

DEFINED CONTRIBUTION SECTION OF THE GKN GROUP PENSION SCHEME (NO.1) IMPLEMENTATION STATEMENT

Introduction

The information in this Statement refers to the DC Section ("DC Section") of the GKN Group Pension Scheme (No.1) (the "Scheme"). This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustee has been followed during the year to 5 April 2025.

This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

As required by the legislation, the Trustee has consulted a suitably qualified person and has obtained written advice from its Investment Consultant, Mercer Limited ("Mercer"). The Trustee believes the Investment Consultant meets the requirement of Section 35 (5) of the Pensions Act 1995.

Investment Objectives of the Scheme

The objectives of the Scheme, included in the SIP, are as follows:

"The Trustee recognises that Scheme members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances."

The objectives set out below and the risks and other factors referenced in this Statement are those that the Trustee determines to be financially material considerations.

The following encapsulates the Trustee's objectives with regard to the DC Section:

- To make available a range of investment funds that should enable members to tailor their own investment strategy to meet their own individual needs.*
- Offer funds which facilitate diversification and long term capital growth (in excess of inflation).*
- Offer funds that enable members to reduce risk in their investments as they approach retirement.*
- Offer funds which aim to mitigate the impact of sudden and sustained reductions in capital values or rises in the cost of purchasing benefits in retirement.*
- To structure the range of funds, provide a suitable number of funds and present this range in a manner which may make it easier for members to make investment decisions.*
- To provide a default investment option for members who do not make their own investment decisions.*
- To provide general information as to the purpose of each investment option.*
- To encourage members to seek impartial guidance and / or financial advice from an appropriate organisation, where required."*

In addition, in respect of the default strategy specifically:

“The aims of the default investment options and the ways in which the Trustee seeks to achieve these aims, are detailed below:

- *To generate positive nominal long-term returns in excess of inflation during the growth phase of the lifestyle strategy.*
 - o *The default strategies’ growth phase structure invests in equities. These investments are expected to provide growth and some protection against erosion in both real and nominal terms.*
- *To generate positive nominal long-term returns in excess of inflation during the growth phase of the lifestyle strategy whilst managing downside risk.*
 - o *The default strategies’ consolidation phase structure invests in a diversified growth fund. These investments are expected to provide growth with some downside protection and some protection against erosion in both real and nominal terms. This is achieved via automated lifestyle switches by phasing in the diversified growth fund at 15 years prior to retirement, for a period of 5 years.*
- *To provide a strategy that reduces investment risk for members as they approach retirement.”*

The policies set out in the SIP are intended to help meet the overall investment objectives of the Scheme. Detail on the Trustee’s objectives with respect to the default investment option, the alternative lifestyle options and the self-select fund range are outlined in the SIP.

Review of the SIP, what has changed over the Scheme year

The Trustee reviews and amends the Scheme’s SIP, taking formal advice from its Investment Consultant (Mercer Limited (“Mercer”)). The latest amendments to the SIP were implemented in March 2024 to incorporate the Trustee’s policy on illiquid assets. There have been no further changes to the SIP over the Scheme year to 5 April 2025.

This Statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Scheme Year, which is the SIP dated March 2024. A copy of the SIP is available at: gknpensions.co.uk

