John Lewis Partnership Pensions Trust ("the Trust") – Defined Benefit ("DB") Section

Annual Engagement Policy Implementation Statement – Year ending 31 March 2022

1. Introduction

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 31 March 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Trusts (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by The Pensions Regulator.

The Trust has both a DB Section and a Defined Contribution ("DC") Section. This statement covers only the DB Section and provides more detail than is currently required by regulation, for DB schemes, to align our report with the requirements for the DC Section. This approach was considered beneficial, both for the Trustee in assessing how its policies under the SIP have been followed more broadly for the DB Section, and to show consistent levels of information for members who may have an interest in the management of both sections of the Trust. A separate statement has been prepared for the DC section.

The table later in the document sets out how, and the extent to which, the policies in the DB Section of the SIP have been followed.

2. Trust Governance

2.1. The Trustee Board

During the course of the year the following changes were made to the membership of the Trustee Board. Andrew Ingram, elected Trustee Director, ended his Trusteeship on 30 September 2021. Matthew Day and George Sergent were elected from 1 October 2021, replacing Andrew Ingram and also Hollie Culham, who had left the Partnership on 20 November 2020. Rebecca Law was appointed by the Partnership as a Trustee Director from 3 June 2021, to replace Stephen Hider who left the Partnership on 31 January 2021.

The Trustee Board has Sub-Committees in place with each Sub-Committee given a particular area of focus (for example Defined Benefit or Defined Contribution matters). Terms of reference are in place for each Sub-Committee.

The Trustee Board is supported in its activities by the in-house Trustee Services team at John Lewis.

2.2. Trustee knowledge and understanding

The Trustee has received training on a number of areas during the year. Mercer have conducted training sessions for the Trustee on de-risking frameworks and long term strategy, Liability Driven Investments– their purpose, liability risk, liability hedging and hedging instruments and climate risk/the upcoming requirements associated with the Taskforce for Climate Related Financial Disclosures ("TCFD").

2.3. Holding advisers and managers to account

The Trustee recognises the need to hold investment managers and advisers to account.

In December 2019, the Trustee put in place investment objectives for its Investment Consultant, Mercer, and investment advisers, Aksia and Hamilton

Lane. Their performances are reviewed on a regular basis. The objectives may be revised at any time but will be reviewed at least every three years and after any significant change to the Trust's investment strategy and objectives.

The intention of these objectives is to ensure the Trustee is receiving the support and advice it needs to meet its investment objectives. The objectives set covered both short and long-term objectives across strategy, monitoring, compliance and regulation, client servicing and relationship management, and member engagement and communications.

3. Statement of Investment Principles

3.1. Investment Objectives of the Trust

The Trustee aims to invest the assets of the Trust prudently with the objective of ensuring that the benefits promised to members are provided. The funding plan is predicated on an investment return over and above the return from government bonds. Beyond this, the Trustee aims to target full funding on a low dependency basis (also based on a return above government bonds) by 2044. The Trustee will pursue an investment strategy which aims to generate an investment return in excess of that provided by government bonds, with a risk level commensurate with the strength of the covenant.

The Trustee has also established a de-risking framework to help determine the appropriate allocation to the Return-Seeking portfolio based on the Trust's funding level at a given point in time. In conjunction with the de-risking framework, the Trustee has implemented increased levels of protection against interest rates and inflation.

3.2. Review of the SIP

The Trustee last formally reviewed the Trust's SIP in September 2020. The revision related to amendments to the Trust's investment strategy and objectives. The SIP was also updated to reflect the new requirements for the SIP to include the Trustee's policy in relation to its arrangements with its asset managers, requiring the inclusion of:

- How the arrangement with the asset manager(s) incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies in the SIP.
- How that 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.
- How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of the arrangement with the asset manager.

The SIP was approved and adopted by the Trustee on 25 September 2020. The Trustee consulted with the sponsoring company in finalising the SIP. The Trustee would expect to next formally review the SIP at the latest following the conclusion of the valuation as at 31 March 2022, which is currently underway.

The latest SIP is publicly available and can be accessed via this link:

https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html.

3.3. Assessment of how the policies in the SIP have been followed for the year to 31 March 2022

The information provided in the following section highlights the work undertaken by the Trustee during the Trust year to 31 March 2022 and sets out how this work followed the Trustee's policies in the SIP.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Trust year to 31 March 2022.

Strategic Asset Allocation

<table>
<tr><th></th><th>Policy</th><th>Location in SIP</th><th>How the policy has been met over the year to 31 March 2022</th></tr>
<tr><td>1</td><td>Kind of investments to be held</td><td rowspan="2">Sections 7 – 12</td><td rowspan="2">There have been no changes during the Trust’s year on the kinds of investments held by the Trust. The balance between investments (and the investment managers managing the investments) has however changed over the course of the year in line with the Trustee’s views on the investment managers and the changing funding levels of the Trust. The arrangements in place are consistent with the policies in the SIP.

Over the year to 31 March 2022 the level of protection against interest rates and inflation has increased.</td></tr>
<tr><td>2</td><td>The balance between different kinds of investments</td></tr>
<tr><td>3</td><td>Risks, including the ways in which risks are to be measured and managed</td><td>Sections 26 - 30</td><td>As detailed in the risk section of the SIP, the Trustee considers both quantitative and qualitative measures of risks when deciding investment policies, strategic asset allocation, the choice of investment managers, their funds and respective asset classes.

