

# DEFINED CONTRIBUTION SECTION (“DC SECTION”) OF THE GKN GROUP PENSION SCHEME 3 IMPLEMENTATION STATEMENT (“THE SCHEME”)

## Introduction

The information in this Statement refers to the DC Section of the GKN Group Pension Scheme 3 (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 2023.

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. The Trustee in preparing this Statement has also consulted the sponsoring Company.

## 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.*
  - *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.*
  - *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 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 dated September 2020. A revised SIP has been agreed upon and signed since the Scheme year end (5 April 2023), i.e. after the period covered by this statement.

**Policy requirements over the year to 5 April 2023**

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 followed the Trustee’s policies in the SIP, relating to the Scheme as a whole. The Trustee believes that all of their policies have been met as set out in the SIP over the course of the Scheme year.

	<b>Area covered by the policy</b>	<b>Trustee Policy as per the SIP</b>	<b>Actions taken in the year to 5 April 2023</b>
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 Section 36 of the Pensions Act 1995 (as amended).</i>	The Trustee carried out a triennial strategy review on September and November 2022 Trustee meetings covering the following aspects: the membership demographic including age profile, pot sizes and investment choices; Environmental, Social and Governance (“ESG”) factor integration in the strategy; projected member outcomes for representative example members and resultant areas of potential improvement in the growth and de-risking phases; and a review of the self-select fund range. The following changes agreed by the Trustee were implemented in March