Policy requirements over the year to 5 April 2025

The information provided in the following table highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work is consistent with the Trustee’s policies in the SIP. The Trustee believes that all of their policies within the SIP have been adhered to over the course of the Scheme year.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
1	Securing compliance with the legal requirements about choosing investments	<i>In considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of Mercer, whom the Trustee believes to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of</i>	No investment strategy changes were implemented or advised on during the Scheme year. The most recent investment strategy review was concluded in November 2022, with resultant changes implemented in March 2023, as set out in last year’s Implementation Statement. There were no further changes to the default arrangements. The next formal triennial review of the investments will commence in September 2025.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
		<i>Section 36 of the Pensions Act 1995 (as amended).</i>	
2	Kinds of investments to be held	<i>The Trustee recognises that, while the division between core and additional fund ranges should help members choose funds appropriate to their circumstances, there is likely to be a number of members who would prefer the simplicity of an investment strategy that automatically changes to be suitable at different stages of their working life. The Trustee has therefore decided to include three lifestyle options as part of the investment options.</i> <i>The investment choices for the DC Section comprise primarily of equity, property, bonds, diversified growth funds and cash. Both active and passive management options are offered to members depending on asset class.</i> <i>The Trustee regards their primary objective as making available a range of investment funds which enable members to tailor the strategy for their assets to their own needs.</i> <i>The Trustee is comfortable directly and indirectly investing a small proportion of assets in illiquid assets to access the potential return and diversification benefits relative to more traditional asset classes (such as bonds or equities) that illiquid assets can offer. While these benefits are recognised by the Trustee, it is also aware of the risks of investment in illiquid assets to members, such as the potential for valuations of</i>	The Trustee remains comfortable with its policy regarding the kinds of investments to be held, within the default strategy and across the wider self-select fund range available to members. Over the year to 5 April 2025, the Threadneedle Dynamic Real Return Fund was removed from the self-select fund options for selection by members who are not already invested, as the Trustee does not wish to offer an investment option that is not subject to ongoing research by their investment advisers. This decision does not reflect a negative view of the Fund, and the Trustee will continue to monitor its ongoing performance with the support of its investment advisers. The next formal triennial review of the investments will commence in September 2025.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
		<i>illiquid assets to not reflect their true value at a given time.</i>	
3	The balance between different kinds of investments	<i>The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.</i> <i>Members are able to set their own investment allocations, in line with their risk tolerances.</i> <i>The Trustee offers lifestyle options that aim to reduce overall investment risk as the member approaches retirement.</i> <i>Within active funds, management of many of these market risks is delegated to the investment manager.</i>	Over the Scheme year the Trustee monitored the performance of the default investment option on a quarterly basis, with support from its investment advisers. As part of this process, it reviewed the performance of the component funds underlying the default strategy through investment performance reports, which monitor the risk and return of the Scheme's funds, in the context of wider market conditions. The Trustee remains comfortable with the balance between different kinds of investments within the strategy. The next formal triennial review of the investment strategy will commence in September 2025.
4	Risks, including the ways in which risks are to be measured and managed	<i>Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. In designing the default investment options, the Trustee has explicitly considered the trade-off between risk and expected returns.</i>	The Trustee provides a range of investment options which enables members to reflect in their selection of funds the level of risk they wish to take in light of their individual circumstances. The Trustee considers both quantitative and qualitative measures for different investment risks when deciding investment policies, strategic asset allocation and the choice of investment managers / funds / asset classes. During the year, as part of ongoing monitoring of the Scheme's investment performance, the Trustee monitored risk metrics including volatility of returns and maximum short-term loss. These were discussed at each of the quarterly Administration Sub-Committee (ASC) meetings. The Trustee was comfortable with the level of these metrics over the year in the context of wider market conditions.
5	Expected return on investments	<i>The funds available are expected to provide an investment return relative to the level of risk associated with</i>	Investment performance was assessed quarterly over the year as described above and the Trustee monitored the risk and return of all investment options within the

