

Getronics UK Pension Plan ("the Plan")

Implementation Statement for the Plan's Defined Contribution (DC) Section

Plan year end – 31 March 2024

The purpose of the Implementation Statement is for the Trustee of the Getronics UK Pension Plan ("the Trustee"), to explain what has been done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the DC Section's Statement of Investment Principles ("DC SIP"). It includes:

1. Confirmation that the SIP has been reviewed and revised over the Plan year to 31 March 2024, further details of which can be found below.
2. Evidence of how the Trustee has fulfilled the objectives and policies included in the DC SIP over the year to 31 March 2024.
3. How the Trustee has exercised its voting rights or how these rights have been exercised on its behalf, including the use of any proxy voting advisory services.

A separate implementation statement has been produced for the SIP covering the Defined Benefit Section.

Under the DC Section a single default strategy is offered. This is the **Aon Managed Retirement Pathway Funds**. Throughout this statement, where reference is made to the "default strategy" or "default option" this is the fund referenced.

The Trustee's Conclusion

Based on the activity undertaken during the year; the Trustee believes that the policies set out in the DC SIP have been implemented effectively.

The Trustee delegates the management of the Plan's DC assets to its fiduciary manager, **Aon Investments Limited ("AIL")**. Based on the information the Trustee has been provided with, the Trustee is comfortable with the management and the monitoring of **Environmental, Social and Governance ("ESG")** integration and stewardship of the underlying managers that has been carried out on its behalf, and that this aligns with the Trustee's policies and expectations. The Trustee also believes that the material underlying investment managers appointed by AIL were able to disclose good evidence of voting and engagement activity.

The Trustee concludes that the activities completed by AIL and the underlying investment managers align with the Trustee's stewardship priorities, and that the Trustee's voting policy has been implemented effectively in practice.

Section 1 - Changes to the DC SIP over the year to 31 March 2024

The Trustee has a policy to review the DC SIP formally at least every three years, or after any significant change in investment policy or member demographics.

Over the year to 31 March 2024, the Trustee reviewed the SIP and made updates to the following policies:

- The Environmental, Social and governance (ESG) Considerations (formerly the Responsible Investment Considerations).
- The Stewardship Engagement and the Exercise of the Rights Attaching to Investments policy.

Section 2 - How the Trustee has met the objectives & policies outlined in the DC SIP

The DC SIP outlines several of the Trustee's key objectives and policies. The objectives and policies applicable to the year ended 31 March 2024 are noted below (in blue) together with an explanation of how these objectives have been met and policies adhered to over the course of the year.

2.1. Objectives

The Trustee's primary objectives for the investment strategy as set out in the DC SIP are as follows:

1. *To maximise the value of members' assets at retirement*
2. *To maintain the purchasing power of members' savings in real (i.e., post-inflation) terms; and*
3. *To provide protection for accumulated assets in the years approaching retirement against:*
 - *Volatility in the capital value*
 - *Fluctuations in the cost of securing an income and / or cash in retirement*

The investment strategy of the default strategy is managed by the Trustee's fiduciary manager, Aon Investments Limited ("AIL"). To meet these objectives, the Trustee's default strategy invests members' retirement savings in growth assets up to 15 years before a member's retirement to help maximise the value at retirement. The strategy then gradually moves into inflation linked assets and traditionally lower risk assets to help reduce volatility and protect against fluctuations on the cost of securing an income in retirement.

The Trustee has received and reviewed quarterly monitoring reports from AIL which show both short and long-term fund performance of the default strategy. These reviews did not raise concern over the adequacy of the investment strategy to meet the Trustee's objectives stated above.

As such the Trustee is comfortable that these objectives have been met over the year.

2.2. Policies set out in the DC SIP

In addition to the above investment objectives, the Trustee has several policies set out in the DC SIP. Below, the Trustee has explained how these have been met.