The Trustee reviewed the measurement of a number of these risks on a quarterly basis during the year as part of their regular investment performance, risk and funding monitoring.

The Trustee also received ad-hoc updates from its Investment Consultant and the Pensions Investment Manager as and when required over the course of the year.</td></tr>
<tr><td>4</td><td>Expected Return on Investments</td><td>Sections 6, 26 and 30</td><td>The investment performance was reviewed by the Trustee on a quarterly basis – this included the risk and return characteristics of the investment manager strategies used by the Trust.

Individual managers were specifically monitored against their respective aims and objectives as well as being compared to peer group risk and return metrics.

The Trustee also monitored the expected return of the Trust versus those required under the Trust’s de-risking framework on a quarterly basis.</td></tr>
</table>

Investment Mandates

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2022
5	**Securing compliance with the legal requirements about choosing investments**	Sections 2,3, 4	The Trust's Investment Consultant attended all DB sub-Committee ("DBC") meetings during the year and provided updates on fund performance and, where required, the appropriateness of the investments used by the Trust. The DBC has responsibility for the ongoing monitoring of fund performance for the DB section. When new investments were implemented during the course of the Trust year the Trustee obtained and considered written advice from a suitably qualified person.
6	**Realisation of Investments**	Section 11	The Trust holds investments in a number of investment manager strategies which are deemed to be liquid. In general, the investment managers have discretion in the timing of realisations of investments within those strategies and in considerations relating to the liquidity of those investments within the mandate guidelines agreed. The Trustee maintains a minimum cash threshold to cover the cash requirements of the Trust. The threshold was monitored and maintained by the Pensions Investment Manager with the Trustee receiving quarterly updates on the cash balance during DBC meetings throughout the Trust year.
7	**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments**	Sections 19 and 30	The Trustee considers the key investment risks identified in Section 30 of the SIP to be financially material. A number of the key investment risks identified in the SIP were measured and managed, as part of discussions at DBC meetings. These included, but were not limited to interest rate and inflation risk, currency hedging risk and liquidity risk. In addition, more strategically focused assessments of the investment risks took place during de-risking discussions during the year.

As noted in 3 above, the Trustee also reviewed the measurement of a number of these risks on a quarterly basis during the year as part of its regular investment performance monitoring. These reviews were provided by the Trust's Investment Consultant.

The Trustee monitors investment managers' absolute and relative performance against appropriate benchmarks on a quarterly basis; this assessment evaluates both short-term and long-term performance.

Section 19 of the SIP sets out the Trustee's belief that ESG and climate change can affect the long-term performance and sustainability of the Trust's investments and therefore, that the management of ESG risks can assist the Trustee in fulfilling its investment duties. In order to establish these beliefs and produce a formal policy, the Trustee undertook an investment beliefs session provided by their Investment Consultant on responsible investment, which covered ESG factors, stewardship, climate change and sustainable investing.

The Trustee, in conjunction with the Pensions Investment Manager, carries out an annual assessment of how its investment managers consider ESG risks and opportunities and whether they are being managed effectively by the manager(s). This is carried out via an assessment of the responses to a questionnaire sent to the investment managers. The Trustee also considers the ESG ratings provided by Mercer for each of the Trust's investment managers when making this assessment along with ratings from the United Nations supported Principles for Responsible Investment ("PRI").

The latest review was considered at the September 2021 DBC meeting. The Trustee noted positive progress in the Trust's investment managers' adoption and implementation of ESG policies and will continue to engage with the investment managers in this space. The Trustee proposes to increase the scope of their ESG assessments of the investment managers and will also consider detailed analysis of climate-related risks and metrics in future in line with upcoming TCFD requirements. The Trustee formed a Climate Change Working group and established appropriate TCFD governance arrangements ahead of 31 March 2022.

The Trustee believes that active ownership can enhance the value of the Trust's underlying portfolio and help manage risks. In September 2018, the Trustee became a signatory to the PRI. The Trustee reviews its stewardship policy to ensure that it continues to hold its investment managers to account on voting and engagement. The latest review was carried out in

			September 2021, with the Trustee and Pensions Investment Manager assessing the corporate engagement and voting policies of the Trust's managers. The Trustee uses the results of the review to engage with the Trust's managers. Non-financial matters, have not been taken into consideration in respect of the DB Section's investments during the Trust year.