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
		<i>it. The Trustee believes that the range of investment options offered to members should provide a spread of risk and return levels suitable for the membership as a whole. Most asset classes are expected to provide long term real growth to enhance member outcomes.</i>	Scheme. The investment performance is also reviewed as part of the 'value for members' assessment as at 5 April 2025. The Trustee concluded net investment performance provided reasonable value over the Scheme year in the context of wider market conditions.
6	Realisation of investments	<i>The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers.</i>	All funds are daily dealt pooled investment vehicles, accessed by an insurance contract and should be realisable based on member demand. There were no known issues relating to the liquidity of investments over the Scheme year. Over the year the Trustee received quarterly administration reports, discussed at the ASC meetings, to ensure core financial transactions are processed within Service Level Agreement ("SLA") and regulatory timelines. The Trustee was satisfied with the service level performance for the Scheme year. Further detail on this is set out in the Chair's Statement within the Scheme report and accounts.
7	Financially-material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<i>The Trustee has focussed on what it considers to be 'financially material considerations'. The Trustee believes the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and when they expect to retire.</i> <i>The Trustee believes that Environmental, Social and Corporate Governance ("ESG") issues may have a material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore</i>	The Trustee receives a quarterly investment performance report that monitors the investment adviser's Manager Research Ratings (overall and ESG ratings). The Scheme's funds remained highly rated during the year. Due to the cessation of ongoing manager research by the Trustee's investment advisers, the Threadneedle Dynamic Real Return Fund was removed from the self-select range as an available option for selection by members who are not already invested. The Trustee will continue to monitor ongoing performance of the fund. The quarterly investment performance reports reviewed over the year also set out how each investment manager has delivered against their specific mandates over short and longer-term timescales.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
		<i>be considered as part of the Scheme's investment process.</i> <i>The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.</i>	The Trustee believes the investment strategy in place appropriately reflects this policy. The policy was considered as part of the investment strategy review that concluded in November 2022, with resultant changes implemented in March 2023. The next formal triennial review of the investment strategy will commence in September 2025.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.	<i>Non-financial matters, including member views, are not taken into account in the selection, retention and realisation of investments</i>	No member feedback relating to the investment options available was received by the Trustee during the Scheme year.
9	The exercise of the rights (including voting rights) attaching to the investments	<i>The Trustee has delegated responsibility for the selection, retention and realisation of investments to the investment managers. The Trustee's policy is that the extent to which ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, are taken into account in these decisions is left to the discretion of the investment managers.</i>	As the Scheme invests solely in pooled funds, voting rights are held by the investment managers on the Trustee's behalf. The Trustee has reviewed key voting activity over the year in respect of the Trustee's stewardship priority areas, which is set out at the end of this statement.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters)	<i>Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.</i>	Investment managers are expected to provide reporting on a regular basis, at least annually, including stewardship information. As set out above, the Trustee has reviewed the underlying investment managers' voting and engagement activity over the year and summarised the results at the end of this statement. The Trustee itself did not directly engage with any underlying companies held via the pooled funds the Scheme invests in.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
11	How the arrangements with the asset managers incentivises the asset managers to align investment strategies and decisions with the Trustee's policies	<i>The Trustee appoints underlying investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives.</i> <i>As the Trustee invests in pooled investment vehicles, they accept that they have no ability to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i> <i>The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.</i> <i>If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.</i>	The Trustee reviewed performance of the underlying managers, as well as its investment adviser's forward-looking ratings of each manager, at the quarter ASC and Trustee meetings over the year. The Trustee remains comfortable with the managers in place.
12	How the arrangement incentivises the asset manager to make decisions based on assessments	<i>The Trustee appoints underlying investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics</i>	The Trustee is a long-term investor and does not look to change investment arrangements frequently. All funds within the investment strategy are open-ended with no set end date for appointments.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
	about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	<i>required. Mercer's manager research rating reflects Mercer's forward-looking assessment of a manager's ability to meet or exceed their objectives.</i> <i>As the Trustee invests in pooled investment vehicles, it accepts that it has no ability to influence investment managers to align their decisions with the Trustee policies set out in this Statement. However, appropriate mandates can be selected to align with the overall investment strategy.</i> <i>The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the manager.</i> <i>If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.</i>	Investment performance was reviewed during the Scheme year as described earlier in this statement. No manager appointments were terminated during the Scheme year.
13	How the method (and time horizon) of the evaluation of the asset managers' performance and the remuneration for asset management services are in line with the Trustee's policies	<i>The Trustee's focus is on longer-term performance, but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustee reviews both absolute and relative performance against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The remuneration for investment managers used by the Scheme is based on</i>	The quarterly investment reports reviewed by the Trustee during the year showed performance information over a range of short- and long-term time periods, against fund benchmarks and wider market performance. The Trustee's focus is on long-term performance, however it also takes shorter-term performance into account in reviewing fund performance in light of prevailing market conditions. The Trustee remained satisfied that the investment fund managers' short-term performance did not impact long-term goals.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
		<i>assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment to ensure they continue to represent value for members. If performance is not satisfactory, the Trustee will ask the fund manager to provide additional rationale, and if not satisfied with this, may request further action be taken, including a review of fees.</i> <i>The Trustee reviews the absolute performance, relative performance against a suitable benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustee's focus is on long-term performance, they also take shorter-term performance into account.</i>	No manager appointments were terminated during the Scheme year in respect of performance concerns.
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<i>Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is limited by the availability of data. The Trustee will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.</i>	The Trustee has carried out an annual 'value for members' assessment covering the Scheme year. As part of this assessment, it has sourced portfolio turnover costs (also referred to as transaction costs) of the underlying managers. The Trustee does not have an overall portfolio turnover target for the Scheme. There is little flexibility for the Trustee to impact transaction costs as the Scheme invests in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Scheme invests in, there is not, as yet, an "industry standard" or universe to compare these to. However, the Trustee views the transaction costs over the Scheme year as reasonable in the context of net performance achieved and the fund managers' objectives.

