

Implementation Statement (“IS”)

PPG Industries (UK) Limited Pension Plan Defined Contribution Section (the “Plan”)

Plan Year End – 5 April 2023

The purpose of the Implementation Statement is for us, the Trustee of the PPG Industries (UK) Limited Pension Plan (“the Trustee”), to explain what we have done during the year ending 5 April 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

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

Conclusion

Based on the activity we have undertaken during the year, the Trustee believes that the policies set out in the SIP have been implemented effectively and that its underlying Investment managers were able to disclose good evidence of voting and engagement activity.

Specifically, within the SIP the Trustee documents its policies in relation to strategy including default investment, risk measurement and management, governance, implementation and arrangements with investment managers, Environmental, Social and Governance (“ESG”) considerations, costs and performance. The Trustee has set out its approach to meeting each of these policies, along with specific examples (where applicable) from the Plan year which demonstrate how each policy has been met.

As the fiduciary investment manager, the Aon Investment Limited (“AIL”) Investment Management Team (“the Manager”) has collated the required (and relevant) information on voting behaviour and engagement activity from the underlying investment managers. The details are summarised within this note.

In the Trustee’s view, all the Plan’s material underlying investment managers were able to disclose good evidence of voting and/or engagement activity. The Trustee concluded that the activities completed by its managers align with expectations regarding stewardship, and that voting rights have been exercised effectively on its behalf.

Changes to the SIP during the year

The SIP was reviewed and updated over the Plan year to 5 April 2023 as follows:

- To reflect the delegation of certain activities to the newly formed Defined Contribution and Communications Sub-Committee (“DCCSC”)
- To account for the Introduction of the Global impact Fund in the lifestyle strategies and self-select fund range.
- To update benchmark indices of a number of underlying funds following the move from LIBOR and LIBID to SONIA.

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

The Trustee outlines in the SIP a number of key objectives and policies. The full wording of these SIP policies can be found in the SIP which is included under the Public documents section available at this link: <https://www.mypgpension.com/library/>

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 year. The Trustee will set out where it expects more information or engagement to be provided by its managers.

Policies relating to strategy

The Trustee has continued to provide members with a broad range of investment choices over the year. Members can choose between three broad approaches to invest their pension account:

- The 'Do it for me' approach - Target date funds i.e. the Aon Managed Retirement Pathway Fund series. These are asset allocation strategies offered to members targeting different benefits at retirement, namely drawdown (flexible retirement), annuity purchase and cash. Each fund in the series will automatically adjust the respective investment strategies as it progresses towards its target retirement date range. This includes the Flexible Glidepath, the Plan's default investment strategy.
- the 'Help me do it' approach – A range of 'objective based funds' are made available for members to invest in. These are suitable for members that want some control over their investments but also some assistance in terms of the broad objective they aim to achieve.
- the 'Give me full control' approach – The Trustee also makes available a range of 'asset class based funds' for members to invest in.

The Trustee regularly monitored the strategies and funds available to members to ensure they were meeting their objectives and that their inclusion in the fund range continued to be in members' best interests.

The Trustee, via the AIL Advisory Team (the Trustee's "investment adviser"), carried out a review of the self-select range over the Plan year. It was noted that the current range of investments provided are suitable for meeting members long and short term investment objectives and is sufficient to cover the key asset classes without overwhelming members with too much choice

The Trustee delegates the selection of the platform provider and day to day management of the funds to the Manager. Over the Plan year, the Manager made a number of changes to asset allocation weightings between existing underlying funds in response to market movements and expected changes in the market. In addition to this, the Janus Henderson ABS Fund was introduced to the Aon Managed Diversified (Multi) Asset Fund. This was the second asset backed securities fund to be added to the fund and was introduced to provide further diversification within the asset class.

Policies relating to the default investment strategy

The Trustee has nominated the Aon Managed Retirement Pathway 'flexible glidepath' as the Plan's default investment strategy.

It came to this conclusion based on its understanding of the Plan's membership and, in particular, how it believes members are likely to draw their benefits in retirement over time.