Monitoring the Investment Managers

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2022
8	**Incentivising investment managers to align their investment strategy and decisions with the Trustee's policies**	Section 21	In the year to 31 March 2022, the Trustee discussed the continued appointment of the Trust's investment managers. Please refer to points 12 and 13 for further detail on some specific discussion that took place. The Trustee is happy that the contractual arrangements in place with the Trust's other investment managers continue to incentivise the managers to make decisions based on medium to long-term financial and non-financial performance. When reviewing and monitoring the Trust's investment managers, the Trustee takes into consideration the Investment Consultant's research ratings. The Trustee is also assisted by the Pensions Investment Manager, through quantitative analysis and interactions with the Trust's investment managers, in the assessment of the continued appointment of the Trust's investment managers.
9	**Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer, and to engage with issuers in order to improve their performance in the medium to long-term**	Section 22	The Trustee monitored the performance of the Plan's investments throughout the year. Where a manager is deemed to be underperforming the Trustee will ask the Pensions Investment Manager to carry out a detailed assessment of the rationale for the investment manager's performance. The Trustee may also request a formal review from the Investment Manager. If following review it is deemed that the investment manager no longer warrants a place within the Trust's portfolio, the Trustee will look to replace the investment manager. The Trustee carried out a review of two of the Trust's Liquid Alternatives managers during the year on performance grounds and also due to business changes at the managers. Following the review and with appropriate advice, it was determined that both managers would be

			terminated. The proceeds from the terminated managers were invested in the Trust's Global Credit mandate.
10	**Aligning the evaluation of the investment managers' performance and the remuneration for investment management services with the Trustee's policies**	Section 23	When considering investment performance, the Trustee primarily focuses on long-term performance. Shorter-term performance will however also be taken into consideration. The Trustee continues to monitor the performance of the Trust's investment managers. The Trustee is satisfied that investment managers' short-term performance incentives will not impact long-term goals. In particular, none of the funds have short-dated performance fees in place, which could encourage managers to make short-term investment decisions to hit their short -term profit targets at the expense of longer-term performance.
11	**Monitoring portfolio turnover costs incurred by the investment managers**	Section 24	Over the year covered by this statement, the Trustee collected data on the portfolio transaction costs resulting from portfolio turnover, but did not monitor or query these in detail for each of the Trust's investment managers. The Trustee instead focussed on net of fees outcomes from the managers, which captures the impact of portfolio turnover costs through the performance generated. The Trustee may choose explicitly to monitor portfolio turnover costs in the future. However, the Pensions Investment Manager will use the portfolio turnover cost data provided by the managers when carrying out regular review meetings with the Trust's investment managers as part of wider due diligence. The Trustee recognises that where the Trust invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Trust.

12	**The duration of the arrangement with the investment manager**	Section 25	In general, the Trustee has a policy of being a long-term investor who will not look to make frequent changes to the investment arrangements. The Trust's investment managers are however aware that their continued appointment is based on their success in delivering the mandate they have been appointed to manage. As noted in 8 and 9 above, the Trust carried out an assessment of a number of the Trust's investment managers which resulted in two appointments being terminated (with one replacement being identified). There remains no set durations for the investment manager funds used by the Trust. The de-risking framework in place for the Trust may also remove the strategic need for some of the Trust's investment managers over time. The Trustee, in conjunction with the Pensions Investment Manager and Investment Consultant, ensures that the reduction in exposure to the Trust's investment managers is managed appropriately. The Trust implemented de-risking over the year, selling equities in order to reduce investment risk in line with the agreed de-risking framework. The sale of the equities was split over different dealing dates for the purpose of efficient implementation.

ESG, Stewardship and Climate Change

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2022
13	**Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)**	Section 19	The Trustee incorporates into the SIP details on responsible investment, which covered ESG factors, stewardship, climate change and sustainable investing. The Trustee keeps the policies under regular review. The Trustee increasingly considers how ESG, climate change and stewardship are integrated within investment processes in monitoring existing managers. During the year to 31 March 2022, the Trust's investment performance report, produced by the Trust's Investment Consultant, was reviewed by the Trustee on a quarterly basis – this includes ratings (both general and ESG specific) from the Investment Consultant, as well as detail on how investment managers were delivering against their specific mandate.

The Trustee's policy is that a change in ESG rating (or lack of ESG rating) does not mean that the investment manager will be removed automatically. During the Trust year, there were changes to some managers' ESG ratings but no changes to the investment strategy were made as a result of this. Where managers may not be rated or highly rated from an ESG perspective the Trustee has discussed the reasons with the Investment Consultant. In addition, when considering implementing new managers during the year under review, the Trustee considered the ESG rating of the managers. On one occasion, the Trustee engaged with a manager, via the Pensions Investment Manager, and obtained a detailed plan from the manager addressing how they will improve their ESG practice within a set period of time.

Over 2021, the Trustee determined that a change to one of the Trust's passively managed equity funds did not align with the Trustee's policies. Following discussions with the investment manager a decision was made to terminate their appointment. The Pensions Investment Manager has been organising the account opening of the replacement manager over the course of the year, with the replacement mandate due to be funded post Trust year-end and will be captured in the Trust's 2022/23 implementation statement. The Trust's overall allocation to passive equity has been reduced over the course of the year as the Trust hit a de-risking trigger during the year which has reduced the overall equity allocation.

When considering the appropriateness of the replacement passive global equity manager the Pensions Investment Manager has engaged with the manager on their level of ESG integration. In particular the manager has made a number of commitments on how they will improve the level of ESG integration. The Pensions Investment Manager is satisfied that the manager has kept to their commitments.

Managers are expected to provide a summary of their ESG and stewardship policies and to comment on these issues as part of any meeting with the Trustee or its in-house team or advisers. Over the year, the Trustee asked their investment managers the following, which was reviewed by the Trustee in September 2021:

- Whether the managers are PRI signatories and if they publicly demonstrate their commitment to responsible investment
- How they incorporate ESG into their investment processes and whether there is any evidence of implementation for the Trust's mandates
- Whether they have corporate engagement and voting policies
- How climate-related risks are managed within the Trust's investment portfolios

- If they produce carbon analytics reports for the Trust's mandates

The Trustee recognises that where the Trust invests in pooled funds, the Trustee requires investment fund managers to engage with the investee companies on its behalf.

