Implementation Statement ("IS")

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

Plan Year End – 5 April 2024

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 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

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

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

There were no changes to the SIP over the Plan year. The SIP was last updated in September 2022 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.myppgpension.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.

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"), commenced a review of the investment strategy, including the self-select range over the Plan year. Although the conclusion of the review fell outside of the Plan year, it was concluded 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 Manager replaced the BlackRock Emerging Market Index Fund with the newly launched UBS Global Emerging Market Equity Climate Transition Fund within the Aon Managed Global Equity Fund. Following this change, 100% of the Aon Managed Global Equity Fund is now invested in funds with an explicit focus on either climate transition, broader ESG improvements, or both.

Over the first quarter of 2024, the Manager started to reduce the allocation to multi-factor equities within the default investment strategy (and other target date funds) with a corresponding increase in exposure to Climate Transition equities. This change is being implemented over a twelve-month period; further switches will be made throughout 2024 with the revised allocation expected to be in place by 28 February 2025.

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 a formal review of the investment strategy over the Plan year. The review looked at the membership analysis and an in-depth review of the default investment strategy while also considering some alternative approaches. The review concluded that the current default arrangement targeting income drawdown is likely to provide reasonable income in retirement for most members (bearing in mind levels of ongoing contributions), and continues to be 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 commenced in the Plan year to 5 April 2024) 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 current 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 as a third-party evaluator to carry out an annual oversight review of the Manager’s service as fiduciary manager for the DC Section of the Plan. The annual review from XPS concluded that the current 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. Although the strategy underperformed against the inflation linked objectives, it was noted this was primarily due to the historically high inflation rates witnessed in recent years. Funds and the underlying investment managers continued to perform as expected in the market environment and no significant concerns were raised regarding the investment strategy over the Plan year.

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 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. In carrying out the annual assessment, XPS did not identify any substantive concerns or considerations.

In addition, the Plan’s investment adviser conducted its triennial review of the investment strategy over the Plan year. In carrying out this review, they found that the investment strategy continues to remain best practise. Through detailed analysis of the Plan membership, the Plan's investment adviser was able to ascertain that the investment strategy remains appropriate for the Plan membership. Throughout the Plan year, all underlying investment managers utilised within the default investment strategy (as well as the majority of self-select funds) were 'Buy' rated by AIL's independent Investment Manager Research ("IMR") team. IMR also found that all underlying funds used within the default investment strategy integrate ESG considerations appropriately within their investment approach.

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 Manager has also collected the voting and engagement records of each of its investment managers over the year on behalf of the Trustee. 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 Manager, on behalf of the Trustee, collated all member borne cost and charges data for the Plan year and these are published in the Annual Chair's Statement, which is available to the Plan's members. The Chair's Statement contains illustrations of the 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 recognises 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 the Manager (and consequently the underlying investment managers) remain reasonable.

The Trustee reviews that took place throughout the year noted that performance of the default arrangement lagged its benchmark and long-term inflation linked return objectives, particularly for members closer to retirement over the long term. Given the heightened inflationary environment, the Trustee accepted that meeting the long-term inflation linked return objective would be increasingly difficult. The Trustee was pleased to see the strong performance of equity markets had allowed members further from retirement to keep pace with these targets.

With inflation concerns starting to ease toward the end of the Plan year, the Trustee anticipates long term CPI targets to be more attainable moving forward.

Performance of the default arrangement was critically assessed at a number of meetings over the course of the year. Following concerns raised over the Multi Factor Equity exposure, the Manager has reduced the allocation to multi-factor equities in the Aon Managed Global Equity Fund with a corresponding increase in exposure to Climate Transition equities within the same Fund. This change is being implemented over a twelve-month period with further switches to be made throughout 2024.

In addition, at the request of the Trustee, the Manager has introduced peer group performance comparisons with other off-the-shelf default arrangements into its quarterly monitoring reports. The Trustee remains comfortable that performance has been appropriate given the wider market background and remains among the strongest based on the peer group comparison towards the end of the Plan year.

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.

During the year, the Trustee received training on climate related risks within the DC plan. This included the impact of climate change on pensions schemes, climate related risks and opportunities, climate regulations and the Managers approach to responsible investment.

Each year the Trustee reviews the voting and engagement policies of the Plan's investment managers to ensure they align with the policies of the Plan.

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

The Manager’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 investment managers in its strategies. The Manager discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the underlying 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.

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).

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

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

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

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

Why is voting important?

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

Source: UN PRI

Aon Managed Retirement Pathway Funds

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

Source: Aon Investments Limited

Self-select fund range

Fund name	Underlying managers (equity-owning only)
Aon Managed Global Equity Fund	BlackRock, LGIM, UBS
Aon Managed Active Global Equity Fund	Baillie Gifford, BNY Mellon, BlackRock, Harris
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Property and Infrastructure	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

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 2024. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

Aon Managed Retirement Pathway Funds

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

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

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

[2]Invests 90% in the Aon Managed Global Equity Fund and 10% in property and infrastructure.