2.2.1. Investment policy

- *The Trustee will regularly review the appropriateness of the Default Option, taking into account any significant changes in the demographic profile of the relevant members, and may make changes to it from time to time. Members will be advised accordingly of any changes.*
- *The Trustee has regard to the suitability of the investment fund through periodic strategy and performance review.*

The Trustee carried out a review of the default strategy in September 2022 with its advisers Aon UK Limited. The review included analysis of the profile of the members, which has not changed substantially since this review. The Trustee was comfortable with the continued suitability of the default strategy taking into account the membership demographics.

The review included analysis of the net performance of the Plan's default strategy against default strategies of a number of DC master trust schemes and concluded that the default strategy remains suitable.

Therefore, the Trustee is comfortable that this policy has been met over the year.

2.2.2. Choosing Investments

- *The Trustee takes professional advice when formally reviewing the Manager and the Default Option.*

At the last review in September 2022, the Trustee took professional advice from Aon UK Limited, regarding an appropriate investment strategy for DC members, taking into account the profile of the DC members and the benefits that are payable under the Plan Rules.

Therefore, the Trustee can demonstrate that this policy has been met.

2.2.3. Investment Risk Measurement and Management

The Trustee has identified a number of risks as set out below:

Risk	Action taken by Trustee
The risk that the investment return achieved on the members' fund does not provide a fund sufficient to secure the Guaranteed Minimum Pension.	To mitigate this risk the underlying investment strategy aims to give a greater potential for growth over the longer term when members are still a number of years from retirement.
Where the Guaranteed Minimum Pension is exceeded, the risk that relative market movements in the years just prior to retirement lead to a substantial reduction in the retirement outcomes compared with the members' expectations.	Members' funds will automatically be switched into inflation-linked investments and lower risk investments as they approach retirement, with the aim of reducing volatility and protect against fluctuations on the cost of securing an income in retirement. The use of a long-term target enables AIL to accelerate the de-risking if performance in earlier years has exceeded the long-term target.
The risk that the chosen investment manager underperforms the benchmark against which the manager is assessed.	The risk of manager underperformance is mitigated by the delegated nature of fund manager selection. AIL considers the suitability of the Plan's underlying investment managers on an ongoing basis, on behalf of the Trustee. AIL will only appoint underlying investment managers who are 'Buy' rated and achieve a minimum standard or rating for ESG from Aon's Investment Manager Research team.
The risk that the absolute return on investments, and hence the value of the retirement income, may be diminished by inflation.	To help mitigate this risk, the default strategy maintains exposure to growth assets throughout (even in the approach to retirement, albeit to a lesser extent) which aim to provide real growth (in excess of inflation) over the long term. In addition, a portion of members' assets are transitioned into inflation-linked investments in the approach to retirement to help mitigate inflation risk.
The risk of fraud, poor advice or acts of negligence.	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced. The Trustee has captured and evaluated the relevant areas of operational risk and the mitigating controls in place in the Trustee's risk register.

Additionally: *The Trustee recognises that members take the investment risk (in terms of accruing funds in excess of that needed to fund the Guaranteed Minimum Pension) and the Trustee manages this risk through the selection and monitoring of the continued appropriateness of the Default Option for the membership.*

The Trustee monitors the performance of the default strategy quarterly. The Trustee carries out a full review of the suitability of the default strategy every three years.

As such the Trustee is comfortable that this policy has been met during the year.

2.2.4. The Balance Between Different Kinds of Investments

- *The Trustee recognises that the key source of financial risk (in relation to meeting its objectives) normally arises from the choice of assets that members' funds are invested in.*

The Trustee is comfortable that the default strategy retains an appropriate level of diversification throughout the various stages of investment to manage this risk and to enable the default strategy to meet its long-term target.

Therefore, this policy has been met over the year.

2.2.5. Expected Returns on Assets

- *Returns achieved by the Manager are assessed against performance benchmarks set by the Trustee in consultation with their investment advisers and Aon Investments Limited.*

The Trustee receives quarterly monitoring reports from AIL which provides information regarding the performance of the default strategy against the benchmarks set (both short and long-term benchmarks).