In order to assess the continued appropriateness of the flexible glidepath as the Plan's default arrangement, the Trustee, via the investment adviser, carried out detailed analysis of the Plan's membership over the year. This concluded that an approach targeting income drawdown would be most appropriate for the majority of Plan members.

Policies relating to risk measurement and management

The Trustee recognises the key risk 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.

As part of the triennial review process (most recently completed in the Plan year to 5 April 2022) the Trustee assessed the appropriateness of the default investment strategy for the Plan's membership, relying on detailed membership analysis and qualitative review of the underlying investment strategy. This analysis concluded that the default investment strategy should provide an adequate level of investment return, in order to meet the reasonable expectations of members reliant on the Plan for their primary retirement benefit.

The review also concluded that the default investment option remains the most appropriate vehicle for members who do not make an active choice, and that members are offered sufficient choice of funds should they wish to invest in a different manner.

The Trustee also appoints XPS to carry out an annual oversight review of Aon's service as fiduciary manager for the DC Section of the Plan. The annual review from XPS concluded that their investment strategy is broadly appropriate for the Plan.

Investment monitoring takes place on a quarterly basis with monitoring reports provided to the Trustee by the Manager with additional commentary from the investment adviser. The investment reports include performance reporting on all of the 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 the Manager over the quarter. Any issues with the managers' investment strategy, including the ESG assessment, are flagged.

Prior to appointing any underlying fund manager, the Manager will carry out extensive due diligence on behalf of the Trustee to ensure risks to members relating to fraud, acts of negligence and provider failure are minimised. Both the Plan's investment adviser, and third party evaluator, XPS, are authorised and regulated by the Financial Conduct Authority.

Policies relating to implementation and arrangements with investment managers

The Trustee considers the Manager to be its primary investment manager with regard to the Plan. The Trustee assesses the ongoing suitability of the Manager primarily through an annual assessment carried out by XPS, the Plan's appointed third party evaluator. Additionally, both on an ongoing basis, and more formally as part of the triennial investment strategy review, the Plan's investment adviser assesses the appropriateness of the decisions taken by the Manager with regard to the Plan's membership. No significant issues were raised by either XPS or the investment adviser in relation to the Manager over the Plan year.

The Manager considers the suitability of the Plan's underlying investment managers on an ongoing basis, on behalf of the Trustee. The Manager will only appoint underlying investment managers who are 'Buy' rated and achieve a minimum standard or rating for ESG from Aon's manager research team.

Aon's investment manager research team meets the underlying investment 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.

Policies relating to responsible investment and environmental, social, and governance (“ESG”) considerations

The Trustee receives regular training on latest developments in Responsible Investment, ESG, and climate change risks.

Aon's ESG ratings are designed to assess whether investment managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process and ongoing stewardship. The ESG ratings for the underlying funds are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. These ESG ratings are reported in the quarterly monitoring reports. Aon's investment manager research team meets with each of the underlying investment managers on a six-monthly basis to carry out a session focused on ESG. These ESG focused sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity. Importantly, awareness regarding integration of potential ESG risks in the investment strategy is also considered as part of monitoring and assigning the overall rating to the fund.

The Trustee, through the Manager's ongoing management of the funds, also considered the Responsible Investment policies and integration of these policies in the investment processes for all current and prospective managers over the year.

The Trustee, assisted by its investment adviser, has also collected the voting and engagement records of each of its investment managers over the year. These are reported in detail later in this Statement.

To date, no managers have found to be falling significantly short of the standards expected by the Trustee in this area. On review of underlying investment managers' stewardship policies and voting statistics as part of the production of this statement, the Trustee is of the opinion that this policy has been adhered to.

Policies relating to costs and performance

The Trustee, with assistance from its investment adviser, 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 effects these costs and charges may have on the value of members' investments if held to the point of retirement.

The Trustee assesses the performance of the Manager on a net of all costs basis and recognise that this provides an incentive on the Manager to control costs. However, it also believes that explicit, regular monitoring of the level and the trends of costs incurred will enhance those incentives. Against this background, the Trustee is comfortable that fees paid to both the Manager and the underlying investment managers remain reasonable.

