the investment consultant.

Two monitoring reports were received during the year. These did not highlight any significant concerns over the level of risk being run within the Fund.

The self-select funds available have been chosen to provide members with the flexibility to address the above-mentioned risks for themselves.

The risks inherent in the default option and self-select options were assessed during the year as part of the initial stages of the investment strategy review.

Policies in relation to their investment manager arrangements

The Fund's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustees have very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

The benchmark for the Ninety-One Diversified Growth Fund changed during the year.

The Trustees, in conjunction with their investment consultant, have introduced a process to obtain and review the investment holding turnover and the associated costs incurred on the pooled funds used by the Fund on an annual basis. The Trustees have received reports detailing the turnover costs incurred for each pooled fund used by the Fund for 2019 and 2020 and will review subsequent years when the data is available.

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific Fund policies. They expect that their investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Fund's performance) over an appropriate time horizon.

Trading costs are incurred in respect of member switches (including within the lifestyle strategy), and wider (Trustee-led) asset transfer work. The Trustees receive information on the expected costs of Trustee-led exercises as and when they occur, and the exercise is only undertaken if the expected benefits outweigh the expected costs. Information on potential ongoing member switching costs is included within the Chair's Statement.

The investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustees have paid their investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the investment managers on behalf of the Trustees, including performance reviews and manager oversight meetings.

Investment manager monitoring and changes

During the year the Trustees received two reports from the investment consultant examining the performance of the pooled funds made available to members.

Appropriate written advice will be taken from the investment consultant before the review, appointment or removal of the investment managers.

Stewardship of investments

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

The Trustees, in conjunction with their investment consultant, appoint their investment managers and choose the specific pooled funds to use in order to meet specific policies. They expect that their investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors, and that they engage with issuers of debt or equity to improve their performance (and thereby the Fund's performance) over an appropriate time horizon.

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

Stewardship - monitoring and engagement

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

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

The Trustees' also delegate responsibility for engaging and monitoring investee companies to the investment managers and they expect the investment managers to use their discretion to maximise financial returns for members and others over the long term.

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

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
BlackRock	Yes	Yes
LGIM	Yes	Yes
MFS	Yes	Yes
Ninety-One	Yes	Yes

The Trustees review each investment manager prior to appointment and monitor them on an ongoing basis through the regular review of the manager's voting and engagement policies and a review of each manager's voting and engagement behaviour. The Trustees may also request their investment consultant's manager ESG ratings to aid them in the process.

If the Trustees find any manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

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

Investment manager engagement policies

The Fund's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustees with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as

strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on the managers' websites.

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

Engagement			
	BlackRock 70/30 Global Equity Index	BlackRock Dynamic Diversified Growth Fund	BlackRock Global Minimum Volatility Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	3,249	213	214
Number of engagements over the year	5,219	378	402

Engagement			
	BlackRock Global Property Securities Fund	LGIM Ethical Global Equity Index Fund	LGIM World Emerging Markets Equity Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	86	204	120
Number of engagements over the year	116	339	196

Engagement			
	LGIM FTSE Developed Core Infrastructure Index Fund	MFS Global Equity Fund	Ninety-One Diversified Growth Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a		

	market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.		
Number of companies engaged with over the year	16	22	25
Number of engagements over the year	23	29	30

Exercising rights and responsibilities

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

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

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

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

The Trustees do not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

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

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

Voting behaviour			
	BlackRock 70/30 Global Equity Index	BlackRock Dynamic Diversified Growth Fund	BlackRock Global Minimum Volatility Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Number of meetings eligible to vote at	5,443	890	336
Number of resolutions eligible to vote on	60,970	11,708	4,864
Proportion of votes cast	95.8%	92.0%	97.4%
Proportion of votes for management	91.8%	94.0%	92.2%
Proportion of votes against management	8.9%	5.0%	5.2%
Proportion of resolutions abstained from voting on	1.8%	1.0%	0.4%