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2025
15	The duration of the arrangement with the asset manager	<i>The Trustee is a long-term investor, all DC funds are open-ended and therefore there is no set duration for manager appointments.</i> <i>The funds are reviewed on a regular basis, supported by advice from the investment consultants.</i> <i>The Trustee may choose to remove a fund from the fund range, if it is no longer considered appropriate, and the fund range is reviewed on at least a triennial basis.</i>	The default investment options, alternative lifestyle strategies and self-select fund range are reviewed on at least a triennial basis. Over the year to 5 April 2025, there were no changes to manager appointments.

Voting Activity

The Trustee has delegated voting activity to the investment managers. The Trustee does not use the direct services of a proxy voter; however, some of the managers use proxy services to manage voting activity. Where the investment managers voted against management, none of them directly communicated this with the company ahead of the vote.

Overview of use of proxy services

Legal and General Investment Management's ("LGIM's") Investment Stewardship team uses Institutional Shareholder Services' ("ISS's") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with our position on ESG, they have put in place a custom voting policy with specific voting instructions.

For Columbia Threadneedle, proxy voting is effected via ISS. While analysing meeting agendas and making voting decisions, they use a range of research sources and consider various ESG issues, including companies' risk management practices and evidence of any controversies. Their final vote decisions take account of, but are not determinatively informed by, research issued by proxy advisory organisations such as ISS, IVIS and Glass Lewis as well as MSCI ESG Research.

HSBC use ISS to assist with the global application of their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene they guidelines. HSBC review voting policy recommendations according to the scale of their overall holdings. The majority of holdings are voted in line with the recommendation based on their guidelines.

During the Scheme Year, voting and engagement summary reports from the Scheme's investment managers were received by the Trustee's Investment advisor, who has considered them with the Trustee to ensure activity is aligned with the Trustee's policy.

The following section of this report includes voting and engagement activity undertaken by the Scheme's investment managers and sets out a summary of voting activity and the most significant votes cast on behalf of the Trustee by these investment managers. The Trustee defines a significant vote as one that is

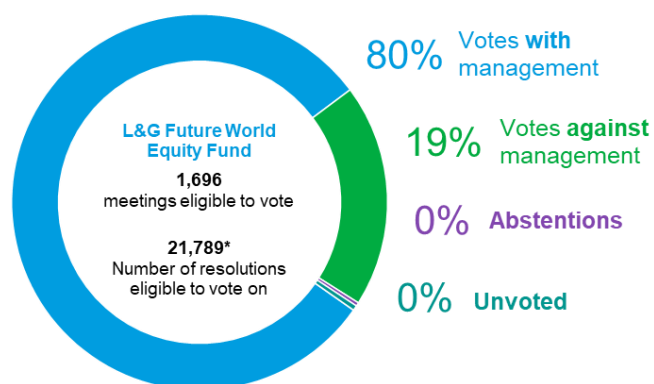
linked to topics closely linked to UN Sustainable Development Goals (“SDGs”), focusing on the following ESG areas:

- Environment: Climate change
- Environment: Pollution and natural resource degradation
- Social: Human rights
- Governance: Diversity, equity and inclusion.

