The Cabot Carbon Limited CaboSil Division Pension Plan – Implementation Statement for the year ended 5 April 2024

1. Purpose

This Implementation Statement ("Statement") has been prepared by the Trustees of The Cabot Carbon Limited CaboSil Division Pension Plan (the "Plan"). It reports on how, and the extent to which, the policies as set out in the Plan's Statement of Investment Principles ("SIP") have been complied with during the year ending 5 April 2024. In preparing this Statement, the Plan has been reviewed with respect to the whole SIP and the relevant policies. This review has been conducted by the Plan's Investment Adviser and the Trustees have reviewed and approved the conclusions within this Statement. This includes the exercise of rights (including voting) and other engagement activities undertaken in respect of the Plan's investments.

The Statement also provides a summary of the voting behaviour and most significant votes cast by the investment managers, on behalf of the Plan, during the reporting year.

2. Background

This Statement has been prepared by the Trustees, with the assistance of their Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Plan year end.

References herein to the actions, review work or determinations of the Trustees refer to activity that has been carried out by either the Trustees, or the Investment Adviser on the Trustees' behalf.

3. Executive summary

Over the Plan year:

- The Trustees' Investment Adviser reviewed the voting and engagement activity of the funds that invest in equities. The Trustees are satisfied with its Investment Adviser's conclusion that the Plan's investment managers have appropriately carried out their stewardship duties.
- The Trustees are of the opinion that it has complied with the relevant policies and procedures as identified in the SIP. The Trustees began a review of the SIP shortly after the Plan's year-end to include their stewardship priorities and a policy on illiquid investments, per regulatory guidance and requirements, respectively.
- The Trustees have remained aware of the relevant policies and procedures as identified in the SIP and received input from their Investment Adviser to aid ongoing compliance.

During the Plan year, the Trustees set stewardship priorities for the Plan, however the SIP was updated following the Plan year-end.

The voting activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustees believe there is less scope to influence the practices within such arrangements.

However, the general stewardship practices of non-equity managers have been reviewed to ensure that that they engage with their investee companies.

4. Investment Manager's voting and stewardship policies and activity

Trustees' voting and stewardship policies

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) reviewing existing investment managers.

The Trustees are unable to direct how votes are exercised and has not used a proxy voting services provider over the year. The Trustees have given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustees, with the assistance of their Investment Adviser, has reviewed the voting activities and stewardship policies of the funds. During the Plan year, the Trustees set stewardship priorities for the Plan. The Trustees undertook a review of their stewardship priorities in 2024 and decided to focus on:

- Managing climate-related risks, as they recognise that a rise in global temperatures could have an adverse effect on the Plan's investments;

- Board structure, as they recognise that a good level of diversity of thought, independence and experience in company boards can help improve long-term returns for investors; and

- Human rights and labour practices, as they recognise the negative impact these can have on society, company valuations and returns.

On an annual basis, the Trustees will review the voting activity and stewardship policies of the investment managers. Should the Trustees deem that the voting activity and stewardship policies of the investment managers differ to their expectations and beliefs, the Trustees in conjunction with their Investment Consultant, will engage with the investment managers on issues they deem important with their stewardship priorities in mind.

Over the Plan year, the voting activities of the following funds, which invest in equities, have been reviewed by Quantum Advisory on behalf of the Trustees:

- BlackRock Aquila US Equity Index
- BlackRock Aquila 30/70 Currency Hedged Global Equity Index
- Legal & General Investment Management ("LGIM") World Equity Index
- LGIM Ethical Global Equity Index
- LGIM Dynamic Diversified
- Baillie Gifford Diversified Growth

Manager's voting and stewardship policies and procedures

Details of the managers' voting and stewardship policies can be found in Appendix 1. In this Statement, the investment managers stewardship policies, and the extent to which the investment managers make use of any proxy advisory and voting services, are noted. Quantum Advisory are satisfied that the voting and policies/procedures of the investment managers are reasonable and consistent with industry practice. Quantum Advisory are also satisfied that the general stewardship policies of all the investment managers are reasonable and consistent with industry practice. This includes investments in bonds and other instruments. The Trustees have approved of these conclusions.

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year to 31 March 2024. Data to 5 April 2024 is not available as the investment managers only provide this information to calendar quarter-end dates.