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
			<p>2023 following formal written advice in line with Section 36 of the Pensions Act:</p> <ul style="list-style-type: none"> <li>• Replacement of 'L&amp;G Future World Fund' with the 'L&amp;G Future World Global Equity Index Fund (GBP Hedged)', within the GKN Growth Fund;</li> <li>• Replacement of Threadneedle Dynamic Real Return Fund with the L&amp;G Diversified Fund, within the GKN Diversified Fund.</li> </ul>
2	Kinds of investments to be held	<p><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></p> <p><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></p> <p><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></p>	<p>The kind of investments held were reviewed in detail as part of the investment strategy review described in item 1 above. The Trustee concluded the overall asset allocation within the default investment option remains appropriate for targeting good member outcomes, however scope for improvement was identified in respect of effective ESG factor integration, and fund selection within the multi-asset allocation. The review also concluded no changes to the self-select fund range were required at this time.</p> <p>The Trustee recognises that the default investment option will not meet the needs of all members and as such, a self-select fund range is available for members to choose from.</p> <p>Appropriate investment advice was received from the Scheme's investment advisor and the arrangements implemented are consistent with the policies in the SIP and continue to provide members with appropriate options across the risk/return spectrum to implement the policy.</p>
3	The balance between different kinds of investments	<p><i>The Trustee makes available a range of funds, across various asset classes, with the majority expected to keep pace with inflation.</i></p>	<p>Over the Scheme year the Trustee monitored the performance of the default investment option on a quarterly basis, with support from its investment advisor. As part of this process It reviewed the</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
		<p><i>Members are able to set their own investment allocations, in line with their risk tolerances.</i></p> <p><i>The Trustee offers lifestyle options that aim to reduce overall investment risk as the member approaches retirement.</i></p> <p><i>Within active funds management of many of these market risks is delegated to the investment manager.</i></p>	<p>performance of the component funds underlying the lifestyle strategy through investment performance reports, which monitor the risk and return of the Scheme's funds.</p> <p>The strategic asset allocation of the default investment option was reviewed during the Scheme year as set out in item 1 above. The review considered the long-term investment objectives of the majority of the Scheme members both from a risk and return perspective. Resultant changes implemented by the Trustee are set out in item 1 above.</p> <p>A selection of self-select funds, covering a range of different asset classes and risk exposures, is available to members.</p>
4	Risks, including the ways in which risks are to be measured and managed	<p><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></p>	<p>The Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation and the choice of investment managers / funds / asset classes. Investment risk was considered as part of the investment strategy review in the form of volatility of returns and the 'spread' of likely member outcomes, based on the risk profile of the underlying investments.</p> <p>The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. The risk register was reviewed and updated regularly at each Administration Sub-Committee (ASC) quarterly meeting.</p>
5	Expected return on investments	<p><i>The funds available are expected to provide an investment return relative to the level of risk associated with 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</i></p>	<p>Investment performance was assessed as part as the 'value for members' assessment as at 5 April 2023. The Trustee concluded net investment performance provided good value over the Scheme year.</p> <p>The trade-off between risk and return in the default investment option was considered as part of the investment strategy review carried out over the</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
		<i>expected to provide long term real growth to enhance member outcomes.</i>	<p>Scheme year. Self-select funds offered to members cover a wide range of different asset classes and risk exposures.</p> <p>Quarterly performance reports are shared at Trustee meetings, which set out how the investment managers are delivering against specific mandates.</p>
6	Realisation of investments	<p><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></p> <p><i>Member views are not taken into account in the selection, retention and realisation of investments.</i></p>	<p>The Trustee receives quarterly administration reports, which are presented at Trustee meetings to ensure that core financial transactions are processed within Service Level Agreement ("SLA") and regulatory timelines. The Trustee is satisfied performance against SLAs for the Scheme year was satisfactory; further detail on this is set out in the Chair's Statement within the Scheme report and accounts.</p> <p>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.</p>
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	<p><i>The aims, objectives and policies of the fund utilised within the default investment strategy are considered in more detail below. 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></p> <p><i>The Trustee believes that Environmental, Social and Corporate Governance ("ESG") issues may have a</i></p>	<p>A range of different asset classes, risk exposures and geographies are accessible under the options available to members and are monitored on quarterly basis.</p> <p>ESG ratings provided by the Trustee's investment advisers are provided to the Trustee on a quarterly basis as part of investment performance monitoring. The Scheme's funds remained highly rated during the year.</p> <p>When implementing a new manager the Trustee considers the ESG rating of the manager. The two new funds introduced to the default investment option over the year, the L&amp;G Diversified Fund and L&amp;G Future World Global Equity Index Fund (GBP Hedged), are highly-rated on by Trustee's investment advisor, both on a</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
		<p><i>material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore be considered as part of the Scheme's investment process.</i></p> <p><i>The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.</i></p>	<p>general forward-looking basis and on an ESG basis.</p> <p>The quarterly investment performance report set out how each investment manager has delivered against their specific mandates over short and longer-term timescales.</p>
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments.	<p><i>Member views are not taken into account in the selection, retention and realisation of investments</i></p>	<p>"Non-financial matters" (where "non-financial matters" include members' ethical views separate from financial considerations such as financially material ESG issues) are not explicitly taken into account in the selection, retention and realisation of investments.</p> <p>The Trustee considers feedback received from members as part of any discussions relating to the range of funds available. This formed part of the Trustee's conclusion, reached as part of the investment strategy review over the Scheme year, not to increase the range of self-select funds offered.</p>
9	The exercise of the rights (including voting rights) attaching to the investments	<p><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></p>	<p>As the Scheme invests solely in pooled funds, the Trustee delegates the exercise of its voting rights to the investment managers.</p> <p>The equity and multi-asset funds where the Trustee delegated voting activities to the investment managers over the Scheme year are as follows:</p> <ul style="list-style-type: none"> <li>- L&amp;G Future World Equity Fund</li> <li>- L&amp;G UK Equity Index Fund</li> <li>- L&amp;G World Ex-UK Equity Index Fund</li> <li>- L&amp;G World Emerging Markets Equity Index Fund</li> <li>- HSBC Islamic Global Equity Index Fund</li> </ul>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
			<ul style="list-style-type: none"> <li>- Threadneedle Dynamic Real Return Fund</li> <li>- GKN Growth Fund*</li> <li>- GKN Diversified Fund*</li> </ul> <p>Key voting activity is set out at the end of this document.</p> <p>* denotes blended Fund</p>
10	<p>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)</p>	<p><i>Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.</i></p>	<p>Investment managers provide annual reporting to the Trustee on voting and engagement activity, including stewardship monitoring results.</p> <p>Significant voting activity from the Trustee’s perspective, in respect of stewardship areas it has deemed as high priority, is set out towards the end of this document.</p>
11	<p>How the arrangements with the asset managers incentivises the asset managers to align investment strategies and decisions with the Trustee’s policies</p>	<p><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></p> <p><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></p>	<p>As part of the investment strategy review carried out in September and November 2022, the Trustee considered historical performance of the underlying managers in the context of their investment objectives and wider market conditions. It also considered forward-looking performance expectations, including the investment advisor’s forward-looking ratings.</p> <p>As part of this process, the Trustee agreed to replace the Threadneedle Dynamic Real Return Fund with the L&amp;G Diversified Fund, given the relative performance of the Threadneedle fund and the investment advisor’s forward-looking ratings of the two funds. The changes were implemented in March 2023 following formal written advice in line with Section 36 of the Pensions Act.</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
		<p><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></p> <p><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></p>	
12	<p>How the arrangement incentivises the asset manager to make decisions based on assessments 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.</p>	<p><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></p> <p><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></p> <p><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</i></p>	<p>The Trustee is a long-term investor and does not look to change investment arrangements frequently. Within the DC Section, all funds are open-ended with no set end date. Performance was reviewed quarterly by the Trustee over the Scheme year. Performance is reviewed over 3 month, 6 month, 12 month, 3 year and 5 year periods. The Trustee reviews absolute and benchmark-relative performance.</p> <p>Whilst long-term performance is the focus of the Trustee, managers may be placed 'on watch' should there be short-term performance concerns or uncertainty regarding any changes at the investment manager. Over the Scheme year, before its replacement with the L&amp;G Diversified Fund, the Threadneedle Dynamic Real Return Fund had an 'on watch' Mercer rating relating to Columbia Threadneedle's acquisition of BMO Global Asset Management.</p>