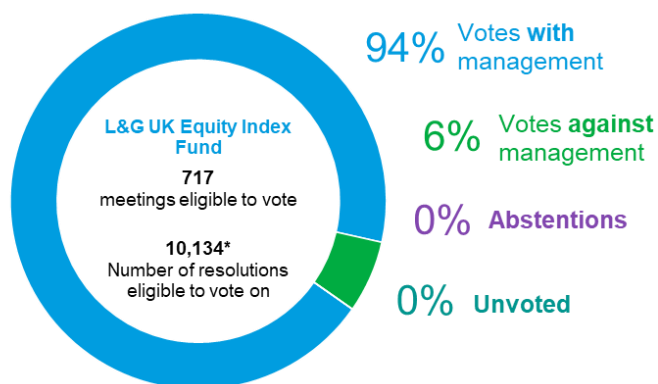
The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the investment managers of what it considered to be a ‘significant vote’ in advance of voting.

Voting Summary

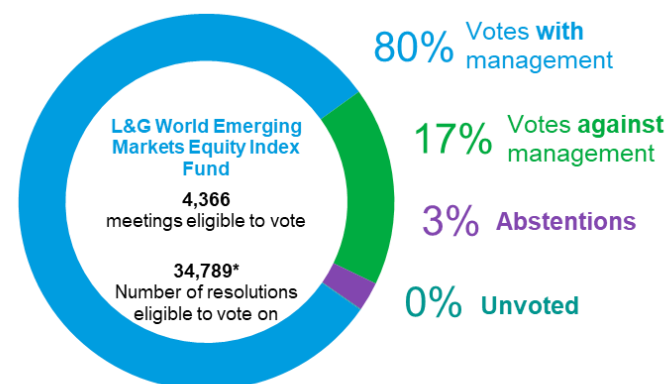
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the Scheme. Votes “**for / against** management and **not voted/abstain**” assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.