The Trustee reviews that took place throughout the year noted that the default arrangement lagged its benchmark and long-term inflation linked return objectives. Given the heightened inflationary environment, the Trustee accepted that meeting the long-term inflation linked return objective would be increasingly difficult. However, a further deep dive into the performance of the default arrangement was carried out at a number of meetings over the course of the year.

In September, the Trustee considered the default arrangement against a range of peers and were comfortable that performance was among the strongest within the wider DC market. In February, the Trustee carried out in-depth analysis of the performance of the default arrangement relative to a number of market-based comparators and remains comfortable that performance has been appropriate given this wider market background.

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 responsibility for voting and engagement is delegated to the Aon Investments Limited ("AIL") Investment Management team ("the Manager"). The Manager invests the Plan's assets in a range of funds including the default strategy and wider range of self-select funds. The Manager selects the underlying investment managers to achieve the objective of each Fund on behalf of the Trustee.

The Trustee reviewed the stewardship activity carried out over the year by the material investment managers and is comfortable all were able to disclose adequate evidence of voting and / or engagement activity. More information on the stewardship activity carried out by the Manager and the underlying investment managers can be found in the following sections.

Over the reporting year, the Trustee monitored the performance of the Plan's Investments on a quarterly basis and received updates on important issues from the Manager. In particular, the Trustee received quarterly ESG ratings from the Manager for the funds the Plan is invested in (where available).

During the year, the Trustee received training on ESG principles..

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, the Manager held several engagement meetings with many of the underlying managers in its strategies. The Manager discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. The Manager 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, the Manager engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations. The Manager also successfully renewed its signatory status to the 2020 UK Stewardship Code during the Plan year.

In 2021, the Manager 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 baseline year of 2019). Progress over the Plan year resulted in members invested in the Aon Managed Retirement Pathway Funds have benefited from a 61% reduction in their carbon footprint on those assets, excluding sovereign bonds, since 2019. This means the Manager has met their 2030 target on the default strategy, excluding sovereign bonds, to achieve a 50% reduction in emissions. The Manager will review their target and agree a new interim target for reporting purposes.

The Manager also launched an Impact Research platform in 2022, focusing on integrating ESG risk factors into the manager research process. The Impact research platform aims to help evolve the Manager's view of "impact" to encompass both ethics/values-driven investing and ESG integration.

Furthermore, the Manager is developing internal capabilities to integrate ESG data from multiple vendors and platforms through a dashboard. This dashboard aggregates data and provides in-depth ESG analytics. The Manager intends to expand this analysis in the future to include advanced metrics for implied temperature rises, Sustainable Financial Disclosure Regulations (SFDR's) and Diversity Equity and Inclusion factors.

Following Plan year end, the Manager replaced the existing passive Emerging Market equity fund used within the Aon Managed Retirement Pathway Funds with an alternative with a strong ESG and climate transition focus. This change took place beginning 31 July 2023.

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. 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. The Trustee expects 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 strategies and wider self-select fund range were:

Aon Managed Retirement Pathway Funds (default strategy used by some employer sections)

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

Aon Managed Fund	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	BlackRock, LGIM (listed real assets)
Aon Managed Diversified Multi-Asset Fund	BlackRock, LGIM
BlackRock UK Equity Index Fund	BlackRock
BlackRock World (ex UK) Equity Index Fund	BlackRock
BlackRock Emerging Market Equity Index Fund	BlackRock
HSBC Islamic Global Equity Index Fund	HSBC
LGIM Ethical Global Equity Index Fund	LGIM

Source: Aon Investments Limited

Why is voting important?

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

Source: UN PRI

Voting statistics: 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 year to 31 March 2023. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

Aon Managed Retirement Pathway Funds

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Initial Growth Phase Fund ^{1,2}	96.4%	15.9%	0.4%
Aon Managed Global Impact Fund	99.7%	19.9%	0.7%
Aon Managed Diversified Asset Fund ¹	99.6%	19.3%	0.5%
Aon Managed Retirement Pathway Funds			
<i>Member 30 years from retirement¹</i>	96.7%	16.3%	0.4%
<i>Member at retirement¹</i>	97.9%	17.5%	0.4%

Source: Aon Investments Limited, Underlying investment managers: BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea.