	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
		<p><i>manager.</i></p> <p><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></p>	
13	<p>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</p>	<p><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 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></p> <p><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></p>	<p>The Trustee receives an investment performance report on a quarterly basis, showing performance information over three months, one year and three-year time periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst, as previously mentioned, the Trustee's focus is on long-term performance, it also takes shorter-term performance into account in reviewing fund performance in light of prevailing market conditions.</p> <p>The Trustee also reviews the net performance returns for all funds available to members as part of preparing the annual Chair's Statement.</p> <p>If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustee may review the suitability of the manager, and change managers where required. The Trustee also considers its investment advisor's views of the investment manager.</p> <p>As set out earlier in this statement, the Trustee agreed to investment strategy changes over the Scheme year that were implemented effective 27 March 2023, in part resulting from reviewing past and expected future performance of the Threadneedle Dynamic Real Return Fund, which was replaced with the L&amp;G Diversified Fund.</p>

	Area covered by the policy	Trustee Policy as per the SIP	Actions taken in the year to 5 April 2023
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>	<p>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.</p> <p>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.</p>
15	The duration of the arrangement with the asset manager	<p><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></p> <p><i>The funds are reviewed on a regular basis, supported by advice from the investment consultants.</i></p> <p><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></p>	<p>All the Scheme's funds are open-ended and have no set end date for the arrangement. The fund range and default investment option are reviewed on at least a triennial basis. An underlying manager's appointment may be terminated if it is no longer considered optimal nor have a place in the default investment option or general fund range.</p> <p>As set out earlier in this statement, an investment strategy review was carried out over the year, resulting in the replacement of two underlying funds with alternatives the Trustee (with advice from its investment advisor) views as more suitable in meeting the Scheme's objectives going forward.</p>

## 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.

## 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 their 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. Following the DWP's consultation response and outcome regarding Implementation Statements in June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote" and that trustees are now required to include details on why a vote is considered significant and rationale for the voting.