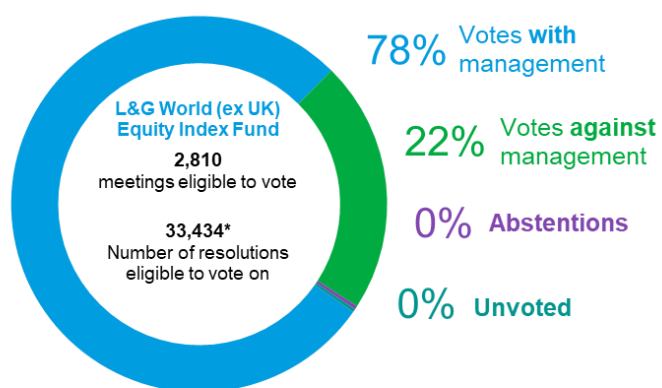
*99.6% of resolutions voted on



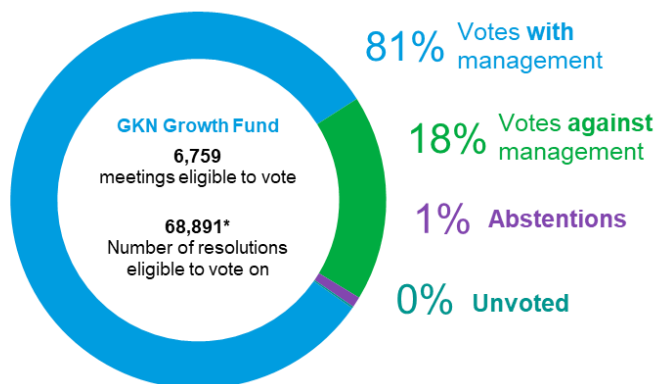
*100% of resolutions voted on



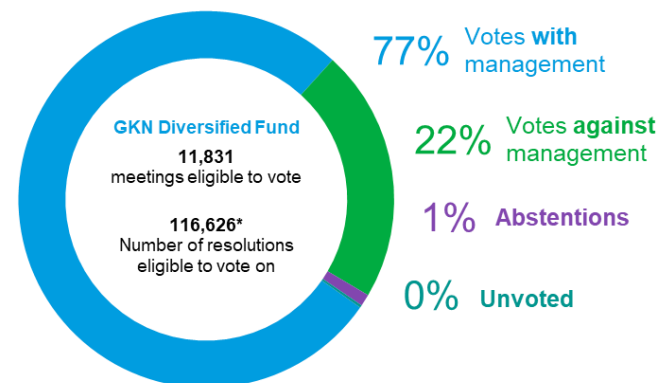
*99.9% of resolutions voted on



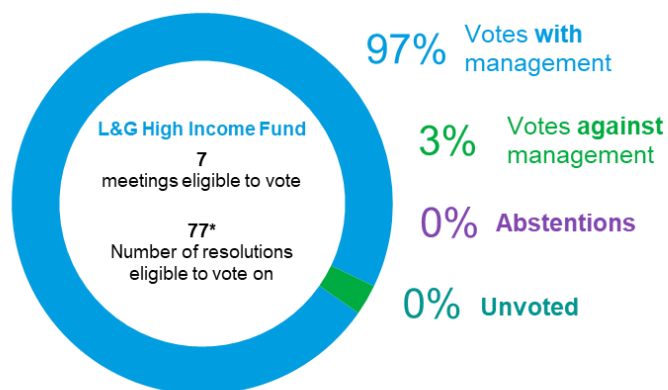
*99.7% of resolutions voted on



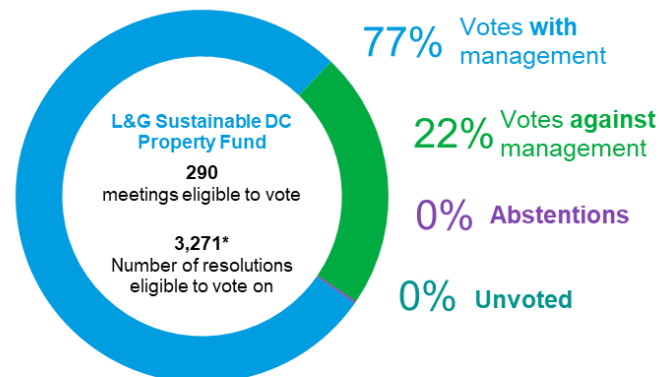
*99.8% of resolutions voted on



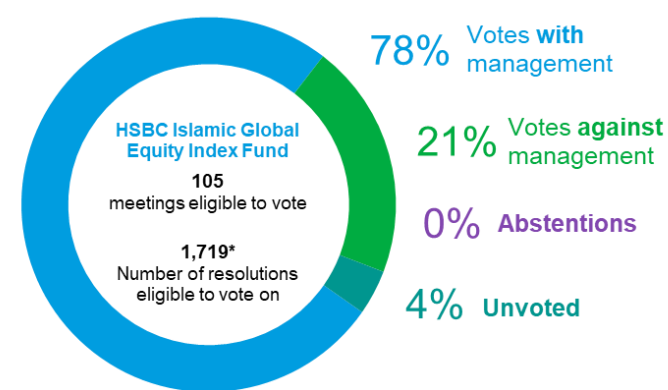
*99.8% of resolutions voted on



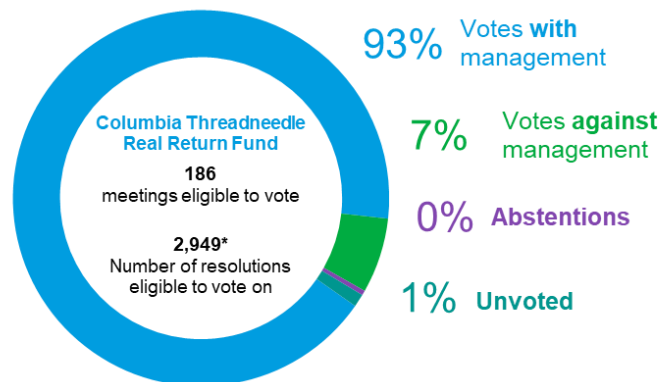
*100.0% of resolutions voted on



*100% of resolutions voted on



*96.0% of resolutions voted on



*98.9% of resolutions voted on

Source: LGIM, HSBC and Columbia Threadneedle as at March 2025.

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

Most Significant Votes

Managers have provided significant votes across the funds previously noted as containing equity. The Trustee has disclosed the two most significant votes by fund, determined by the size of the holdings, in accordance with its stewardship priorities: climate change, pollution and natural resource degradation; human rights, and diversity, equity and inclusion. The final outcome column below represents the result of the resolution after all the votings: Passed (✓) or Not-Passed (✗).

Fund	Company	Approx. Size of Holding at date of vote (%)	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
GKN Growth Fund	Amazon.com Inc	2.04	2024-05-22	For	Report on Customer Due Diligence	Social: Human Rights	A vote in favour is applied (against management recommendation) as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.	✗
	Meta Platforms Inc.	1.44	2024-05-29	Against	Elect Director Peggy Alford	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects a company to have at least one-third women on the board. and expects companies to elect an independent lead director where there is a combined Board Chair and CEO.	✓

Fund	Company	Approx. Size of Holding at date of vote (%)	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
GKN Diversified Fund	Alphabet Inc.	0.40	2024-06-07	Against	Elect Director John L. Hennessy	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. L&G also expects a company to have at least one-third women on the board.	☒
	Eli Lilly and Company	0.30	2024-05-06	Against	Elect Director Jamere Jackson	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G supports a declassified board as directors should stand for re-election on an annual basis and expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	☒
L&G Future World Equity Fund	Johnson & Johnson	1.77	2024-04-25	Against	Elect Director Joaquin Duato	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	☒