¹Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

²Invests 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 2023.

Self-select fund range

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Global Equity Fund	97.4%	16.8%	0.4%
Aon Managed Active Global Equity Fund	98.3%	4.4%	0.1%
Aon Managed Global Impact Fund	99.7%	19.9%	0.7%
Aon Managed Property and Infrastructure Fund ¹	87.6%	7.5%	0.0%
Aon Managed Diversified Multi Asset Fund ¹	99.6%	19.3%	0.5%
BlackRock UK Equity Index Fund	100.0%	3.3%	0.5%
BlackRock World ex-UK Equity Index Fund	92.0%	7.0%	0.0%
BlackRock Emerging Market Index Fund	98.0%	11.0%	3.0%
HSBC Islamic Global Equity Index Fund	97.0%	19.8%	0.0%
LGIM Ethical Global Equity Index Fund	99.8%	17.8%	0.2%

Source: Aon Investments Limited, underlying investment managers (BlackRock, LGIM, UBS, Nordea, Mirova, Baillie Gifford, BNY Mellon, Harris, HSBC).

¹Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

Use of proxy voting advisors

Many investment managers use proxy voting advisors to help them fulfil their stewardship duties. Proxy voting advisors 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 advisors.

Manager	Description of use of proxy voting
Baillie Gifford	Not applicable – Baillie Gifford do not use a proxy voting advisor.
BlackRock	BlackRock does not use a service provider to vote on its behalf, although it does subscribe to research from proxy advisory firms, which is considered along with the company's policy and past engagements in voting and engagement analysis. In certain markets, BlackRock works with proxy voting providers to filter through proposals and flag any that may require additional research and engagement.
BNY Mellon	Walter Scott receives third party research from Institutional Shareholder Services, Inc. (ISS) for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott 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 state 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.
HSBC	HSBC uses the proxy advisory firm ISS to vote on its behalf. HSBC reviews recommendations on all active holdings and its largest holdings by value and provide regular feedback on recommendations on its voting policy. HSBC holds periodic review meetings with ISS.

LGIM

LGIM make use of ISS's proxy voting platform to electronically vote and augment their own research and proprietary ESG assessment tools, but do not outsource any part of the strategic decisions. They have put in place a custom voting policy with specific instructions that apply to all markets globally, which seek to uphold what they consider to be minimum best practice standards all companies should observe. LGIM retain the ability to override any voting decisions based on the voting policy if appropriate, for example of engagements with the company have provided additional information.

Mirova

Mirova utilises 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 are not prescriptive or determinative to its voting decision. All voting decisions are made pursuant to Mirova's Voting Policy. For votes that do not have pre-determined policy, Mirova's voting and engagement analyst liaises with the relevant internal parties on the sustainability research team and/or financial analyst. Certain votes are reviewed by Mirova's voting committee, as needed or required.

Nordea

Nordea states that every vote it casts is considered individually on the background of its bespoke voting policy, which it has developed in-house based on its own principles. Nordea's proxy voting is supported by ISS who provide analytic input. In general, Nordea relies on its bespoke voting policy at ISS, and/or vote manually for an overwhelming majority of all votes.

UBS

UBS AM retain the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retain 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, the Trustee has worked with the underlying investment managers to understand which votes they considered to be most significant. In turn, the Trustee considers a vote to be significant if it is deemed significant by the underlying investment manager. Underlying investment managers can deem a vote significant for a wide range of reasons. A sample of these significant votes, and why they are considered significant by the underlying investment managers, can be found in the appendix for the main funds used within the default strategy.

Engagement Activity - Aon Managed Retirement Pathway Funds











































Below notes themes for engagements that have been carried out by the underlying investment managers for the default strategy.. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund invested in by the Aon Managed Retirement Pathway Funds.

All managers engaged across all key themes. The Trustee would expect this to be the case, as all underlying managers meet the Manager's required standards for consideration of ESG factors / risks.

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.