Voting statistics: self-select funds

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

Self-select fund range

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

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

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

Use of proxy voting 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 Scheme's underlying investment managers use proxy voting advisors.

Manager	Description of use of proxy voting
Baillie Gifford	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (Institutional Shareholder Services (ISS) and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon ISS's recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide it with more nuanced market specific information.
BlackRock	BlackRock uses ISS's electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform its voting decision.
BNY Mellon	The BNY Mellon receives third party research from Institutional Shareholder Services, Inc. (ISS) for information purposes. However, the recommendations from any intermediary have no bearing on how BNY Mellon votes.
Harris	Harris utilises the services of ISS proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS services are otherwise used for information only. Harris 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 leading voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's guidelines. ISS reviews voting policy recommendations according to the scale of HSBC's overall holdings. The bulk of holdings are voted in line with the recommendation based on HSBC's guidelines.

LGIM	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, LGIM has put in place a custom voting policy with specific voting instructions.
Mirova	Mirova uses ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation is not prescriptive or determinative to Mirova's voting decisions. All voting decisions are made by Mirova in accordance with its Voting Policy.
Nordea	In general, every vote Nordea cast is considered individually on the background of its bespoke voting policy, which Nordea have developed in-house based on its own principles. Nordea's proxy voting is supported by ISS to facilitate voting, execution and to provide analytic input.
UBS	UBS AM retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS 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

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

Engagement Activity - Aon Managed Retirement Pathway Funds

Below 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.

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).

Engagement Activity – Wider fund range

The Table below notes themes for engagements that have been 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.

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
BNY Mellon							
Harris							
HSBC							
LGIM							

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

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

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

- The first was a Shareholder proposal requesting that the company rescind a 2021 non-binding shareholder proposal asking the company "to reduce its Scope 3 emissions in the medium- and long-term future. BlackRock did not support this shareholder proposal as it believes Chevron's approach to incorporating scope 3 GHG emissions into the company's Portfolio Carbon Intensity (PCI) targets to be a meaningful way for the company to reduce GHG emissions in its value chain while maintaining the integrity of its core business and reducing sales of company products is not the only means to achieving meaningful scope 3 reductions.

- The second was a shareholder proposal requesting that Chevron set a medium-term reduction target covering the greenhouse gas emissions associated with the use of its energy products (scope 3 emissions), that is consistent with the goal of the Paris Climate Agreement[1].

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

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

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

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

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

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

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

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

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

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

Engagement Activity - Non-equities

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

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

Fixed Income

The Aon Managed Retirement Pathway Funds and several of the wider self-select fund options invested in fixed income and cash over the year. The above engagement activities carried out by LGIM, BlackRock and UBS are also applicable for equity, multi asset and fixed income funds.

Direct Property

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

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

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

Key topics of engagement during the year include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During 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 incorporates ESG considerations within the Fund, as it follows the London Bullion Market Association (LBMA) Responsible Gold Guidance that requires strict adherence to rules around the provenance of gold. Additionally, Invesco engage directly with companies in the gold mining space and see engagement as an opportunity to encourage continual ESG improvement.

Data limitations

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

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

Appendix – Significant Voting Examples

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

The Trustee considers a significant vote to be one which the underlying investment manager deems to be significant. The underlying investment managers will use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the underlying managers' own words.

LGIM	**Company name**	**Wells Fargo & Company**
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%
	Summary of the resolution	Resolution 8 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	Fail
	Implications of the outcome	LGIM will continue to engage with the company and monitor progress.
	On which criteria have the vote is considered significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
BlackRock	**Company name**	**Restaurant Brands International**
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not Provided*
	Summary of the resolution	Shareholder Proposal to Report on the Reduction of Plastic Use
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	BlackRock did not support this proposal because, in their analysis, RBI's existing disclosures on plastics use are comprehensive and provide sufficient information to allow investors to understand the company's approach to managing the risks and opportunities of plastics use.
	Outcome of the vote	Fail
	Implications of the outcome	RBI is already taking steps to address this issue, including the disclosure of a number of commitments, such as phasing out intentionally added PFAS from guest facing packaging by 2025 or sooner as well as recycling guest facing packaging in restaurants globally, where commercially viable and where infrastructure is available by 2025. RBI has indicated that they will continue to

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

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

Harris		
	Company name	**Alphabet Inc.**
	Date of vote	June 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.5%
	Summary of the resolution	Advisory Vote on Say on Pay Frequency
	How the manager voted	Against Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Management put forward a resolution to hold 'Say on Pay' votes every three years. We believe that a yearly say on pay vote is most appropriate.
	Outcome of the vote	Pass
	Implications of the outcome	We will continue to monitor executive compensation at the company, and will engage with management on this issue if necessary.
	On which criteria have the vote is considered significant?	Voted against management

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