Statistic	BlackRock Aquila US Equity Index	BlackRock Aquila 30/70 Currency Hedged Global Equity Index	LGIM Ethical Global Equity Index	LGIM World Equity Index	LGIM Dynamic Diversified	Baillie Gifford Diversified Growth
Number of equity holdings	563	13,624	1,065	2,914	7,258	57
Meetings eligible to vote at	599	5,504	1,167	2,983	9,651	66
Resolutions eligible to vote on	8,024	59,838	16,564	37,035	98,900	690
Proportion of eligible resolutions voted on (%)	99	96	100	100	100	94
Votes with management (%)	97	91	81	79	77	97
Votes against management (%)	2	8	18	21	23	3
Votes abstained from (%)	0	1	<1	<1	<1	<1
Meetings where at least one vote was against management (%)	15	35	75	75	73	17
Votes contrary to the recommendation of the proxy adviser (%)	<1	<1	14	16	14	N/A[1]

Source: respective managers. [1] Note: Baillie Gifford does not delegate or outsource any Stewardship activities, all client voting decisions are made in-house and do not follow proxy voting providers policies.

Quantum Advisory has noted that, as a whole, the voting activity meets expectations and the Trustees are generally satisfied with the level of voting activity that has been undertaken during the Plan year.

Significant votes over the reporting year

Quantum Advisory has reviewed the most significant votes cast by the investment managers on behalf of the Trustees and, as a whole, are satisfied that these meet expectations.

The Trustees have interpreted the most significant votes to mean their choice of votes, which address the Trustees' stewardship priorities, from an extended list of significant votes provided by each of the investment managers in accordance with the PLSA guidance.

A cross section of the most significant votes cast is contained in Appendix 2.

5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

BlackRock

BlackRock has refrained from directly commenting on which conflicts of interest, detailed above, it is impacted by. Instead, BlackRock refers investors to its conflicts of interest policies, which include several examples of conflicts and how these might be managed.

This accessed further at the following links:

https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf

https://www.blackrock.com/corporate/literature/publication/blk-statement-conflicts-of-interest.pdf

LGIM

LGIM has refrained from directly commenting on which of the conflicts of interest, detailed above, it is impacted by. Instead, LGIM refers investors to its conflicts of interest policies, which include several examples of conflicts and how these might be managed.

These are available at the following link:

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-conflicts-of-interest.pdf

Baillie Gifford

1. Baillie Gifford provides services to a wide variety of clients including those that may be issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In addition to their clients, some of their service providers and/or suppliers are issuers of securities that Baillie Gifford may recommend for purchase or sale to clients. In both cases it is Baillie Gifford's general policy not to take into account that an issuer is their client, service provider or supplier when making investment decisions. Baillie Gifford believes it would not be in the interests of clients generally to exclude such issuers from a client portfolio unless the client instructs Baillie Gifford to the contrary.

2. At Schibsted ASA, Kinnevik AB, Adevinta ASA and VNV Global, Kieran Murray, Lawrence Burns, Chris Davies and Stephen Paice respectively, Baillie Gifford partners and/or fund managers are members of the Nomination Committee. It is market practice in Scandinavia for representatives of a company's largest shareholders to make up the committee; the Nomination Committee is not a board committee.

Within Baillie Gifford, any decisions with material relevance are made in conjunction with multiple members of the portfolio construction group ensuring robust discussion and debate. As the Nomination Committee is not a board committee, members do not have a vote on substantive company policies or actions. They support the opportunity to be more closely involved in the governance and stewardship of one of their clients' holdings.

Siobhan Cleary (Deputy Head of ESG), who joined the Clients Department at Baillie Gifford in 2022, holds an Independent Non-Executive Director position with the Johannesburg Stock Exchange (JSE).3. None disclosed to Compliance.

3. None disclosed to Compliance.

4. Clients sign up to individual strategies' philosophies which may result in different voting decisions. Therefore, voting according to each strategy's philosophy is in line with their clients' expectations, so this is not deemed a conflict of interest.

5. Their preference is for clients to give full discretion to vote in line with Baillie Gifford's ESG Principles and Guidelines. Where clients request they to adhere to their own stewardship policies, these are reviewed and discussed with the client, noting deviations from Baillie Gifford own ESG Principles and Guidelines and can be implemented, where appropriate.

These can be accessed at the following link:

https://www.bailliegifford.com/en/uk/institutional-investor/literature-library/legal/best-execution-disclosures/conflicts-of-interest-disclosure/#:~:text=Partners%20and%20employees%20must%20ensure,the%20firm%20or%20our%20clients.