Themes engaged on at a firm level

Underlying manager	Environment - Climate Risk Management	Environment - Biodiversity	Governance Remuneration	Governance Board Effectiveness	Governance Corporate Strategy	Social Human Capital	Social Risks & Opportunities
BlackRock							
LGIM							
UBS							
Baillie Gifford							
Mirova							
Nordea							

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

The following section provides examples of specific engagement activity carried out by the most material underlying investment managers below.

BlackRock engaged with **Home Depot** regarding corporate governance & sustainable business matters, as well as environmental matters. On the former, BlackRock did not support the re-election of Director Albert P. Carey due to concerns about his overcommitment to serving on three public company boards. BlackRock believes that directors should limit their commitments to effectively fulfil their responsibilities. BlackRock also voted against a proposal to require an independent board chair and a proposal to report on gender and racial equity on the board, as they did not currently have concerns about Home Depot's board leadership structure and diversity. On the environment, BlackRock supported a proposal for Home Depot to report on efforts to

eliminate deforestation in its supply chain and a proposal for an independent racial equity audit to assess the company's diversity, equity, and inclusion practices.

UBS engaged with **Teleperformance** over 2022 following a sharp decline in the Company's share price of over 30% in November, following the announcement of a government investigation in Colombia regarding its content moderation service and operations.

Press reports had surfaced, alleging poor working conditions and lack of support for workers engaged in social media content moderation. These reports claimed that employees were regularly exposed to disturbing content without adequate psychological assistance. Additionally, allegations of anti-union behaviour were raised by UNI Global Union. In response, Teleperformance held conference calls with investors, vehemently denying the allegations and defending their practices. UNI Global Union presented a contrasting view, accusing the Company of anti-union conduct and insufficient worker support.

Consequently, investors (including UBS) decided to challenge Teleperformance on these matters. During a call with the CFO and the President of Group Transformation, investors pressed for accurate responses to the media and UNI allegations. Management assured investors that they were taking the accusations seriously, conducting internal and external audits to investigate the issues raised. They also announced an agreement with UNI Global Union regarding labour relations and employment standards oversight. Furthermore, Teleperformance decided to allow inspections of its sites by various stakeholders in January 2023. UBS expressed satisfaction with the company's efforts to address concerns and urged them to maintain their commitment to social responsibility and ethical practices as outlined in their Code of Ethics and Human Rights Statement.





























LGIM engaged with **BP** over 2022. As one of the world's largest oil and gas companies, BP has a significant role to play in the energy transition.

LGIM have been engaging with BP for many years, co-leading efforts with the Company as part of the CA100+ initiative. In their 2022 AGM, LGIM supported management's 'Net Zero – from ambition to action' report.

Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP committed to a substantial decline in oil and gas production and announced an increase in capital expenditure to low-carbon growth segments. LGIM remain committed to continuing their constructive engagements with the Company.

Engagement Activity – Wider fund range

the Table below provides 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. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund.

Underlying manager	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
BNY Mellon							
Harris							
HSBC							
LGIM							

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS).

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 Funds and several of the wider self-select fund options invested in fixed income and cash over the year.

The Aegon European ABS Fund is introduced into the Aon Retirement Pathway Funds as members approach retirement. The Aegon European ABS Fund carried out multiple strategy level engagements over the Plan year on themes including climate change, social wellbeing and health and increasing the availability of ESG related data.

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 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.

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 31 March 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 year.

The Invesco Physical Gold Exchange-Traded Commodities Fund provides exposure to physical gold. Invesco engage directly with companies in the gold mining space and see this engagement as an opportunity to encourage continual ESG improvement.

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.