Voting behaviour			
	BlackRock Global Property Securities Fund	LGIM Ethical Global Equity Index Fund	LGIM World Emerging Markets Equity Index Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Number of meetings eligible to vote at	32	1,155	4,231
Number of resolutions eligible to vote on	388	16,602	36,506
Proportion of votes cast	62.0%	99.8%	99.9%
Proportion of votes for management	91.0%	82.0%	79.5%
Proportion of votes against management	8.0%	17.8%	18.4%
Proportion of resolutions abstained from voting on	1.0%	0.2%	2.1%

Voting behaviour			
	LGIM FTSE Developed Core Infrastructure Index Fund	MFS Global Equity Fund	Ninety-One Diversified Growth Fund
Period	01/04/2022-31/03/2023	01/04/2022-31/03/2023	01/04/2022-31/03/2023
Number of meetings eligible to vote at	144	86	81
Number of resolutions eligible to vote on	1,802	1,348	974
Proportion of votes cast	100.0%	100.0%	100.0%
Proportion of votes for management	75.9%	94.2%	92.5%
Proportion of votes against management	24.0%	5.0%	7.5%
Proportion of resolutions abstained from voting on	0.1%	0.1%	0.4%

Trustees' engagement

The Trustees have considered the environmental, social and governance rating for all of the investment managers, provided by the investment consultant, which includes consideration of voting and/or engagement activities.

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

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

Appendix

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

Investment manager Engagement policy

MFS Investment Management	https://www.mfs.com/content/dam/mfs-enterprise/mfscom/backlot/Directive%20II%20-%20InstiCli.pdf
Legal & General Investment Management	https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-engagement-policy.pdf
BlackRock Investment Management	https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf
Ninety-One Asset Management	https://ninetyone.com/-/media/documents/Stewardship/91-ESG-How-We-Engage-Policy-Stewardship-en.pdf

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

BlackRock 70/30 Global Equity Index (ACS UK Equity Tracker Fund)	Vote 1	Vote 2	Vote 3
Company name	Rio Tinto Plc	Ocado Group Plc	Barclays Plc
Date of Vote	08/04/2022	04/05/2022	04/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Approve Climate Action Plan	Amend Value Creation Plan	Approve Barclays' Climate Strategy, Targets and Progress 2022
How the fund manager voted	For	Against	For

Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	n/a	n/a	n/a
Rationale for the voting decision	n/a	Remuneration arrangements are poorly structured.	n/a
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. BlackRock's Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. They have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is assessed to be "most significant"	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions BlackRock expect will be of particular interest to clients. BlackRock's vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins		

BlackRock 70/30 Global Equity Index (Aquila Connect Overseas Consensus Equity Fund)	Vote 1	Vote 2	Vote 3
Company name	Bank of Montreal	Grupo Financiero Banorte SAB de CV	Marathon Petroleum Corporation
Date of Vote	13/04/2022	22/04/2022	27/04/2022

Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Adopt a policy to ensure the bank's financing is consistent with IEA's net zero emissions by 2050 scenario	Elect Adrian Sada Cueva as Director	Amend Compensation Clawback Policy
How the fund manager voted	Against	For	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	<p>BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock's voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.</p> <p>BlackRock's market-specific voting guidelines are available on their website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines</p>		
Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	n/a	The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome	<p>BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. BlackRock's Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. They have</p>		

ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.