6. Implementation of policies contained within the Plan's SIP – DC section

This part of the statement sets out the various policies within the Plan's SIP and the actions that the Trustees have undertaken in respect of them over the Plan year.

SIP policy	Comments
1. Investment policies and governance structure	
<u>Investment Strategy</u> It is the policy of the Trustees, after taking appropriate written advice from their Investment Advisers and in consultation with the Sponsoring Employer, to set the investment strategy for the Plan, following a consideration of their objectives and other related matters. The Trustees' policy is to review their objectives and investments, and to obtain written advice about them at regular intervals. It is the Trustees' policy not to hold any direct investment in the Sponsoring Employer. The Trustee reviews the default arrangement at least every three years and without delay following any significant change in investment policy, or the demographic profile of relevant members.	**<u>Investment Strategy</u>** After considering their objectives and obtaining written advice from their Investment Advisers, the Trustees reviewed and set a new investment strategy in 2022. The Trustees plan on undertaking a full review of their objectives and the Plan's investment strategy in 2025. However, the Trustees regularly review the investments during Trustees' meetings. The Trustees considered each investment manager prior to appointment and received advice from their Investment Advisers on their appropriateness as part of such considerations. The Trustees do not hold any direct investments in the Sponsoring Employer.

Performance Monitoring The Trustees, through Quantum Advisory, measure the investment performance of the investment managers.	**Performance Monitoring** The Trustees reviewed the performance of the funds available to members during the period, using quarterly reports issued by Scottish Widows. The Trustees discussed the underperformance of the Diversified Growth Funds used by the Plan and sought to understand the reasons for this. The Investment Adviser discussed this matter in detail with the Trustees. As a result, the Trustees agreed to monitor the fund performance closely over the next 12 months.
Conflict of Interest The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of immateriality) at the start of each Trustees' meeting and document these in the minutes. Investment managers report on potential and actual conflicts of interest annually.	**Conflicts of interest** The Trustees discussed conflicts of interest at the start of each Trustees' meeting, however no new conflicts of interest arose over the reporting period. The investment managers' conflicts of interest are discussed in section 5 of this statement.
Charges The Trustees consider the fees and charges associated with each investment before investing. The Trustees will compare the annual turnover and associated costs for each fund with previous years to ensure each investment manager's process and philosophy remain consistent.	**Charges** The Trustees reviewed the transaction costs incurred over the reporting year in the annual Chair's Statement. The Chair's Statement incorporates annual reviews of: (i) transaction charges; and (ii) investment management charges. Whilst the Trustees do not have pre-defined targets for these, they appear reasonable. Furthermore, the default investment strategy was compliant with the charge cap on Member Borne Deductions of 0.75% p.a. The Trustees considered the fees and charges associated with each investment before selecting new funds as part of the 2022 investment strategy review.

<u>Statement of Investment Principles</u> The Trustees will review the SIP at least every three years and without delay after any significant change in investment policy. Any change to this SIP will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in, and practical experience of, financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments; and consulting the Sponsoring Employer.	**<u>Statement of Investment Principles</u>** The Trustees reviewed the Plan's SIP in July 2022 to reflect the changes to the investment strategy. The Trustees began a review of the SIP shortly after the Plan's year-end to include stewardship priorities and a policy on illiquid investments.
2. Responsible Investment	
This section discusses the Trustees' policies on financially material considerations, non-financial matters and stewardship policies. If the Trustees feel that the fund manager is not assessing financial and non-financial performance adequately, or engaging with the companies they are investing in, it will use these factors in deciding whether to retain or terminate the relationship with the manager. **<u>Financially material considerations</u>** With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when (i) appointing new Investment Managers; and (ii) monitoring the existing Investment Manager. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers. The Trustees acknowledge that some of the Plan's investments are implemented on a passive basis. This restricts the ability of the investment manager to take active decisions on whether to hold securities based on their consideration of ESG factors. The Trustees do	The Trustees believe that the current selection of fund managers is performing these duties adequately. The Trustees are satisfied that ESG integration was considered as a part of the investment strategy review and when choosing the funds. Further detail on each of these areas is set out below. **<u>Financially material considerations</u>** As part of the 2022 investment strategy review, the Trustees received a report from Quantum Advisory detailing how each investment manager integrates ESG factors. The Plan's investment managers, BlackRock Investment Management ("BlackRock"), Legal & General Investment Management ("LGIM") and Baillie Gifford are all signatories to the United Nations Principles of Responsible Investment ("UNPRI"), as are Scottish Widows (the platform through which the Plan accesses its investments).