LGIM	Company name	Alphabet Inc.
	Date of vote	6 June 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.1%
	Summary of the resolution	Report on Physical Risks of Climate Change
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	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.
	Outcome of the vote	Failed to pass (17.7% support)
	Implications of the outcome	LGIM will continue to engage with the investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
	On which criteria have the vote is considered significant?	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and public call for high quality and credible transition plans to be subject to a shareholder vote.
BlackRock	Company name	Costco Wholesale Corporation
	Date of vote	July 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not Provided
	Summary of the resolution	Report on Greenhouse Gas (GHG) Emissions Reduction Targets
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	BlackRock engaged to encourage Costco to enhance their reporting on climate-related issues, which they recognize as a material business risk. Shortly before the 2022 AGM, Costco published additional information related to their climate risks and opportunities, so BlackRock voted in support. Rationale: Costco is a major retailer that operates through membership warehouse stores and e-commerce websites. In April and July 2022, Costco's global executives conducted in-depth climate-related scenarios analysis, exploring climate-related risks and opportunities to operations, supply chain, members, employees, reputation, and products. From this analysis, they created an inventory of climate-related risks and opportunities related to Costco's business. They anticipate transitional and physical impacts from climate change and will continue to evaluate impacts on Costco's financial position.
	Outcome of the vote	Pass
	Implications of the outcome	<i>Improvement in reporting</i>
	On which criteria have the vote is considered significant?	<i>Input resulted in enhanced reporting</i>
UBS	Company name	TotalEnergies SE
	Date of vote	25 May 22
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not Provided</i>

	Summary of the resolution	Approve Company's Sustainability and Climate Transition Plan
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Company stepped up ambition in reduction of Scope 1&2 and Scope 3 emissions, and set strong sub-targets for European business, underpinned by detailed action plans.
	Outcome of the vote	Pass
	Implications of the outcome	UBS voted against the company's say-on-climate vote at 2021 AGM, however, following progress made they supported the company in 2022, which received 88% aggregate support. UBS will continue to engage with the company in regard to their climate transition.
	On which criteria have the vote is considered significant?	Voting action following engagement progress.
Nordea	Company name	Republic Services
	Date of vote	16 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.8%
	Summary of the resolution	Report on third-party environmental justice audit (shareholder proposal).
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Given that an independent environmental justice audit would help shareholders to better assess the effectiveness of the company's efforts to address the issue of any environmental injustice within their operation, this merits shareholder approval.
	Outcome of the vote	Against
	Implications of the outcome	Nordea will continue to vote for such proposals in this company as well as in other relevant companies
	On which criteria have the vote is considered significant?	Significant votes are those that are severely against Nordea's principles, and where Nordea feel they need to enact change in the company.
Mirova	Company name	Vestas Wind Systems
	Date of vote	April 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.2%
	Summary of the resolution	Remuneration Report (1 resolution)
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	<i>Not provided</i>
	Rationale for the voting decision	After voting against management in 2021, due to the fact that the compensation plan lacked sustainability criteria, Mirova were pleased to see the incorporation of a CSR metric in the 2022 STIP. Mirova therefore voted with management on the remuneration related items
	Outcome of the vote	Pass
	Implications of the outcome	Mirova have not been able to support past resolutions due to the absence of CSR criteria and were encouraged to find the company responsive to their suggestions to incorporate such criteria going forward.
	On which criteria have the vote is considered significant?	Relevant to engagement strategy
Baillie Gifford	Company name	TESLA, INC.
	Date of vote	04 August 2022

	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.84%
	Summary of the resolution	Shareholder Resolution - Climate
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Baillie Gifford opposed the resolution requesting a report on how the company's corporate lobbying is aligned with the Paris Climate Agreement. Given Tesla's core mission is to accelerate the world's transition to sustainable energy and its entire business strategy is in alignment with the Paris Agreement, Baillie Gifford believe additional disclosures would be burdensome with no real benefit to shareholders.
	Outcome of the vote	<i>Fail</i>
	Implications of the outcome	<i>Not provided</i>
	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	Amazon.com, Inc.
	Date of vote	25 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.12%
	Summary of the resolution	Report on Efforts to Reduce Plastic Use (shareholder proposal)
	How the manager voted	For (against management recommendation)
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.
	Outcome of the vote	Fail. The shareholder resolution did not pass, however it received 49% support.
	Implications of the outcome	HSBC plan to raise their concern with the company and will likely vote against such a proposal should there be no improvements.
	On which criteria have the vote is considered significant?	The company is on HSBC's 2022 engagement focus list and HSBC voted against a management proposal.

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