Criteria on which the vote is assessed to be "most significant"	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions BlackRock expect will be of particular interest to clients. BlackRock's vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins
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BlackRock Dynamic Diversified Growth Fund

Vote 1

Vote 2

Vote 3

Company name	Rio Tinto Plc	Petroleo Brasileiro SA	Grupo Financiero Banorte SAB de CV
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Date of Vote	08/04/2022	13/04/2022	22/04/2022
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Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
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Summary of the resolution	Approve Climate Action Plan	Percentage of Votes to Be Assigned - Elect Marcio Andrade Weber as Independent Director	Elect Adrian Sada Cueva as Director
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How the fund manager voted	For	Abstain	For
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Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply
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	their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock's voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.		
Rationale for the voting decision	n/a	Abstain due to lack of sufficient information at the time of voting.	n/a
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. BlackRock's Global Principles describe their philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. BlackRock do not see engagement as one conversation. They have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where BlackRock have concerns that are not addressed by these conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assess whether the company has addressed their concerns.		
Criteria on which the vote is assessed to be "most significant"	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions BlackRock expect will be of particular interest to clients. BlackRock's vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins		
Blackrock Aquila Life Global Minimum Volatility Fund	Vote 1	Vote 2	Vote 3
Company name	Abbott Laboratories	Accenture Plc	Activision Blizzard, Inc.
Date of Vote	29/04/2022	01/02/2023	28/04/2022
Approximate size of fund's holding as at	n/a	n/a	n/a

the date of the vote
(as % of portfolio)

Summary of the resolution	Elect Director Robert J. Alpern	Elect Director Jaime Ardila	Approve Merger Agreement
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How the fund manager voted	For	For	For
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Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	n/a	n/a	n/a
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Rationale for the voting decision	n/a	n/a	n/a
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Outcome of the vote	n/a	n/a	n/a
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Implications of the outcome	n/a	n/a	n/a
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Criteria on which the vote is assessed to be “most significant”	n/a	n/a	n/a
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BlackRock Global Property Securities Fund	Vote 1	Vote 2	Vote 3
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Company name	n/a	n/a	n/a
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Date of Vote	n/a	n/a	n/a
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Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
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Summary of the resolution	n/a	n/a	n/a
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How the fund manager voted	n/a	n/a	n/a
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	n/a	n/a	n/a
Rationale for the voting decision	n/a	n/a	n/a
Outcome of the vote	n/a	n/a	n/a
Implications of the outcome	n/a	n/a	n/a
Criteria on which the vote is assessed to be "most significant"	n/a	n/a	n/a

LGIM Ethical Global Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Alphabet Inc.	NVIDIA Corporation	The Home Depot, Inc.
Date of Vote	01/06/2022	02/06/2022	19/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.0	1.3	0.9
Summary of the resolution	Resolution 7 - Report on Physical Risks of Climate Change	Resolution 1g - Elect Director Harvey C. Jones	Resolution 6 - Require Independent Board Chair
How the fund manager voted	For	Against	LGIM voted in favour of the shareholder resolution (management recommendation: against).

Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is Their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
Outcome of the vote	17.7%	83.8%	23.9%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	LGIM considers this vote significant as it is an escalation of their climate-related	LGIM views diversity as a financially material issue for their clients, with	LGIM considers this vote to be significant as it is in application of an escalation of

	engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	implications for the assets they manage on their behalf.	their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).
LGIM World Emerging Markets Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Meituan	China Construction Bank Corporation	Industrial & Commercial Bank of China Limited
Date of Vote	18/05/2022	23/06/2022	23/06/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3	1.1	0.8
Summary of the resolution	Resolution 2 - Elect Wang Xing as Director	Resolution 10 - Elect Graeme Wheeler as Director	Resolution 7 - Elect Chen Siqing as Director
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is Their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Diversity: A vote against is applied as LGIM expects a company to have at least one female on the board. Joint Chair/CEO: A vote against is applied as LGIM expects the	Climate Impact Pledge: A vote against is applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of	Climate Impact Pledge: A vote against is applied under LGIM's Climate Impact Pledge. LGIM positively note the Company's increased willingness to engage with LGIM and

	<p>roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote AGAINST the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfil fiduciary duties in the company.</p>	<p>scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.</p>	<p>highlight responsiveness to investor concerns, including ESG-related amendments to strengthen the bank's Articles of Association in this area. However, LGIM continue to note their concern with the lack of a clear thermal coal policy in place and no disclosure of scope 3 emissions associated with investments. LGIM will continue to monitor the Company's progress in this area.</p>
Outcome of the vote	91.8%	95.5%	99.0%
Implications of the outcome	<p>LGIM will continue to engage with their investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>	<p>LGIM will continue to engage with the company and monitor progress.</p>	<p>LGIM will continue to engage with the company and monitor progress.</p>
Criteria on which the vote is assessed to be "most significant"	<p>LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. LGIM also considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p>

combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.