During the year, and post year-end, the Trustee via the Pensions Investment Manager has engaged with all the Trust's managers on their responses to the events unfolding in Ukraine. The Trust's managers have confirmed that they are compliant with the sanctions that have been imposed on Russia. Post year-end the Trustee continues to engage with the Trust's managers on the developing situation in Ukraine.

Voting Disclosures

	Policy	Location in SIP	How the policy has been met over the year to 31 March 2022
14	**The exercise of the rights (including voting rights) attaching to the investments**	Section 22	As set out in the SIP, the Trustee has given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and meeting the stewardship obligations attached to the Trust's investments in accordance with their own corporate governance policies, and current best practice, including the UK Stewardship Code. The Trustee asked its investment managers, where applicable, to confirm compliance with the principles of the UK Stewardship Code and whether they would be confirmed as signatories for the UK Stewardship Code 2020. The Trust's listed equity managers, Fisher, State Street ("SSGA"), Macquarie, TOBAM and Vontobel have confirmed that they are signatories of the UK Stewardship Code 2020. The Trustee believes that responsible share ownership and seeking the best long-term value for investment in shares requires active exercise of voting rights. The Trustee has delegated its voting rights to the investment managers. Where applicable, the Trustee expects the Trust's investment managers, unless impracticable, to exercise all voting rights attaching to shares or securities and take account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The managers are authorised to exercise discretion to vote as they think fit, but in doing so reflect the best interests of the Trust. The Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee. Voting activity information from each fund and manager (where provided) is summarised in the sections below.

Voting and Engagement Activity

Sections 19 and 22 of the SIP sets out the Trustee's policies on ESG factors, stewardship and climate change. These policies set out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.

Voting Activity during the Trust year

The Trustee has delegated its voting rights to the investment managers. The SIP states "The Trustee will consider the investment advisers' assessment of how the investment managers embed ESG into their investment process. In addition, the Trustee will request information about an investment manager's ESG policies and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the investment manager's policy on voting and engagement".

It is the Trustee's view that the policy has been followed during the Trust year.

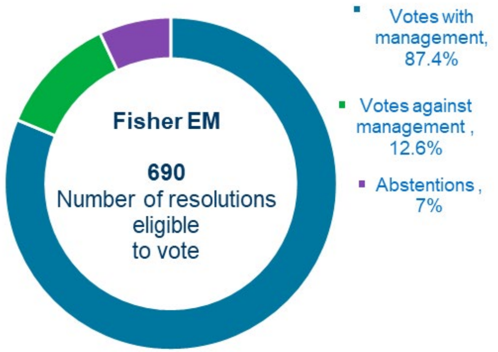
The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. However, the Trustee has only considered information relating to listed equity funds this year. The Voting and Engagement policies and activities are therefore included for the Trust's following managers: Fisher, Macquarie, SSGA, TOBAM and Vontobel.

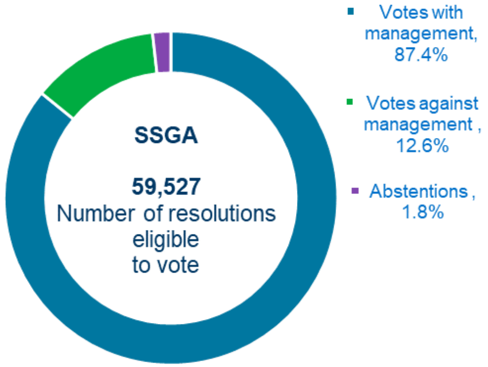
Overview of voting activity, on behalf of the Trustee, for the listed equity funds for the 12 months to 31 March 2022

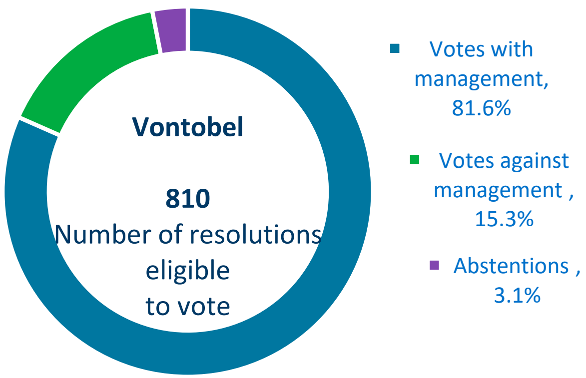
All of the Trust's listed equity managers (Fisher, Macquarie, SSGA, TOBAM and Vontobel) utilise a third-party proxy voting service, Institutional Shareholder Services ("ISS"), to manage the proxy voting process or provide advice on each vote.