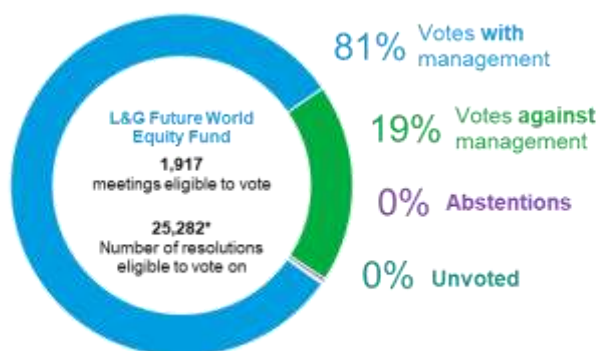
The Trustee defines a significant vote as one that is linked to topics closely linked to UN Sustainable Development Goals ("SGDs"), focusing on the following ESG areas:

- Climate change
- Pollution and natural resource degradation
- Human rights
- Diversity, equity and inclusion.

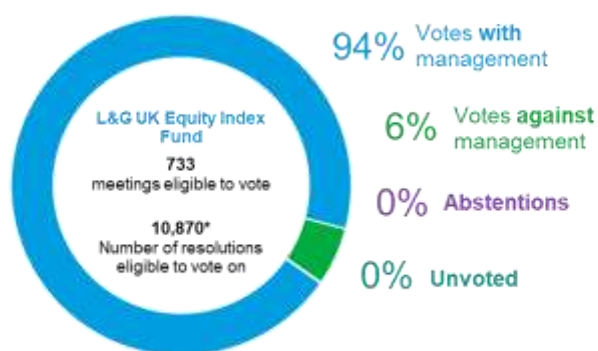
The Trustee will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry. The Trustee did not inform the investment managers of what it considered to be a 'significant vote' in advance of voting.

## Voting Summary

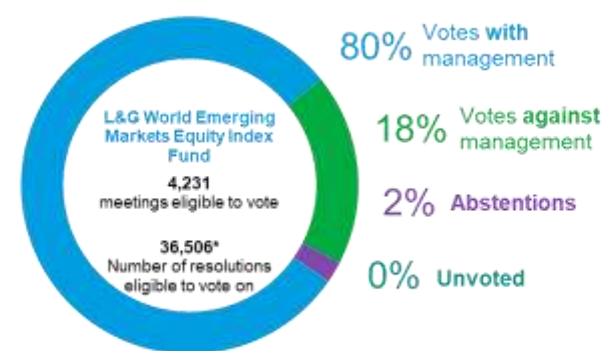
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the Scheme. Votes “for / against management and not voted/abstain” assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly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