**LGIM FTSE
Developed Core
Infrastructure Index
Fund**

Vote 1

Vote 2

Vote 3

Company name

Union Pacific Corporation

NextEra Energy, Inc.

American Tower Corporation

Date of Vote

12/05/2022

19/05/2022

18/05/2022

Approximate size of fund's holding as at the date of the vote (as % of portfolio)

6.1

5.6

4.4

Summary of the resolution

Resolution 1e - Elect Director Lance M. Fritz

Resolution 1j - Elect Director Rudy E. Schupp

Resolution 1f - Elect Director Robert D. Hormats

How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is Their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Diversity: A vote against is applied as the company has an all-male Executive Committee.
Outcome of the vote	91.7%	85.9%	98.1%
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	LGIM considers this vote to be significant as it is in application	LGIM views diversity as a financially material issue for their	LGIM views diversity as a financially material issue for their

	<p>of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.</p>	<p>clients, with implications for the assets they manage on their behalf.</p>	<p>clients, with implications for the assets they manage on their behalf.</p>
MFS Global Equity Fund	Vote 1	Vote 2	Vote 3
Company name	The Goldman Sachs Group, Inc.	Bayer AG	The Charles Schwab Corporation
Date of Vote	28/04/2022	29/04/2022	17/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.7	1.3	1.5
Summary of the resolution	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Approve Remuneration Report	Report on Lobbying Payments and Policy

How the fund manager voted	Against Management	Against Management	Against Management
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	While MFS may engage with issuers ahead of their vote at a shareholder meeting, they may not disclose their final vote decisions that are considered on a case-by-case basis prior to the meeting.		
Rationale for the voting decision	MFS generally supports proposals requesting the right for shareholders who hold at least 10% of an issuer's outstanding stock to call a special meeting.	MFS voted against the remuneration proposal primarily as they felt discretionary adjustments resulted in a disconnect between executive pay and company performance.	MFS voted in favor of the proposal as they believe shareholders would benefit from additional disclosures regarding the company's political contributions and lobbying activity.
Outcome of the vote	39.3%	24.1%	34.7%
Implications of the outcome	MFS believe this level of support indicates a fair level of shareholder concern. MFS hope to see a robust response from the issuer, as well as engagement efforts to address shareholders' concerns.	The level of support demonstrates significant shareholder concern. MFS hope to see a meaningful response from the issuer, including engagement efforts to identify and address shareholders' concerns.	Understanding the initiatives that the company supports through its lobbying activity and trade association memberships allows MFS as shareholders to better gauge how the company views and manages the potential risks associated with its direct and indirect lobbying activities and expenditures.
Criteria on which the vote is assessed to be "most significant"	Significant votes may have the following characteristics, among others: vote is linked to certain engagement priorities, vote considered engagement with the issuer, vote relates to certain thematic or industry trends, etc.		