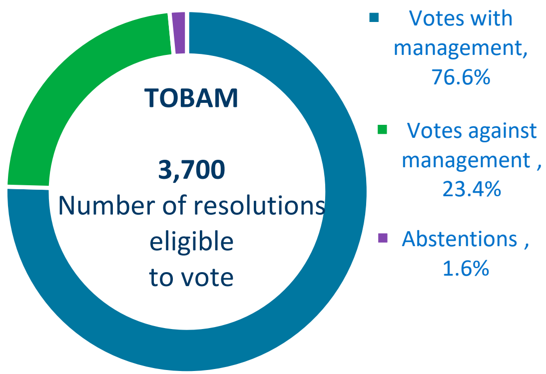
Voting activity information from each of the underlying investment managers (where provided) over the prior 12 months to 31 March 2022 is summarised in the charts below.

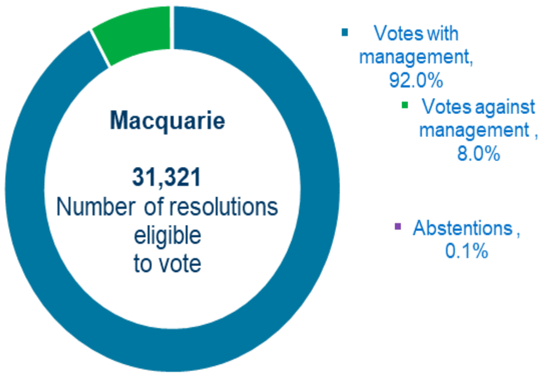
Please note Votes of Abstain can be counted both as a vote of abstain but also as a Vote Against Management and hence Vote with management, vote against management and abstain from voting may add up to more than 100%. Note that Fisher, SSGA, TOBAM and Macquarie votes add up to more than 100% as abstentions are deemed as votes against management in their voting data.

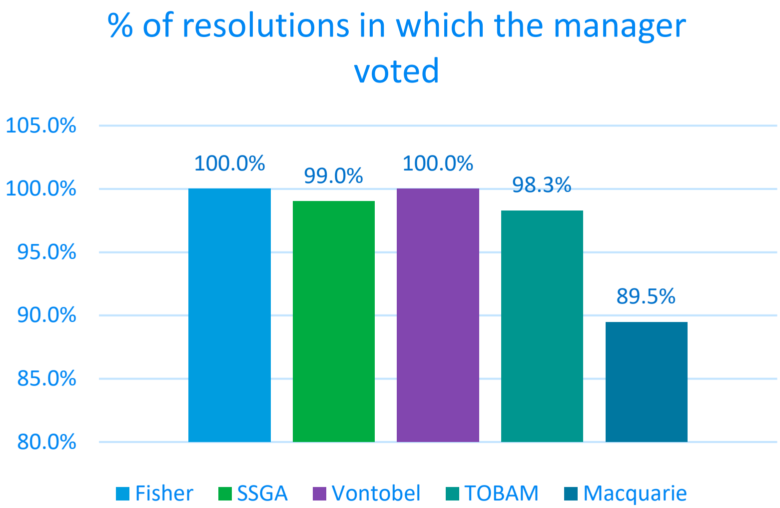





Vontobel
810
Number of resolutions
eligible
to vote
Votes with management, 81.6%
Votes against management , 15.3%
Abstentions , 3.1%


TOBAM
3,700
Number of resolutions
eligible
to vote
Votes with management, 76.6%
Votes against management , 23.4%
Abstentions , 1.6%


Macquarie
31,321
Number of resolutions
eligible
to vote
Votes with management, 92.0%
Votes against management , 8.0%
Abstentions , 0.1%


% of resolutions in which the manager voted
105.0%
100.0%
95.0%
90.0%
85.0%
80.0%
100.0%
99.0%
100.0%
98.3%
89.5%
Fisher
SSGA
Vontobel
TOBAM
Macquarie

Overview of Trust’s underlying investment managers’ (Fisher, Macquarie, SSGA, TOBAM and Vontobel) approaches to voting and engagement

Fisher’s process for deciding how to vote

Fisher seeks to place the interests of clients first and to avoid conflicts of interest, including those that arise from voting or engagement issues. Fisher’s Investment Policy Committee (IPC) maintains full responsibility for all voting activity. However, because many proxy issues fall into well-defined, standardised categories, ISS is utilised as a resource in making informed proxy voting decisions. ISS maintains a comprehensive set of United Kingdom Proxy Voting Guidelines, which incorporate minimum corporate governance standards. ISS then applies these standards to evaluate a wide range of corporate governance issues—including meeting attendance, outside directorships, board member independence, and other factors that can affect director performance.

If the views of the IPC vary from ISS as applied to corporate governance standards, Fisher vote shares in alignment with their view of the best interests of clients—and not necessarily with management. Voting decisions are on the basis of Fisher’s internal evaluation in each case and may rely on their own company specific research or other outside research group—in addition to the views of ISS.

Proxy voting services

Fisher utilise a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

Significant proxy votes are defined as votes cast against management’s recommendations for the top five portfolio weighted holdings of the fund, where such votes are available.

Fisher’s engagement process

Fisher engages with companies as part of its fundamental analysis and to clarify or express concerns over potential ESG issues at the firm or industry level. Depending on the issue, the IPC may engage in additional meetings with company management, intervene in concert with other institutions on the issue or meet with appropriate members of a company’s board.