	Moody's Corporation	1.14	2024-04-16	Against	Elect Director Leslie F. Seidman	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects a company to have at least one-third women on the board.	☒
L&G World (ex UK) Equity Index Fund	JPMorgan Chase & Co.	0.86	2024-05-21	Against	Elect Director Todd A. Combs	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.	☒

Fund	Company	Approx. Size of Holding at date of vote (%)	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
L&G UK Equity Index Fund	Broadcom Inc.	0.86	2024-04- 22	Against	Elect Director Henry Samueli	Environment: Climate change	A vote against is applied (against management recommendation) as the company is deemed to not meet minimum standards with regard to climate risk management.	☒
	Shell Plc	7.66	2024-05- 21	Against	Approve the Shell Energy Transition Strategy	Environment: Climate change	A vote against is applied (against management recommendation) as L&G acknowledges the substantive progress the company has made in respect of climate related disclosure over recent years, and L&G views positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, L&G expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, L&G seeks more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation.	☒
	Unilever Plc	4.23	2024-05- 01	For	Approve Climate Transition Action Plan	Environment: Climate change	A vote in favour is applied (in line with management recommendation) as L&G understands it to meet minimum expectations. This includes the disclosure of scope 1, 2 and	☒

Fund	Company	Approx. Size of Holding at date of vote (%)	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
							material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with Paris goals. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, L&G notes that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate.	
L&G World Emerging Markets Equity Index Fund	Tencent Holdings Limited	3.88	2024-05-14	Against	Elect Charles St Leger Searle as Director	Governance: Diversity, equity and inclusion & Environment: Climate change	A vote against is applied (against management recommendation) as L&G expects the Committee to be comprised of independent directors and the company is deemed to not meet minimum standards with regard to climate risk management.	☑
	Alibaba Group Holding Limited	2.28	2024-08-22	Against	Elect Director Irene Yun-Lien Lee	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G supports a declassified board as directors should stand for re-election on an annual basis and L&G has concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.	☑
L&G High Income Fund	Atos SE	0.11	2025-01-31	Against	Ratify Appointment of Philippe	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects the roles of Board Chair and CEO to be separate and not to be recombined once separated. These two roles	☑