Ninety-One Diversified Growth Fund	Vote 1	Vote 2	Vote 3
Company name	NextEra Energy Inc	Schneider Electric SE	Waste Management, Inc.
Date of Vote	19/05/2022	05/05/2022	10/05/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Disclose a Board Diversity and Qualifications Matrix	Approve Merger by Absorption of IGE+XAO by Schneider	Report on Civil Rights Audit
How the fund manager voted	Against	For	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	Ninety-One voted in line with management	Ninety-One voted in line with management	Ninety-One did not engage prior to the meeting date as their policy on voting shareholder resolutions of this nature are publicly available.
Rationale for the voting decision	The company recently enhanced its disclosure on board diversity and relevant qualifications, and it appears to meet or exceed peer reporting on the topic.	The absorption of this already controlled subsidiary would simplify the company's capital structure	A vote FOR this resolution is warranted, as a report on an independent audit analysing the adverse impacts of the company's business practices on the civil rights of its stakeholders would allow shareholders to better understand how the company is managing related risks.

Outcome of the vote	Failed	Passed	Passed
Implications of the outcome	n/a	n/a	n/a
Criteria on which the vote is assessed to be “most significant”	Shareholder - ESG - Social	Significant corporate transaction	Shareholder - ESG - Social

Information on the most significant engagement case studies for LGIM as a company for the funds containing public equities as at 31 December 2022 (latest available) is shown below:

LGIM	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	ExxonMobil	BP Plc	J Sainsbury Plc
Topic	Environment: Climate change (Climate Impact Pledge)	Environment: Climate change (Climate Impact Pledge)	Social: Income inequality - living wage (diversity, equity and inclusion)
Rationale	<p>As one of the world's largest public oil and gas companies in the world, LGIM believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for significant influence across the industry as a whole, and particularly in the US.</p> <p>LGIM believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under their Climate Impact Pledge, they publish their minimum expectations for</p>	<p>As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence LGIM's focus on this company for in-depth engagements. As members of the CA100+ LGIM commit to engaging with a certain number of companies on their focus list and on account of their strong relationship with BP, they lead the CA100+ engagements with them.</p> <p>LGIM believe that company engagement is a crucial part of</p>	<p>Ensuring companies take account of the ‘employee voice’ and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of LGIM's stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, LGIM's work on income inequality and their expectations of companies regarding the living wage have acquired a new level of urgency.</p> <p>LGIM's expectations of companies:</p>

<p>companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>UN SDG 13: Climate action</p>	<p>transitioning to a net zero economy by 2050. Under their Climate Impact Pledge, LGIM publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. LGIM's in-depth engagement is focused on helping companies meet these minimum expectations and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p>	<p>i) As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business across their supply chains.</p> <p>ii) LGIM expect the company board to challenge decisions to pay employees less than the living wage.</p> <p>iii) LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.</p> <p>iv) In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to</p>
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		UN SDG 13: Climate action	<p>remain a going concern.</p> <p>With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is one of the largest supermarkets in the UK. Although Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited.</p> <p>UN SDG 8: Decent work and economic growth</p>
What the investment manager has done	<p>LGIM have been engaging with Exxon Mobil since 2016 and they have participated willingly in discussions and meetings. Under LGIM's Climate Impact Pledge, LGIM identified a number of initial areas for concerns, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in</p>	<p>LGIM have been engaging with BP on climate change or a number of years, during the course of which they have seen many actions taken regarding climate change mitigation.</p> <p>BP has made a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle</p>	<p>Sainsbury's has recently come under scrutiny for not paying a real living wage. LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As</p>