To encourage a real-time, active engagement dialogue, Fisher prefers either a phone call or in-person meeting with the company. Examples of instances leading to engagements include: When MSCI ESG’s rating service downgrades a holding to CCC; when a holding is assigned an MSCI red flag (severe controversy); when Fisher decides against buying a security in an ESG portfolio for ESG-related reasons; when a holding no longer complies with the ESG screens used; when Fisher seeks to learn more about an upcoming proxy vote; when the company has material environment, social and/or governance issues; or at the request of a client.

Engagement example

In Q2 2021 Fisher engaged Infosys Ltd to inquire about the status of its commercial relationship with a banking client in Myanmar after a February 2021 coup overthrew Myanmar's internationally recognised government. In 2018, when Myanmar's civilian leadership was striving to integrate the country into the global financial markets following the lifting of economic sanctions, an Infosys subsidiary contracted with Myawaddy Bank to provide core banking solutions. However, the 2021 coup plunged Myanmar into societal conflict, including credible reports of human rights violations connected to the country's military junta.

It was reported that Myawaddy Bank was controlled by senior military leaders and provided financing to the junta. Accordingly, some human rights groups highlighted the business risks that companies — including Infosys — may experience due to their relationship with the bank. In response to Fisher's inquiry, the company reported that it had recently terminated the business relationship due to the political changes and charges of human rights violations. As a global organisation, Infosys affirmed it is committed to supporting human rights around the world. The engagement was concluded.

Source: Fisher

SSGA's process for deciding how to vote

All voting decisions are exercised in accordance with SSGA's in-house guidelines or specific client instructions.

In order to facilitate SSGA's proxy voting process, SSGA retains ISS. SSGA utilises ISS's services in three ways. First, as SSGA's proxy voting agent, ISS provides SSGA with vote execution and administration services. Second, ISS applies SSGA's Proxy Voting Guidelines where appropriate. Lastly, ISS provides the highest level of research and analysis related to general corporate governance issues and specific proxy items.

The SSGA Stewardship team reviews its Proxy Voting Guidelines with ISS on an annual basis or on a case- by-case basis as needed. ISS affects the proxy votes in accordance with SSGA's Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of the Stewardship team. Members of the Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with SSGA's Proxy Voting Guidelines, which seek to maximize the value of client accounts.

As an extra precaution, the Stewardship team will refer significant issues to the Proxy Review Committee ("PRC") for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the PRC. For instance, the Stewardship team takes seriously whether a material conflict of interest exists between our client and those of SSGA or its affiliates. If such a case occurs, there are detailed guidelines for how to address this concern.

SSGA votes in all markets where it is feasible. However, when SSGA deems appropriate, it could refrain from voting meetings in cases as listed below:

1. Where power of attorney documentation is required,

2. Voting will have a material impact on their ability to trade the security,

3. Voting is not permissible due to sanctions affecting a company or individual, or

4. Issuer-specific special documentation is required or various market or issuer certifications are required.

5. SSGA is unable to vote proxies when certain custodians, used by SSGA's clients, do not offer proxy voting in a jurisdiction or when they charge a meeting specific fee in excess of the typical custody service agreement.

SSGA's Vote Prioritization Process:

SSGA votes at over 17,000 meetings on an annual basis and prioritizes companies for review based on factors including the size of their holdings, past engagement, corporate performance, and voting items identified as areas of potential concern. Based on this assessment, SSGA will not only allocate appropriate time and resources to shareholder meetings, but will also assign specific ballot items of interest to ensure maximization of value for their clients.

All voting decisions are exercised exclusively in accordance with SSGA's in-house policies and/or specific client instructions. SSGA has established robust controls and auditing procedures to ensure that votes cast are executed in accordance with SSGA instructions. Transparency on these key issues is vital at SSGA. In this regard, SSGA publishes a record of its global voting activity on the Asset Stewardship section of the website.

<u>Proxy voting services</u>

As per above, SSGA utilise a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

<u>Processes for determining the most significant votes</u>

SSGA identifies "significant votes" for the purposes of Shareholder Rights Directive II as follows:

a. All votes on environmental related shareholder proposals.

b. All votes on compensation proposals where the vote was against the company management's recommendation.

c. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score). Note R-Factor is an ESG metric devised by SSGA.

d. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score).

e. All against votes on the re-election of board members due to a lack of gender diversity on board.

SSGA's engagement process

Each year, as part of its strategic review process, the Asset Stewardship team develops an annual engagement strategy, and it identifies a target list of companies that it intends to engage with during the year. Factors considered in developing the target list include:

• Companies identified for engagement based on their in-house governance, compensation and sustainability screens

• Thematic environmental, social, and governance (ESG) issues that the team identifies as potential risks facing investee companies

• In-depth sector specific engagements across their global holdings

• Companies with lagging long-term financial performance within their sector

• Companies at which follow-up engagement is needed based on past discussions

The intensity and type of engagement with a company is determined by SSGA's relative and absolute holdings in that company. In addition, geographic diversity is factored into engagement efforts to reflect the level of economic exposure to various markets. Finally, SSGA considers the engagement culture in a market or geographic region when developing the engagement target list and approach. SSGA meets with companies through in-person meetings and conference calls. Its preferred method for update meetings is via conference calls as this is cost effective for clients and investee companies. This also helps reduce the company's global carbon footprint.