however expect the incumbent managers, where relevant, to utilise their position to engage with companies on these matters. **<u>Stewardship</u>** The Trustees review their investment managers' policies on the exercise of voting rights and monitor their engagement practice and proxy voting activity via their annual reports. The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) reviewing existing investment managers. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of their investments. **<u>Non-financial matters</u>** The Trustees consider non-financial factors (where members have been forthcoming with their views) however the Trustees do not employ a formal policy in relation to this when selecting, retaining and realising investments.	The Trustees did not formally review the investment manager's publicly available ESG reporting during the period. **<u>Stewardship</u>** The Investment Advisers, on behalf of the Trustees, reviewed the voting information prepared by the investment managers. The Trustees did not have any immediate concerns around the votes cast. The Trustees acknowledge that the voting practices of their investment managers will not necessarily reflect their views or those of the members and that they will have little, or no, influence on their investment managers' voting practices. However, they will make their views known to their investment managers if they feel it is appropriate to do so, and in the event of frequent disagreement will review the suitability of retaining the investment manager in question. The Trustees will consider these factors when reviewing the Plan's investments. Furthermore, the investment managers' voting activity has been reviewed in section 4 of this Statement. **<u>Non-financial matters</u>** Over the period, there were no views raised by members with respect to non-financial matters. Though the Trustees have noted that going forward ESG will continue to be a more important consideration when thinking about investments.

3. Risk management	
The Trustees have identified a range of risks members face including: inflation risk, annuity conversion risk, capital risk, liquidity risk, negligence risk and mis-statement risk. The investment strategy has been constructed in a manner that seeks to manage these. Furthermore, the Trustees manage these by: • Taking regular investment advice; and • Ensuring member communications are reviewed by an investment professional.	The Trustees, with the help of their Investment Adviser, reviewed the Plan's investments periodically to manage these risks. The Trustees are generally satisfied with the performance delivered and have not raised any concerns.

Appendix 1 – Investment manager stewardship policies and procedures

BlackRock’s voting policies and process

BlackRock are guided by their global policies when evaluating their responsibilities in investment stewardship. As part of this BlackRock believes that companies should have appropriate governance structures in place to protect the interests of shareholders and other stakeholders, while also creating sustainable value. Although BlackRock tend to focus on equity stewardship, as these securities have more scope to influence positive change, BlackRock also assess downside ESG risks when evaluating fixed income securities. This comes in terms of evaluating these risks when determining the portfolio allocation and engaging with bond issuers to gain insights on their ESG risks and practices. ESG risk analysis also extends to private market investments, where BlackRock may also hold board or advisory seats with the company and advise on ESG initiatives.

BlackRock have developed high-level principles (“BlackRock’s Global Corporate Governance and Engagement Principles”) which set the framework for their voting on equity securities. These are publicly accessible on the following website (https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf).

Their voting guidelines are market specific, and take into account a company’s unique circumstances, where relevant. BlackRock inform their voting decision through research and engage as necessary.

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (“BIS”), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Corporate Governance and Engagement Principles and market-specific guidelines.

While BlackRock subscribe to research from the proxy advisory firms ISS and Glass Lewis (also a voting proxy advisory firm), they do not follow any single proxy research firm’s voting recommendations. BlackRock use several other inputs, including a company’s own disclosures, and their record of past engagements, in their voting and engagement analysis.

Blackrock use ISS’s electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, they work with proxy research firms who apply their 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 their voting decision.

LGIM’s voting policies and process

LGIM have a proven track-record of being active owners; striving to use their scale to ensure that the companies in which they invest are acting responsibly and markets / regulators create an environment in which good management of ESG factors are valued and supported. Although LGIM tend to focus on equity stewardship, LGIM also extends its ESG analysis and engagement policies to its active fixed income investments. LGIM aims to incorporate ESG considerations to assess ESG risks from a financial perspective and LGIM also engages with issuer companies through its global engagement groups. Please note, however, this approach does not extend to the Scheme’s Liquidity Fund bond holdings with LGIM as they invest passively in cash like instruments. Quantum believes this is reasonable given their underlying investments. For Equity holdings, LGIM’s Investment Stewardship team make all voting decisions, in accordance with LGIM’s Corporate Governance & Responsible Investment and Conflicts of

Interest policy documents, which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

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 strategic decisions are not outsourced. The use of ISS recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of IVIS to supplement the research reports that are received from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice. LGIM retain the ability in all markets to override any voting decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

Baillie Gifford voting policies and process

Thoughtful voting of clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. They believe that voting should be investment led, because how they vote is an important part of the long-term investment process, which is why their strong preference is to be given this responsibility by their clients. The ability to vote on their clients' shares also strengthens their position when engaging with investee companies. Baillie Gifford's Governance and Sustainability team oversees their voting analysis and execution in conjunction with their investment managers. They do not outsource any part of the responsibility for voting to third-party suppliers but do utilise research from proxy advisers for information only.