<p>operational reductions targets and; lack of disclosure of climate lobbying activities.</p> <p>LGIM's regular engagements with Exxon Mobil have focused on LGIM's minimum expectations under the Climate Impact Pledge. The improvements made have not so far been sufficient in their opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with LGIM's Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as LGIM considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e., voted</p>	<p>charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. LGIM's recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate targets before considering any potential diversification into clean energy. BP has also announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050.</p> <p>LGIM met with BP several times during 2022. In BP's 2022 AGM, LGIM were pleased to be able to support management's 'Net Zero – from ambition to action' report (Resolution 3). Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil and gas production, and announced an</p>	<p>these engagements failed to deliver change, LGIM then joined ShareAction in filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer.</p> <p>This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees (inner and outer) to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, there are still some who are excluded. This group comprises contracted cleaners and security guards, who fulfil essential functions in helping the business to operate safely.</p> <p>Levels of individual typically engaged with include the Chair, the CEO, and head of investor relations.</p>
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	<p>against management recommendation) at Exxon's AGM, reflecting their continued wish for the company to take sufficient action on climate change in line with LGIM's minimum expectations.</p> <p>Levels of individual typically engaged with include lead independent director, investor relations, director and CFO.</p>	<p>increase in capital expenditure to low-carbon growth segments.</p> <p>Levels of director typically engaged with include the chair, the CEO, head of sustainability, and investor relations.</p>	
Outcomes and next steps	<p>Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding their key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, and improved disclosure of lobbying activities. However, there are still key areas where LGIM require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. LGIM are also seeking further transparency on their lobbying activities.</p>	<p>LGIM will continue engaging with BP on climate change, strategy, and related governance topics. Following the company's decision to revise their oil production targets, LGIM met with the company several times in early 2023 to discuss their concerns.</p>	<p>Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce. LGIM have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.</p>

The company remains on LGIM's divestment list (for relevant funds), but engagement with them continues.

Information on the most significant engagement case studies for the Ninety-One Diversified Growth Fund as at 31 March 2023 is shown below:

Ninety-One Diversified Growth Fund	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Xinyi Solar	Ansys	AIA Group
Topic	Governance - Board effectiveness - Diversity Environment - Climate change	Governance - Board effectiveness - Diversity Environment - Climate change	Social - corporate culture
Rationale	Xinyi Solar is the world's largest producer of solar glass. It is directly exposed to the solar industry, and therefore well placed to benefit from the move away from fossil fuels to generate electricity towards renewable energy, mainly solar. Ninety-One's engagement goals for the company this year include monitoring carbon emission targets and board diversity.	Ansys develops simulation software for computer-aided engineering, which is used to predict how products will behave in the real world. Its software allows customers to reduce material inputs, increase energy efficiency and stimulate innovation within low-carbon technologies across renewable technologies, electrification solutions, and building and industrial processes. Ninety-One's main engagement goals for the company this year	Culture is difficult to analyse and measure but remains an important supplement to fundamental analysis and driver of future returns.

		includes board gender diversity and carbon avoided reporting.	
What the investment manager has done	Ninety-One met with the company's Chief Financial Officer and Board Secretary, Danny Chu.	Ninety-One met the Chair of Nominating and Corporate Governance Committee as well as the Head of Sustainability.	Ninety-One contacted the company regarding their parental leave policies. Ninety-One have done work which suggests that parental leave is a significant positive marker with respect to broader workplace practices and there is academic evidence to suggest that it is a driver of higher employee engagement across both parent and non-parent employees.
Outcomes and next steps	Xinyi Solar has already achieved the previous 5-year emission target of -18% vs. 2018 and they discussed how they plan to upgrade their carbon emissions reduction target. They were able to achieve their target early due to increased capacity with lower energy consumption and tech improvements. Another of Ninety-One's engagement topics with the company has been on Scope 3 disclosure. They have yet to achieve this citing the biggest obstacle being the long tail of small suppliers and	Ninety-One discussed with them how they plan to improve board gender diversity. Ninety-One communicated their desire to see board gender diversity move higher and the company confirmed that they are looking to improve board gender diversity with any new additions to the board as well as focusing on improving diversity in the broader organisation. The company have also developed partnerships with universities to expand the diversity of their pool of applicants. They have also conducted	Engagement ongoing. Ninety-One have also sent letters to other holdings within the fund which should provide a good pool of responses for analysis and comparison. Ninety-One will assess the response once received and look to encourage better outcomes.