Fund	Company	Approx. Size of Holding at date of vote (%)	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
					Salle as Director		are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	
L&G Sustainable Property Fund	Prologis, Inc.	0.40	2024-05-09	Against	Elect Director Hamid R. Moghadam	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	☒
	AvalonBay Communitie sInc.	0.20	2024-05-16	Against	Elect Director Susan Swanezy	Governance: Diversity, equity and inclusion	A vote against is applied (against management recommendation) as L&G expects a company to have at least one-third women on the board.	☒
HSBC Islamic Global Equity Index Fund	NVIDIA Corporation	7.69	2024-06-26	Against	Elect Director Stephen C. Neal	Governance: Diversity, equity and inclusion	HSBC is voting against (against management recommendation) this Nomination Committee Chair as they have concerns about insufficient gender diversity of the board.	☒
	Amazon.co mInc.	6.26	2024-05-22	For	Report on Efforts to Reduce Plastic Use	Environment: Climate change	HSBC is voting for (against management recommendation) as HSBC believes that the proposal would contribute to circular economy.	☒
Columbia Threadneed le Dynamic Real Return Fund	Amazon.co mInc.	0.88	2024-05-22	For	Report on Median and Adjusted Gender/Raci al Pay Gaps	Human Rights	Threadneedle is voting for (against management recommendation) as the proposed enhanced disclosure would help the board and shareholders better assess existing and potential future risks related to human capital management.	☒
	NVR, Inc.	0.02	2024-05-07	For	Report on Effectiveness of Diversity, Equity and Inclusion	Governance: Diversity, equity and inclusion	Threadneedle is voting for (against management recommendation) as the company should disclose its demographic workforce data as per the EEO-1 requirement. This will help to increase transparency and aid shareholders in assessing	☒

Fund	Company	Approx. Size of Holding at date of vote (%)	Date	How the manager voted	Summary of the Resolution	Priority Area for GKN significance	Rationale for the Manager vote	Final outcome
					Efforts and Metrics		the effectiveness of the company's stated efforts to address related human capital material risks and opportunities.	

Source: LGIM, HSBC and Columbia Threadneedle as at March 2025.

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics. In terms of next steps, LGIM will continue to engage with investee companies, publicly advocate their position on the above issues and monitor company and market-level progress.

HSBC and Threadneedle do not communicate their intent to the companies ahead of voting. Active stewardship continues to form an integral part of our research and investment process.

Examples of Underlying Manager Engagement

LGIM engagement case study: Rio Tinto

The mining and diversified metals sector produces minerals that are essential to the energy transition. As such, LGIM believes that long-term responsible investors can support these companies as they decarbonise and realise the associated financial opportunities.

LGIM has been engaging in detailed and constructive discussions with Rio Tinto since voting against their previous Climate Action Plan in 2022. At the time, while recognising that the company had strengthened its operational emissions reduction targets by 2030, together with making a commitment for substantial capital allocation linked to the company's decarbonisation efforts, LGIM was concerned by the absence of quantifiable targets for Scope 3 emissions, and the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner. LGIM climate-related engagement since then has aimed to bridge the remaining gaps against their expectations, particularly regarding the company's approach to Scope 3 emissions and customer decarbonisation.

Following what LGIM views as substantive progress by Rio Tinto in this area, primarily through enhanced disclosure of its plans to decarbonise its value chains, as well as the clear and quantified actions set out to meet its emission reduction targets, they believe the company's enhanced strategy closely aligns with their framework, and should support its decarbonisation journey and the creation of long-term value as the climate transition unfolds. LGIM therefore voted in support of the company's Climate Action Plan and pre-declared their voting intention. LGIM will continue their engagement with the company on the implementation of this plan and monitor their progress.