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. They do not regularly engage with pooled fund clients prior to submitting votes. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this.

Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote on every one of their clients' holdings in all markets.

Baillie Gifford encourage focus on the building of lasting competitive advantage, and will 'enthusiastically' support those with a thoughtful approach, using voting to support their five core principles: (i) Prioritisation of long-term value creation; (ii) A constructive and purposeful board; (iii) Long-term focused remuneration with stretching targets; (iv) Fair treatment of stakeholders; and (v) Sustainable business practices. They apply their approach to stewardship across all companies that they invest in on behalf of their clients.

Whilst Baillie Gifford are cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon the proxy advisers' recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house.

Appendix 2 – Most significant votes

The tables below set out a cross section of significant votes undertaken by the investment managers of the funds held by the Plan. Information on further significant votes undertaken by the Plan's investment managers has been reviewed by Quantum Advisory on behalf of the Trustees.

Significant vote definitions

LGIM

In determining significant votes, LGIM's Investment Stewardship team consider the criteria provided by the Pensions & Lifetime Savings Association ("PLSA") consultation. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM have determined their ten most significant votes at a firmwide level. Consequently, fewer than ten votes have been provided for some of their funds. Furthermore, because of this approach, LGIM have not disclosed the size of the holding (as a proportion of the fund size).

BlackRock

BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. Their year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes they have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

Baillie Gifford

In determining significant votes, Baillie Gifford determines the following situations as potentially significant (the list below is not exhaustive):

- Baillie Gifford's holding had a material impact on the outcome of the meeting;
- The resolution received 20% or more opposition and Baillie Gifford opposed;
- Egregious remuneration;
- Controversial equity issuance;
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders;
- Where there has been a significant audit failing;
- Where Baillie Gifford have opposed mergers and acquisitions;
- Where Baillie Gifford have opposed the financial statements/annual report;
- Where Baillie Gifford have opposed the election of directors and executives; and
- Where Baillie Gifford identify material 'E' 'S' or 'G' issues that result in opposing management.

Significant votes

BlackRock Aquila US Equity Index

Company Name	Exxon Mobil Corporation	Chevron Corporation
Date of Vote	May 2023	May 2023
Summary of the resolution	Adopt Medium-Term Scope 3 GHG Reduction Target	Report on Social Impact from Plant Closure or Energy Transition
Stewardship priority	Climate-related risks	Climate-related risks
Size of the holding (% of portfolio)	N/A	N/A
How the firm voted	Against the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	The vote was with management. BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.	
On which criteria has the vote been deemed as 'significant'?	BlackRock determined that the vote was significant as it related to climate risk.	BlackRock determined that the vote was significant as it related to climate risk.
Outcome of the vote	The vote failed	The vote failed
Do the Trustees/asset manager intend to escalate stewardship efforts?	Not on this matter specifically. BlackRock believe that Exxon's management and board have demonstrated a defined commitment to capturing opportunities relating to a transition to a low carbon economy.	Not on this matter specifically. In BlackRock's assessment, Chevron's approach to managing the impact of a low-carbon transition on their key stakeholders is aligned with advancing the long-term financial interests of clients and well explained in their disclosures.

Source: BlackRock.

BlackRock Aquila 30:70 Currency Hedged Global Equity

Company Name	Techtronic Industries Co., Ltd.	Yum! Brands, Inc.
Date of Vote	May 2023	May 2023
Summary of the resolution	Elect Horst Julius Pudwill as Director	Report on Efforts to Reduce Plastic Use
Stewardship priority	Board structure	Climate-related risks
Size of the holding (% of portfolio)	N/A	N/A
How the firm voted	Against the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	The vote was against management. BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.	The vote was with management. BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.
On which criteria has the vote been deemed as 'significant'?	BlackRock determined that the vote was significant as it related to board quality and effectiveness.	BlackRock determined that the vote was significant as it related to climate risk and natural capital.
Outcome of the vote	The vote passed	The vote failed
Do the Trustees/ asset manager intend to escalate stewardship efforts?	BlackRock will continue engaging with the company as they believe that TTI would benefit from enhancing their board nomination procedures.	BlackRock believe the company's packaging policy and reduction goals are appropriately set. They therefore do not consider it is necessary for shareholders to direct management to undertake a review of them less than a year after the release of the new policy and targets. As a result, BIS did not believe it was in the financial interests of clients to support this shareholder proposal.