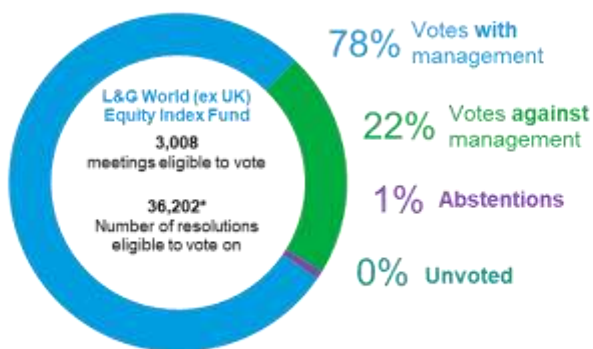
\*99.8% of resolutions voted on



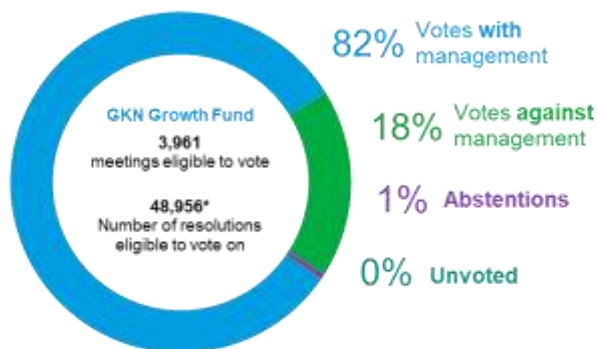
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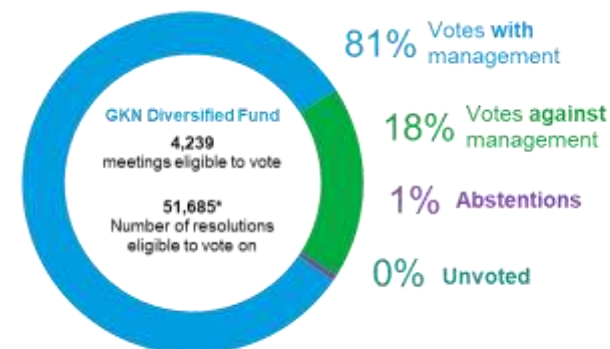
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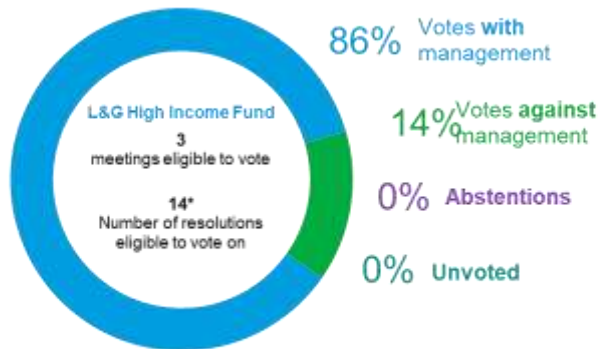
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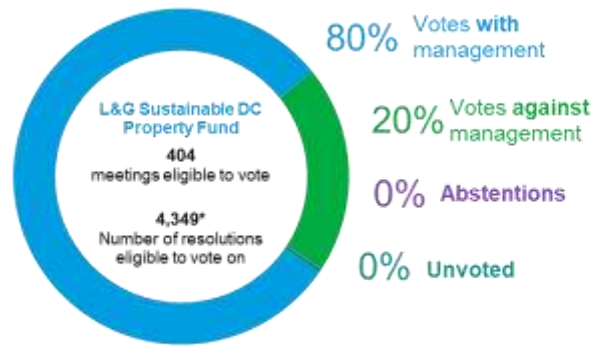
\*99.9% of resolutions voted on