The Trustee is happy that this policy has been met over the year.

2.2.6. Realisation of Investments/Liquidity

- *The Trustee recognises that there is a risk in holding assets that cannot be easily realised should the need arise.*

All funds used can be bought and sold on a daily basis.

Therefore, the Trustee is satisfied that it has met this policy over the year.

2.2.7. Environmental, Social, and Governance (ESG) considerations

- *In setting the Plan's investment strategy, for the Money Purchase Section, the primary concern of the Trustee is to act in the best financial interests of the Plan's beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that ESG factors including climate change impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser.*
- *As part of its delegated responsibilities, the Trustee expects the Manager to:*
 - *Where relevant, assess the integration of ESG factors in the investment process of underlying managers;*
 - *Use its influence to engage with underlying managers to ensure the Money Purchase Section's assets are not exposed to undue risk; and*
 - *Report to the Trustee on its ESG activities as required.*
- *The Trustee will have periodic training on Responsible Investment to understand how ESG factors, including climate change, could impact the Plan's assets and liabilities.*

- *As part of the ongoing monitoring of the Plan's investments, the Trustee will use ESG ratings information on the underlying investment managers provided by the Manager, where relevant and available, to monitor the level of integration of ESG on a regular basis.*
- *The Trustee will include ESG-related risks, including climate change, on the Plan's risk register as part of ongoing risk assessment and monitoring.*

Within the DC default investment strategy, c.80% of the growth element (which makes up 90% of the of the pathway funds up until 15 years before retirement) is invested in funds with a climate / ESG focus, through the UBS Global Equity Climate Transition Fund and the LGIM Multi Factor Equity Fund. A further 10% is invested in the Aon Managed Global Impact Fund. This provides a c.63% reduction in carbon footprint (scope 1 & 2) from 2019 to 2021.

Aon provides each underlying fund with an ESG rating, either limited, integrated and advanced. The majority of passive funds are currently rated integrated, as the passive nature means that the ability to add an ESG tilt is severely limited through stock selection, so it is reliant on the investment managers using tools such as voting rights to influence corporate behaviour. The underlying funds within the Aon Managed Global Impact fund all have a rating of advanced (the highest rating), meaning the fund management team demonstrates awareness of potential ESG risks in the investment strategy and can demonstrate advanced processes to identify evaluate and potentially mitigate these risks across the entire portfolio. Additionally, the UBS Global Equity and LGIM Multi Factor Equity Funds also have a rating of advanced.

The Trustee's periodic knowledge gap analysis did not identify any training needs relating to ESG over the Plan year and as such no training was undertaken by the Board as a whole, however, training was provided to the Investment Sub-Committee in March 2024 relating to ESG risks and Sustainable Investment.

ESG related risks form part of the Trustee's risk register.

Therefore, the Trustee is comfortable that it has met this policy over the year.

2.2.8. Arrangements with investment managers

The fiduciary manager: AIL, will only appoint underlying investment managers who are 'Buy' rated and achieve a minimum standard or rating for ESG factors from Aon's manager research team. As part of Aon's investment manager research process, the governing documentation of investments is reviewed for appropriateness before a "Buy" rating is given.

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 are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments.

The ESG ratings of the underlying managers are reported in the quarterly monitoring reports. The Trustee receives these quarterly monitoring reports from AIL, which also summarise the investment strategy, performance and longer-term positioning of the portfolio. The quarterly reports also include an update in relation to ESG highlighting how ESG factors are being further incorporated into the strategy. These reports are reviewed by the Investment Sub-Committee on a quarterly basis and are made available to the Trustee. Any concerns would be raised with the Trustee by the Investment Sub-Committee.

AIL will typically attend a Trustee or Investment Sub-Committee meeting on an annual basis to provide an overview of the strategy and the strategy performance, including any changes to the strategy. AIL attended the Investment Sub-Committee meeting on 5 March 2024 when an overview was provided.

AIL meets with each of the underlying 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.