Engagement example

In Q3 2021, SSGA engaged with Box, Inc on Board Leadership/Board accountability. Consistent with SSGA's approach to protecting long-term shareholder interests in this proxy contest, SSGA conducted multiple engagements with members of the Box board and management team, as well as the dissident nominees. At the September 2021 EGM, SSGA withheld their support from the Chair of the Nominating & Governance Committee to signal their expectation that the company would take meaningful steps in adopting leading governance practices and foster a stronger culture of regular shareholder engagement moving forward. SSGA also shared their expectation that in any significant decisions on capital allocation and long-term strategy, particularly those with voting implications, long-term shareholder voice is solicited for consideration.

Source: SSGA

Vontobel's process for deciding how to vote

Vontobel has retained a third party, ISS, to place and store all of their votes as well as provide proxy vote-related research. Vontobel use the ISS Sustainability Policy for basic guideline advice, over which sits their customised voting policy.

Vontobel has independence to vote as it believes will best represent the long-term interests of investors. Each holding has an assigned analyst from the research team who is responsible for research on that company. This analyst has the responsibility for the proxy votes. However, when choices are not clear, support is provided by the Head of Thought Leadership & ESG and CIO. All votes that disagree with ISS are checked and approved by compliance.

Proxy voting services

As per above, Vontobel utilise a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

Vontobel regard significance as a balance between:

a. Weight held within the portfolio

b. Aggregate holding across their portfolios as a proportion of a company's outstanding shares (across portfolios managed by the Vontobel Quality Growth Boutique) and;

c. Potential impact to long-term shareholder value from a proposal

Votes are aimed at aligning shareholder interests with those of the management teams to deliver sustainable long-term growth.

Vontobel's engagement process

Within Vontobel's investment philosophy and process, there is no reliance on the use of public activism to alter management behaviour in order to generate returns. When Vontobel becomes uncomfortable with an issue, the normal approach starts with engaging management to seek clarification to establish if there is a problem. If there is, Vontobel will work with management to try and influence change over a reasonable period of time. Vontobel believes talking with decision makers is an important part of a long-term partnership and often consequential in maintaining conviction as investors. If uncomfortable with an issue, Vontobel will look for management to explain how they plan to remedy the situation. If still uncomfortable, engagement may be escalated to board level or the investment position may be closed.

Engagement example

PT Telkom Indonesia, a state-controlled Indonesian telecommunications company, were the subject of engagement on gender diversity and in particular that on boards were fewer than 10% of the directors were female. In response to engagement from Vontobel, management responded and highlighted that they have been making progress through increasing gender diversity across the organization and that currently about 30% of the company's employees are female. They indicated they will add a female to the board if the right candidate becomes available. Positive sentiment but not yet there. In this case Vontobel see it reflecting the broader need to provide better information to employees about diversity policies and what the company can do to help females advance within the organization. As an emerging market company, it is worth mentioning Telkom Indonesia has implemented asymmetric health care benefits and time off for their female employees, which is an important step in the right direction.

Vontobel will continue to engage with their companies and encourage increased diversity across their organizations where they have potential to improve. These engagements focused on the board where their discussion is backed by data, but they recognize the challenges are far broader. One of the biggest impediments to female advancement and value creation is the outsized share of parental and home care responsibilities often shouldered early in their careers, particularly in more traditional societies. Hence policies around family childcare services, maternity leave, flexible working arrangements, and programs to encourage female employees to return to work are important.

Source: Vontobel

TOBAM's process for deciding how to vote

All voting decisions are exercised in accordance with ISS's recommendations to TOBAM and reviewed and validated once a year by TOBAM's audit committee.

TOBAM has outsourced the exercise of its voting rights and voting guidelines to ISS. As noted above this is reviewed and validated once a year by TOBAM's audit committee.

Proxy voting services

As per above, TOBAM utilise a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

With regards to key voting activity TOBAM has decided to focus on Board diversity in particular. This focus means votes in favour of inclusion and diversity related to the composition of Board of Directors is significant. Thus, votes cast in favour of Board Diversity are generally supported. TOBAM has confirmed that they define a significant vote as one where they own a holding which is greater than 1% of the outstanding shares of an investment company.

TOBAM's engagement process

Recognizing the value of different forms of engagement, TOBAM participates in direct engagement as well as collaborative engagements with other partners or investors.

Engagement example

At present TOBAM are engaging with 10 companies which are developers of coal projects to challenge the rationale of increasing their involvement of this highly polluting process, given the diverse risks this activity has directly and indirectly on employees and the environment/ communities in which they live and work. This process is ongoing and continues during 2022.

Source: TOBAM

Macquarie's process for deciding how to vote

All voting decisions are exercised in accordance with Macquarie's voting policy.

The Macquarie Systematic Investment team utilises third party researchers ISS and Ownership Matters for recommendations on proxy voting. Key considerations in the appointment and use of Ownership Matters and ISS as proxy service providers is the quality of their service and the alignment of their voting advice with the principles of Macquarie's voting policy. Due to the vast number of securities in the portfolio, all votes are lodged via proxy and Macquarie do not attend Annual General Meetings.

Proxy voting services

As per above, Macquarie utilise a third-party proxy voting service, ISS, to manage the proxy voting process and provide advice on each vote.