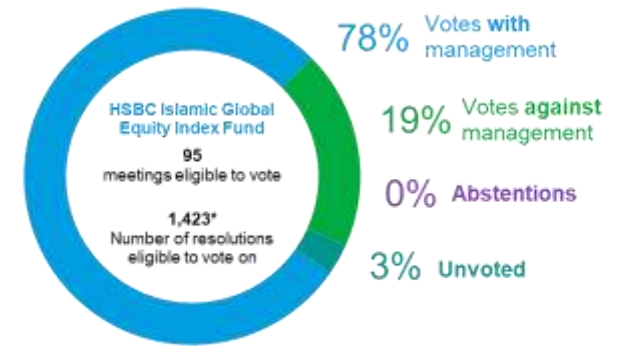
\*99.9% of resolutions voted on



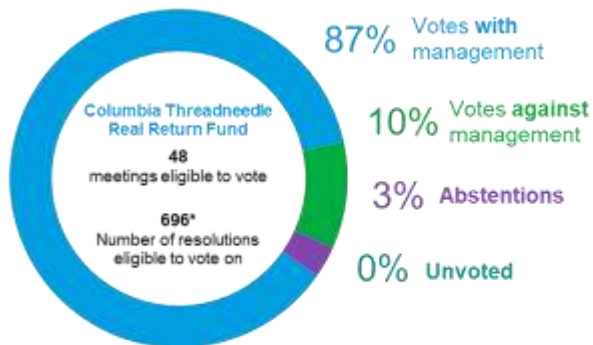
\*100.0% of resolutions voted on



\*99.5% of resolutions voted on



\*97.0% of resolutions voted on



\*100.0% of resolutions voted on

**Most Significant Votes**

Managers have provided significant votes across the funds previously noted as containing equity. The Trustee has disclosed the most significant votes (defined here as votes on holdings greater than 0.5% of the fund as at the date of the vote) in line with its stewardship priorities related to: 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;	Alphabet Inc.	1.66	2022-06-01	For	Report on Physical Risks of Climate Change	Climate Change	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	✗
GKN Diversified Fund;								
L&G Future World Equity Fund	Amazon.com, Inc.	1.62	2022-05-25	Against	Elect Director Daniel P. Huttenlocher	Diversity, equity and inclusion	A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	✓

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 World (ex UK) Equity Index Fund	NVIDIA Corporation	0.81	2022-06-02	Against	Elect Director Harvey C. Jones	Diversity, equity and inclusion	A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.	<input checked="" type="checkbox"/>
	Berkshire Hathaway Inc.	0.77	2022-04-30	Withhold	Elect Director Susan L. Decker	Climate Change	A withhold vote is warranted for lead independent director Susan Decker as the company does not adequately disclose climate change-related risks and opportunities.	<input checked="" type="checkbox"/>
	Exxon Mobil Corporation	0.63	2022-05-25	For	Set GHG Emissions Reduction targets Consistent With Paris Agreement Goal	Climate Change	A vote for is applied in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. 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 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5 C goal.	<input type="checkbox"/>

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	Royal Dutch Shell Plc	6.78	2022-05-24	Against	Approve the Shell Energy Transition Progress Update	Climate Change	A vote against is applied, though not without reservations. LGIM acknowledges the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	<input checked="" type="checkbox"/>
	BP Plc	3.06	2022-05-12	For	Approve Net Zero - From Ambition to Action Report	Climate Change	While LGIM note the inherent challenges in the decarbonisation efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened.	<input checked="" type="checkbox"/>



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	Rio Tinto Plc	2.68	2022-04-08	Against	Resolution 17 - Approve Climate Action Plan	Climate Change	LGIM recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	<input checked="" type="checkbox"/>
L&G World Emerging Markets Equity Index Fund	Meituan	1.32	2022-05-18	Against	Elect Wang Xing as Director	Diversity, equity and inclusion	A vote against is applied as LGIM expects a company to have at least one female on the board.	<input checked="" type="checkbox"/>
	China Construction Bank Corporation	1.11	2022-06-23	Against	Elect Wang Xing as Director	Pollution & natural resource degradation	A vote against is applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.	<input checked="" type="checkbox"/>

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 World Emerging Markets Equity Index Fund	Industrial & Commercial Bank of China Limited	0.75	2022-06-23	Against	Elect Chen Siqing as Director	Climate Change	A vote against is applied under LGIM's Climate Impact Pledge. LGIM positively note the Company's increased willingness to engage with them and highlight responsiveness to investor concerns, including ESG-related amendments to strengthen the bank's Articles of Association in this area. However, they continue to note their concern with the lack of a clear thermal coal policy in place and no disclosure of scope 3 emissions associated with investments. LGIM will continue to monitor the Company's progress in this area.	☑

Source: LGIM, HSBC and Columbia Threadneedle.

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
HSBC Islamic Global Equity Index Fund	Apple Inc.	7.00	2023-03-10	Against	Elect Director Sue Wagner	Diversity, equity and inclusion	We have concerns about insufficient diversity of the board.	<input checked="" type="checkbox"/>
Threadneedle Dynamic Real Return Fund	Alphabet Inc.	0.60	2022-06-01	For	Report on Metrics and Efforts to Reduce Water Related Risk	Pollution & natural resource degradation	Supporting better ESG risk management disclosures	<input type="checkbox"/>