AIL considers the suitability of the underlying investment managers on an ongoing basis, on behalf of the Trustee. Aon's investment manager research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.

- *The Trustee seeks to ensure that the Manager is incentivised to operate in a manner that generates the best long-term results for the Plan and its beneficiaries.*

It does this by ensuring that:

- *The Trustee receives regular reports from the Manager on various items including the investment strategy, performance, and longer-term positioning of the portfolio.*
- *The Trustee also receives annual stewardship reports on the monitoring and engagement activities carried out by the Manager.*
- *The Trustee shares the policies, as set out in this Statement, with the Plan's fiduciary manager and requests that they review and confirm whether their approach is in alignment with the Trustee's policies.*

The Trustee receives quarterly reporting from AIL which sets out the performance of the funds against the benchmarks and Long-Term Return Objectives. These reports also include details of any underlying fund changes and strategy reviews undertaken by AIL.

AIL provides an annual stewardship report. Highlights from this report are detailed later in this statement.

The policies have been shared with the fiduciary manager and the manager is meeting the requirements set by the Trustee.

Therefore, the Trustee is happy that this policy has been met over the year.

2.2.9. Costs and Performance

- *The Trustee receives annual cost transparency reports from the Manager. The Trustee sets out these costs and charges in the Plan's annual Chair's Statement which is made available to members in a publicly accessible location.*
- *The Trustee assesses the (net of all costs) performance of the Manager over rolling three and five-year periods by comparing performance against benchmark and the stated investment objective.*

As per the Trustee's policy costs and charges information has been provided by AIL on an annual basis and these are detailed in the Chair's Statement. The Trustee's investment adviser has reviewed the member borne costs and, whilst the Trustee has not set specific ranges for acceptable costs and charges, both parties are satisfied that cost and charges for the period were reasonable.

As part of the quarterly investment monitoring net performance over one quarter, one-year, three years and five-years is provided and reviewed by the Trustee. These are reviewed against the benchmark and for the three- and five-year periods, also against the Long-Term Return Objective for the funds. Over the Plan year, it was noted that there had been some short-term periods of underperform against the benchmark, however, these reviews did not raise concern over the adequacy of the investment strategy to meet the Trustees' objectives stated above over the longer term.

Therefore, the Trustee is happy that this policy has been met over the year.

2.2.10. Members' Views and Non-Financial Factors

- *In setting and implementing the Plan's DC investment strategy, the Trustee does not explicitly take into account the views of Plan members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").*
- *The underlying funds that make up the default fund should not apply personal ethical or moral judgements as the sole basis for an investment decision.*

The Trustee has complied with this policy.

2.2.11. Effective Decision Making

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

The Trustee board is made up of 6 Trustee Directors with varying skill sets. The Trustee Directors have varying backgrounds including investment and administration expertise.

The Trustee has a training policy in place to ensure that the Trustee Directors have the required level of knowledge and understanding to be able to make investment decisions. The Trustee Directors have all completed the Pension Regulator's Trustee toolkit (an online training and assessment programme designed by the Pension Regulator for trustees of pension schemes). Details of the training and activities carried out during the year, in relation to the principles relating to investment and funding of DC schemes, can be found in the annual Chair's Statement. A copy of the Chair's Statement can be found at <https://jobs.kpn.com/getronics-uk-pension-plan>

The Trustee is comfortable that this policy has been met over the year.

Section 3 - Stewardship – Engagement and the Exercise of the Rights Attaching to Investments

3.1. Stewardship Policy detailed in the DC SIP

The DC SIP sets out the Trustee's stewardship policy as follows:

The Trustee recognises the importance of its role as a steward of capital and the need to assess all financially material risks in its investment decision making process. This includes risks associated with climate change, as well as other Environmental, Social and Governance-related factors. To this end, the Trustee strives to maintain a high standard of governance, promotion of corporate responsibility and respect of environmental factors throughout the Plan's investments. The Trustee believes that doing so ultimately creates long-term financial value and reduces risk for the Money Purchase Section of the Plan and its beneficiaries.