Source: BlackRock.

LGIM World Equity Index

Company Name	Berkshire Hathaway Inc.	Exxon Mobil Corporation
Date of Vote	May 2023	May 2023
Summary of the resolution	Require Independent Board Chair	Shareholder resolution calling for a Report on Asset Retirement Obligations Under IEA Net Zero Emissions Scenario
Stewardship priority	Board structure	Climate-related risks
Size of the holding (% of portfolio)	0.7	0.7
How the firm voted	For the proposal	For the proposal
Where the vote was against management, was this communicated beforehand?	Voted against management. LGIM publicly communicates its vote instructions on its website the day after the company meeting, with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	Voted against management. LGIM co-filed this shareholder resolution and pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, there was regular communication with the company ahead of the meeting.
On which criteria has the vote been deemed as 'significant'?	LGIM considers this vote to be significant as it is in application of an escalation of LGIM's vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.
Outcome of the vote	The vote failed	The vote failed
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	LGIM will continue to engage with the company and monitor progress.

Source: LGIM.

LGIM Dynamic Diversified

Company Name	Tencent Holdings Limited	Shell Plc
Date of Vote	May 2023	May 2023
Summary of the resolution	Elect Jacobus Petrus (Koos) Bekker as Director	Approve the Shell Energy Transition Progress
Stewardship priority	Board structure	Climate-related risks
Size of the holding (% of portfolio)	0.2	0.3
How the firm voted	Against the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	Voted against management. LGIM publicly communicates its vote instructions on its website the day after the company meeting, with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.	Voted against management. LGIM publicly communicates its vote instructions on its website the day after the company meeting, with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
On which criteria has the vote been deemed as 'significant'?	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting companies in climate-critical sectors.	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.
Outcome of the vote	The vote passed	The vote passed
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with the company and monitor progress.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

Source: LGIM.

LGIM Ethical Global Equity Index

Company Name	Toyota Motor Corp.	Microsoft Corporation
Date of Vote	June 2023	December 2023
Summary of the resolution	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	Elect Director Satya Nadella
Stewardship priority	Climate-related risks	Board structure
Size of the holding (% of portfolio)	0.5	7.6
How the firm voted	For the proposal	Against the proposal
Was the vote against management and was this communicated beforehand?	LGIM pre-declared its vote intention (against management) for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.	Voted against management. LGIM publicly communicates its vote instructions on its website the day after the company meeting, with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.
On which criteria has the vote been deemed as 'significant'?	LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, they expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.
Outcome of the vote	The vote failed	The vote passed
Do the Trustees/ asset manager intend to escalate stewardship efforts?	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Source: LGIM.

Baillie Gifford Diversified Growth

Company Name	American Tower Corporation	NextEra Energy, Inc.
Date of Vote	May 2023	May 2023
Summary of the resolution	Appoint/Pay Auditors	Shareholder Resolution – Report on median pay gaps across race and gender
Stewardship priority	N/A	Human rights and labour practices
Size of the holding (% of portfolio)	0.2	0.1
How the firm voted	Against the proposal	For the proposal
Was the vote against management and was this communicated beforehand?	The vote was against management. This was communicated to management beforehand.	Vote was against management. This was not communicated beforehand.
On which criteria has the vote been deemed as 'significant'?	This resolution is significant because they opposed the election of auditors.	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Outcome of the vote	The vote passed	The vote failed
Do the Trustees/ asset manager intend to escalate stewardship efforts?	Although not a regulatory requirement in the U.S., Baillie Gifford consider it best practice for the auditor to rotate at least every 20 years in order to maintain independence. They asked about plans to tender last year but did not receive a response. This year they decided to escalate voting action to oppose the auditor and will continue to share expectations with the company.	They will communicate their decision to support the shareholder resolution with the company, and will explain rationale for doing so. Although the resolution failed to secure enough support to pass, it did receive support from more than 24% of shareholders.

Source: Baillie Gifford.