	<p>the time taken to set up their system to report on carbon emissions. The company has over 1000 suppliers, many of which are small players. They are currently in the process of educating their suppliers on the topic of carbon data disclosure.</p> <p>Ninety-One also spoke to the company about board gender diversity, and they gave an update on their recent addition of a female independent director to the company board.</p>	<p>unconscious-bias training for senior leadership. They have now achieved 50% gender diversity for all direct reports to the CEO.</p> <p>In relation to carbon avoided reported, Ninety-One were pleased to see the company has expanded its product handprint use cases which detail how Ansys products are supporting the development of more sustainable products. This includes use cases for Aerospace and Semiconductor applications.</p> <p>On the topic of Net-Zero, Ninety-One encouraged the company to go through the Science-Based Target (SBT) process to ensure their carbon emissions reduction target was rigorous and sufficiently ambitious.</p>
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Information on the most significant engagement case studies for MFS as a company for the funds containing public equities as at 30 June 2023 (latest available) is shown below:

MFS	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Rolls Royce Holdings PLC	Danone	Glencore PLC

Topic	Environment - Climate Change	Governance - Board effectiveness – Diversity Governance - Independence or Oversight	Environment - Climate Change
Rationale	<p>The factors that MFS assess and engage upon for a given company will vary over time and by industry. In general, MFS' approach to engagement is centered around two aims, and in many cases overlap:</p> <ul style="list-style-type: none"> • Knowledge exchange/monitoring — MFS seek engagement opportunities to improve their understanding of investee companies, which enhances their investment decisions. By engaging with a company to achieve specific goals, they are improving their understanding of the material ESG risks it faces, and also have the opportunity to share their own values and broader expectations. • Engagement with focus on real-world change — When necessary, MFS seek to challenge issuers' behaviour in relation to ESG considerations. MFS 	<p>The factors that MFS assess and engage upon for a given company will vary over time and by industry. In general, MFS' approach to engagement is centered around two aims, and in many cases overlap:</p> <ul style="list-style-type: none"> • Knowledge exchange/monitoring — MFS seek engagement opportunities to improve their understanding of investee companies, which enhances their investment decisions. By engaging with a company to achieve specific goals, they are improving their understanding of the material ESG risks it faces, and also have the opportunity to share their own values and broader expectations. • Engagement with focus on real-world change — When necessary, MFS seek to challenge issuers' behaviour in relation to ESG considerations. MFS 	<p>The factors that MFS assess and engage upon for a given company will vary over time and by industry. In general, MFS' approach to engagement is centered around two aims, and in many cases overlap:</p> <ul style="list-style-type: none"> • Knowledge exchange/monitoring — MFS seek engagement opportunities to improve their understanding of investee companies, which enhances their investment decisions. By engaging with a company to achieve specific goals, they are improving their understanding of the material ESG risks it faces, and also have the opportunity to share their own values and broader expectations. • Engagement with focus on real-world change — When necessary, MFS seek to challenge issuers' behaviour in relation to ESG considerations. MFS

	<p>generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy.</p> <p>MFS believe this engagement illustrates their involvement with Climate Action 100+ Rolls Royce engagement group. The objective is to focus on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen).</p>	<p>generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy.</p> <p>MFS believe this engagement illustrates their involvement with Climate Action 100+ Rolls Royce engagement group. The objective is to focus on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen).</p> <p>This engagement illustrates a key area of focus on board diversity and independence.</p>	<p>generally approach these engagements by setting specific objectives over the course of a specified time frame with the goal of influencing change in the real economy.</p> <p>MFS believe this engagement illustrates their involvement with Climate Action 100+ Rolls Royce engagement group. The objective is to focus on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen).</p> <p>MFS engaged with this company to discuss progress of the company's climate transition plan.</p>
What the investment manager has done	<p>While the engagement described below took place during the one-year timeframe to end June 2023, engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that</p>	<p>While the engagement described below took place during the one-year timeframe to end June 2023, engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that</p>	<p>While the engagement described below took place during the one-year timeframe to end June 2023, engagement may have been ongoing for a number of years. At a firm level MFS have open dialogue with companies that</p>