The Trustee annually reviews the Manager's stewardship activity to ensure that the Plan's stewardship policy is being appropriately implemented in practice. The Trustee receives annual reports on stewardship activity carried out by the Manager, these reports include detailed voting and engagement information from underlying asset managers. The Trustee will produce annual reporting which is published online.

The Trustee communicates its expectations and standards to the Manager. These standards include:

- *The Trustee expects the Manager to be a signatory to the PRI.*
- *The Trustee expects the Manager to ensure that, where appropriate, underlying asset managers use their influence as major institutional investors to exercise the Trustee's voting rights in relation to the Plan's Money Purchase Section assets.*
- *The Trustee expects the Manager to provide adequate transparency around stewardship activities, including an annual report on the stewardship activities of the underlying managers. Where possible, the transparency for voting should include voting actions and rationale with relevance to the Plan, in particular, where: votes were cast against management; votes against management generally were significant, or if votes were abstained. Where voting is concerned, the Trustee expects the underlying asset managers, to recall stock lending, as necessary, in order to carry out voting actions.*

If the Manager is found to fall short of the standards set by the Trustee, it is expected to provide satisfactory explanations as to why it is not. While the Trustee may seek to engage with the Manager if it is deemed to be falling short of its standards to reach a more sustainable position, failure to comply may result in a decision to replace it.

The Trustee may engage with the Manager, who in turn is able to engage with underlying asset managers, investee company or other stakeholders, on matters including their performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest of the underlying investments made. Where a significant concern is identified, the Trustees will consider, on a case-by-case basis, a range of methods by which they would monitor and engage so as to bring about the best long-term outcomes for the Fund.

AIL as delegated manager is a signatory of the UN Principles for Responsible Investment ("UN PRI" or the "Principles"). Signatories to the Principles aim to contribute to developing a more sustainable global financial system. You can read more about the Principles at <https://www.unpri.org/about-us/about-the-pri>

AIL was heavily involved in the meetings and discussions which led to the creation of the UN Principles for Responsible Investment in 2006. In 2009 AIL were the first investment consulting firm to sign up to those principles globally.

The Trustee believes from the reporting (summarised below) that AIL and the underlying managers have used exercised the Plan's voting rights effectively and in line with the Trustee's policy over the year.

The Trustee has received appropriate reporting from AIL through the annual report to be able to determine the appropriateness of the stewardship activities undertaken by AIL and the underlying managers.

The Trustee has met this objective and this is demonstrated in the section below both in relation to:

1. How the policies in the DC SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan's investments have been followed during the year; and
2. How the Trustee's voting rights have been exercised on its behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Trustee's Engagement Action Plan

Based on the information received, the Trustee intends to take the following steps over the next 12 months:

Continue to engage with AIL as our investment manager. This will focus on:

- Transparency and Reporting: receiving detailed reporting on AIL's engagement activities. This will include engagements on AIL's stewardship priorities, which align with their beliefs in relation to responsible investment. These stewardship priorities focus on climate change and net zero, nature loss and biodiversity risk, combatting modern slavery, and ensuring strong governance.
- Integration of ESG Factors: consideration of how ESG factors are integrated into AIL's stewardship activities.
- Active engagements with underlying managers: The Trustee will look to ensure that it has a thorough understanding of the stewardship activity that is undertaken on its behalf by the underlying managers with whom it holds investments, through AIL, to determine that the stewardship activity undertaken on the Trustee's behalf aligns with its expectations.

3.2. The exercise of the Trustee's voting rights

Management of the Plan's DC assets has been delegated to its fiduciary manager, AIL. AIL invests the Plan's DC assets in the default strategy. AIL selects the underlying managers to achieve the objective of the default strategy on behalf of the Trustee.

The Trustee has reviewed the stewardship activity carried out over the year by the material investment managers selected by AIL and, in the Trustee's view, all were able to disclose adequate evidence of voting and / or engagement activity. Based on the information provided, the Trustee is comfortable that its stewardship policy (including voting and engagement activity) has been implemented effectively in practice.