Processes for determining the most significant votes

A 'significant' vote to Macquarie would be one which has been identified as one that relates to a key ESG issue by the firm's ESG proxy alert process. Alerts cover ESG-related issues aligned with priority, including climate action in support of our net zero commitment, issues related to impact and contribution towards the UN Sustainable Development Goals, and votes for additional ESG disclosure as well as major and contentious governance and strategic corporate issues deserving of increased attention.

Macquarie’s engagement process

Engagement on ESG-related issues for global portfolios is primarily undertaken through a combination of proxy voting and direct engagement with companies. The team does not seek to be an activist investor or to make its positions publicly available, unless it takes the view this is warranted to achieve a better outcome for investors. It believes that sound corporate governance principles contribute to superior financial performance which translates to long term prosperity. Macquarie is able to potentially influence the corporate governance of companies via discussion with management or the board of directors and through exercising proxy votes.

Engagement example

In March 2022, the Macquarie Investment Team engaged with Cleanaway (CWY), a waste management company. The engagement focused on CWY's plans and processes to improve on unmet environmental and social targets and areas that need improvement. The company stressed that significant progress had been made in the last two years despite there still being a way to go. Emissions targets are coming out in the next sustainability report (August 2022). Safety and environment are the largest priorities they mentioned. They have had several learnings following a fire in 2019 and environmental incidents. The company also see culture and engagement of improving quality considering how low it used to be, and the new CEO is looking to develop this from a bottom-up approach. Several projects and research are also going into gas capture at landfills. The Macquarie Investment Team is pleased with this progress so far and will continue to monitor the company’s efforts.

Source: Macquarie

Sample of signficant votes

The Trust’s managers have provided information on ‘significant votes’ for their respective funds over the year to 31 March 2022, as determined by the criteria set out earlier in this statement. Below we have set out an example of the ‘significant votes’ disclosed for each of the funds. The information in this section has been provided directly from managers (please note, ‘we’ and ‘our’ represent each manager’s views in the tables below). As detail of all vote bulletins cannot be disclosed in this statement we have selected some examples below, with a focus of votes that are related to ESG and/or climate related issues (where available). The examples include how they voted and their rationale on determining how to vote.

Fund	Company	Resolution	How you voted and the rationale for the voting decision
Fisher – Emerging Market Equities	Vale SA	Approve Remuneration of Company's Management and Fiscal Council	**AGAINST:** A vote AGAINST this proposal is warranted because the figure reported by the company for the total compensation of its highest-paid administrator does not appear inclusive of all elements of the executive's pay and the company's remuneration disclosure continues to lack transparency regarding key remuneration figures. **Date of vote:** 30/04/2021
	Tencent Holdings Limited	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights & Authorize Reissuance of Repurchased Shares	**AGAINST**: Votes AGAINST these resolutions are warranted for the following reasons: * The aggregate share issuance limit is greater than 10 percent. * The company has not specified the discount limit. **Date of vote**: 20/05/2021

SSGA – Passive Equities	Apple Inc	Advisory Vote to Ratify Named Executive Officers' Compensation	**AGAINST**: This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company. **Date of vote**: 04/03/2022
	Alphabet Inc.	Require Environmental/Social Issue Qualifications for Director Nominees	**AGAINST:** This item does not merit support due to concerns with the terms of the proposal. **Date of Vote:** 02/06/2021
Vontobel – Emerging Market Equities	Shanghai International Airport Co., Ltd	Approve acquisition or issue shares in connection with acquisition	**AGAINST:** Approve completeness and compliance of implementation of legal proceedings of the transactions and validity of the submitted legal documents regarding this transaction. **Date of vote**: 16/12/2021
	Budweiser Brewing Company APAC Limited	Approve Share Plan Grant	**AGAINST:** Approve specific mandate to issue new shares to the Trustee in relation to the grant of restricted share units and locked-up shares to the non-connected participants during the applicable period. **Date of vote**: 30/04/2021
TOBAM – Emerging Market Equities			**Note that as TOBAM define a significant vote as one where they own 1% or greater of the outstanding share capital of an invested company they did not cast any significant votes during the year.**
Macquarie – Global Small Cap Equities	Worthington Industries, Inc.	Report on climate change	**FOR:** A vote FOR this proposal is warranted, as the additional information related to achieving net zero emissions would help shareholders better understand how the company is managing climate-related risks and preparing for a low carbon economy. **Date of vote**: 29/09/2021

	Incitec Pivot Limited	Approve Paris-aligned Targets	**FOR:** A vote FOR the disclosure of carbon emission targets is warranted.* The company has set short- and medium-term targets (Scope 1 and 2) targets and has a net zero by 2050 ambition; however, these are not sufficiently robust and significantly rely on carbon offset technologies. **Date of Vote:** 17/12/2021

Source: Investment managers

Looking forward

The Trustee recognises the importance of issues relating to ESG factors, stewardship and climate change, and will continue to consider these issues alongside the other risks that it monitors as part of its fiduciary duties to the Trust.

This is an evolving area and the Trustee will continue to work with its Investment Consultant, investment advisers and investment managers to monitor developments and consider further ways of integrating ESG factors, stewardship and climate change.

The Trustee also expects all of its investment managers to continue to provide regular reporting on their stewardship activities and their engagement efforts on behalf of the Trustee.