<p>are long-term in nature.</p> <p>MFS engaged on a collective basis as part as their membership of the Climate Action 100+ Working group on Rolls Royce.</p> <p>MFS' conversations focused on the company's efforts to reduce the climate impacts of air travel, with a particular focus on sustainable aviation fuels and alternative propulsion technologies (e.g. hydrogen). The company has already run both large and small engines on 100% sustainable aviation fuels. However, the adoption of such fuels will likely continue to be constrained by regulation for some time. The team was more positive on the company's small modular nuclear reactor business. Given that nuclear has always suffered from cost overruns and higher than expected energy prices, Rolls Royce is going to manufacture these small module reactors in a central facility which will reduce time to energy production and the higher costs</p>	<p>are long-term in nature.</p> <p>MFS continued to engage with Danone during the first quarter of 2023 as part of their participation in Climate Action 100+. Some of the key topics discussed were climate change, natural capital and deforestation, plastics, decarbonization planning, SBTi certification and capital allocation. Overall, MFS note that progress has been made in several areas on the company's climate plans. For one, Danone's SBTi validation has come through in December 2022 and is now aligned with 1.5-degree pathway and includes new forestry, land use and agriculture targets.</p> <p>Danone's businesses greenhouse gas emissions for the agricultural business segment represent 60% of overall GHG emissions, which was challenging for target setting before the publication of the Forestry, Land use and Agriculture (FLAG) report. Before the FLAG report, sectoral pathways</p>	<p>are long-term in nature.</p> <p>Meeting date: Multiple</p> <p>Led by: CSO, Stewardship team, portfolio managers, industry analyst.</p> <p>Members of MFS' investment team engaged with the sustainability lead, carbon lead and company secretary of Glencore ahead of the upcoming AGM and vote on the progress report of the company's climate transition plan. The discussion provided additional colour to the dynamics and factors shaping the decarbonisation pathway for thermal coal and provided insight on both the progress and challenges in detailed public disclosure. Regarding product use emissions data, MFS encouraged Glencore to do more on customer engagement, including supporting the transfer of knowledge on carbon capture from Australia into Asia. MFS also identified areas where they would like to see enhanced disclosure in the future.</p>
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associated with traditional reactor construction.	<p data-bbox="834 277 1121 667">applicable to Danone were not defined. FLAG now provides companies with very precise guidance and tools that are specific to the FLAG sector – land-based emissions and removals. Removals are key to the FLAG sector.</p> <p data-bbox="834 696 1121 1126">The company stated that it participated in several working groups to shape the FLAG pathway. Targets have been filed for scope 1,2 and 3. The commitment Danone took is now more complicated and will require precise monitoring.</p> <p data-bbox="834 1155 1121 2022">With regard to plastics, the company has release KPIs on plastic and packaging and it is one of the major topics for the company and core category. As for the targets, Danone stated that in staples sector it was always perceived as one of the leaders with regards to its approach on plastics and packing; it is focusing on increasing recyclability and finding alternatives, trying to find new innovations. The ambition of Danone is to be a pioneer and it</p>
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		will want to keep this ambition.	
Outcomes and next steps	MFS will continue to keep engaging with the company on these issues.	MFS will continue to keep engaging with the company on these issues.	<p>Shortly after engagement with Glencore, MFS followed up with written correspondence mentioning that they plan to support the vote approving the progress report, despite limited implementation progress, and outlining feedback on multiple related topics. MFS further identified areas where they would like to see enhanced reporting on thermal coal in order to provide continued support of future progress reports such as capital allocation, the company's future emissions pathway, action to reduce customer emissions and mine rehabilitation.</p> <p>Regarding capital allocation, MFS requested further detail on the use of expansionary capital in thermal coal, such as location and activity, and the tests used to determine alignment of capital within the transition plan. MFS hope to meet again with the company in the</p>

coming months to
continue engaging on
these topics.