The rest of this section sets out the stewardship activities, including the exercise of the Trustee's voting rights, carried out on the Trustee's behalf over the year to 31 March 2024 by both AIL and the appointed underlying investment managers.

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

3.3. The fiduciary manager's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies or asset 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.

The Trustee delegates monitoring of ESG integration and stewardship of the underlying managers to AIL. The Trustee has reviewed AIL's latest annual Stewardship Report and believes it shows that AIL is using its resources to effectively influence positive outcomes in the underlying funds in which it invests.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

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

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

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

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

Following the successful launch of the UBS Global Equity Climate Transition Fund, AIL seeded and launched a new passive Global Emerging Market Climate Transition Equity Fund with UBS Asset Management in August 2023. This is a new fund that AIL designed, working closely with UBS, and

combines low carbon (aligned with achieving net zero by 2050), positive impact and an improvement in ESG scores within a single passive equity fund. AIL introduced a c10% allocation to this new fund within the growth phase of the default strategy, the Aon Managed Retirement Pathway Funds, replacing the previous BlackRock Emerging Market Equity Index Fund. AIL also added this new fund to several of the wider fund options on 1 August 2023.

AIL 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 AIL's view of "impact" to encompass both ethics/values-driven investing and ESG integration.

Furthermore, AIL is developing internal capabilities to integrate ESG data from multiple vendors and platforms through a "Quantamental" dashboard that aggregates data and provides in-depth ESG analytics for over 8,000 liquid strategies. AIL intends to expand this analysis in future to include advanced metrics for implied temperature rise, Sustainable Financial Disclosure Regulation's (SFDR's) Principal Adverse Indicators (PAIs), and Diversity Equity and Inclusion factors.

3.4. 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. The Trustee believes 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 practise in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the arrangement.

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 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 strategy were:

Aon Managed Fund that forms part of the default strategy	Underlying Managers (equity-owning only)
Aon Managed Initial Growth Phase Fund	Equities: BlackRock, LGIM, UBS Listed real assets: BlackRock, LGIM
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Diversified Asset Fund	BlackRock, LGIM

Source: Aon Investments Limited

3.4.1 Voting statistics

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. A combined view for a member 30 years from retirement and at the point of retirement, is also provided for the default strategy for information:

	% Proposals Voted	% votes cast against management	% votes cast against management
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*	96.6%	17.9%	0.1%

Default Strategy - Aon Managed Retirement Pathway Funds			
	% Proposals Voted	% votes cast against management	% votes cast against management
Member 30 years from retirement*	96.7%	18.3%	0.3%
Member at retirement*	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.

3.5. Underlying managers' engagement activity

Examples of some of the engagement activity carried out by the underlying investment managers for the default strategy are detailed below.

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. We would expect this to be the case, as all underlying managers meet ALL's required standards for consideration of ESG factors / risks.

What is engagement?

Engagement primarily refers to an investor communicating with current or potential investee companies or issuers to improve 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.

Source: UN PRI

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

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

Below are examples of specific engagement activity carried out by the most material underlying investment managers.

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 Agreement¹.

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 (NLRB) 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.

3.6. 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 default strategy (Aon Managed Retirement Pathway Funds) include investment in non-equity assets. This includes fixed income, cash, direct property and alternatives such as gold. Below the Trustee has described examples of engagement.

3.6.1 Fixed Income

The Aon Managed Retirement Pathway Funds 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.

3.6.2 Direct Property

The Aon Managed Retirement Pathway Funds 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 the 12 months to 30 June 2023, Threadneedle completed a range of projects designed to improve the energy efficiency of the underlying assets.

3.6.3 Commodities

The Aon Managed Retirement Pathway Funds 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.

3.7. Use of proxy voting advisers

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

Why use a proxy voting adviser?

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

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 both the Plan's managers use proxy voting advisers.

Manager	Description of use of proxy voting advisers
BlackRock	BlackRock uses Institutional Shareholder Services' (ISS) 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.
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.
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.
Baillie Gifford	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (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.
Mivora	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.

Source: Managers; Aon Investments Limited. Underlying managers

3.8. Significant voting examples

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

3.9. 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 did not provide any voting examples in relation to Environment or Social topics.

Appendix 1 – AIL Stewardship priorities

AIL as the Trustee's investment manager has set stewardship priorities that align with its beliefs in relation to responsible investment.

These stewardship priorities focus on climate nature, nature loss and modern slavery, as well as ensuring strong governance. These priorities have been identified as financially material risks that have the potential to impact the value of members' investments. A summary of these priorities is set out below:

Climate change and net zero

Climate change and the progress towards net zero is a key area of focus for the Trustee and its investment manager, recognising the impact of climate-related risks on the value of members savings. AIL looks for alignment between an investment manager's climate risk policy (or stated ambitions) and its responsible investment approach including engagement activities and voting decisions around climate. AIL engages with its underlying investment managers to monitor progress in the underlying investee companies towards setting targets and ensuring meaningful action as a result.

Nature loss and biodiversity risk

Biodiversity risk including nature loss is intrinsically linked to climate-change. AIL collaborated with the Cambridge Institute of Sustainability Leadership to create a framework for assessing nature-related risks including a due diligence questionnaire to measure progress on goals. AIL engages with its underlying investment managers to understand the risks in this area and ensure appropriate action is taken as a result.

Combatting modern slavery

AIL is a signature to the 'Find It, Fix It, Prevent It' initiative which aims to combat modern slavery through engagement with investee companies, participation in shaping public policy and in developing better modern slavery data. Through this initiative AIL aims to raise awareness of the role investors can play in addressing modern slavery in supply chains. AIL engages with its investment managers to understand where any potential exposure exists and ensure appropriate action is taken as a result.

Strong governance

It is important to be clear on our principles and expectations of good investment stewardship across asset classes. Our investment manager does this through its Engagement Programme and is looking for strong alignment between an investment manager's responsible investment policies and its engagement activity and voting decisions. AIL believe that transparency of engagement and voting activity is key and actively engages with its investment managers to promote transparency. AIL also engage with its underlying investment managers to promote the principles of the Principles for Responsible Investment, adherence to the UK Stewardship Code as well as following industry best practice.

To support these priorities, the AIL has an Engagement Programme through which it engages identifies and analyses key areas for focus and engages with the underlying managers in turn. In turn, AIL also has a set of expectations for its underlying investment managers.

Appendix 2 - Significant voting examples

In the table below are some significant vote examples provided by the Plan's managers and underlying investment managers appointed by AIL and used within the default strategy, the Aon Managed Retirement Pathway Fund. The Trustee considers a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some examples include:

- a vote where a significant proportion of the votes (e.g., more than 15%) went against the management's proposal;
- a vote where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting;
- a vote that is connected to a wider engagement initiative with the company involved;
- a vote that demonstrates clear and considered rationale;
- a vote that the Trustees consider inappropriate or based on inappropriate rationale; and
- a vote that has significant relevance to members of the Fund.

Manager		Description of use of proxy voting advisers
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
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 set to the company ahead of the meeting.
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	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.
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.
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 - Social
	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.
Mivora	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 we 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
Nordea	Company name	Analog Devices
	Date of vote	March 2024
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.1%
	Summary of the resolution	Adopt Simple Majority Vote
	How the manager voted	For
	Did the manager communicate its intent	No

	to the company ahead of the vote?	
	Rationale for the voting decision	Each company shall grant holders of a specific proportion of the outstanding shares of a company, no greater than ten per cent (10%), the right to convene a meeting of shareholders for the purpose of transacting the legitimate business of the company
	Outcome of the vote	Against
	Implications of the outcome	Nordea will continue to vote against 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 our principles, and where they feel they need to enact change in the company.