

# John Lewis Partnership Pensions Trust (“the Trust”) – Defined Contribution (“DC”) Section Annual Implementation Statement – Year ending 31 March 2023

## 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 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, as amended, and the Department of Work and Pensions’ statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The Trust has both a Defined Benefit (“DB”) Section and a Defined Contribution (“DC”) Section. This statement covers only the DC section; a separate statement has been prepared for the DB section.

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

## 2. Trust Governance

### 2.1. The Trustee Board

During the course of the year, there were some changes to the membership of the Trustee Board. Andrew Ingram was appointed by the Partnership as a trustee from December 2022, to replace Rebecca Law who resigned as an appointed trustee in October 2022.

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 received training on the security of assets and the legal duties of trustees during the Trust’s year.

### 2.3. Holding advisers and managers to account

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

The Trustee has in place investment objectives for its Investment Consultant, Mercer, and its performance is reviewed on a regular basis. The objectives were last reviewed and revised in December 2022.

**These objectives are in place 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 believes it is important to consider the policies in place in the context of the investment objectives it has set. The objectives of the Trust included in the latest DC Section SIP are as follows:

- *The Trustee’s aim is to design a default investment strategy that will be suitable for the majority of members with the objective of enabling them to maximise the return of their DC pension savings while carefully managing the costs and investment risks.*
- *The Trustee also aims to provide a range of other self-select investment options for members who wish to have a higher level of control over their savings and/or feel the default strategy does not meet their requirements and/or appetite for risk.*

### 3.2 Review of the SIP

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Trust Year, which is dated

September 2020. The Trustee consulted with the sponsoring company in finalising the SIP. An updated SIP is currently in the process of being agreed and is expected to be put in place during the next Trust year.

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 2023**

The information provided in the following section highlights the work undertaken by the Trustee during the Trust year to 31 March 2023 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 2023.



## Strategic Asset Allocation

Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
<b>1 Kind of investments to be held</b>		On 23 November 2022, the LGIM Global Developed Small Cap Index Fund was introduced as an underlying fund of the JLP Global Equity Fund, which is used in the default investment option, with an asset allocation of 10% of this fund. This new fund replaces an existing allocation that was previously managed by Macquarie within the JLP Global Equity Fund. The reference to the types of investments used in the fund and the Trust will be reflected in the updated SIP currently being agreed.
<b>2 The balance between different kinds of investments</b>	Sections 17-19	The default investment option and wider fund range were subject to a formal triennial review in March/April 2021. The investments (fund type, management style, fund range, at retirement target and asset allocations) used in the Trust were reviewed as part of the exercise. The next formal triennial review is due to be undertaken in early 2024.
<b>3 Risks, including the ways in which risks are to be measured and managed</b>	Sections 29-32	<p>As detailed in the risk section in the SIP, the Trustee considers both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of investment managers, their funds and respective asset classes.</p> <p>The Trustee reviewed the measurement of a number of these risks on a quarterly basis during the year as part of its regular investment performance monitoring. Wider, more strategic risks are considered as part of formal investment reviews, the latest being completed in March/April 2021.</p> <p>The Trustee also received ad hoc updates from both their Investment Consultant and the Pensions Investment Manager as and when required over the course of the year</p>
<b>4 Expected Return on Investments</b>	Sections 14 and 17-19	<p>The investment performance is reviewed by the Trustee on a quarterly basis – this includes the risk and return characteristics of the investment manager strategies used by the Trust.</p> <p>Individual funds are specifically monitored against their respective aims and objectives as well as being compared to peer group risk and return metrics.</p>



## Investment Mandates

Policy	Location in SIP	How the policy has been met over the year to 31 March 20233
<b>5 Securing compliance with the legal requirements about choosing investments</b>	Section 3	<p>The Trust's Investment Consultant attended all DC Committee ("DCC") meetings during the year and provided updates on fund performance and, where required, appropriateness of the investments used by the Trust.</p> <p>On 23 November 2022, the LGIM Global Developed Small Cap Index Fund was introduced as an underlying fund of the JLP Global Equity Fund, which is used in the default investment option, with an asset allocation of 10% of this fund. Appropriate investment advice was received from the Trust's Investment Consultant ahead of the fund being added for members.</p> <p>No other new investments were implemented over the reporting period covered by this Statement.</p>
<b>6 Realisation of Investments</b>	Section 16	<p>Assets are invested in daily priced and daily traded pooled funds which hold liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are managed by the respective investment managers. The funds are accessed via an Investment Platform and are held through a long-term insurance policy issued by Legal &amp; General Assurance Society ("LGAS").</p> <p>There were no liquidity issues with the funds used by the Trust during the Trust year.</p>
<b>7 Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments</b>	Sections 22 and 30	<p>The Trustee views the key investment risks identified in Paragraph 30 of the SIP to be financially material. The Trustee believes the appropriate time horizon within which to assess these considerations should be viewed by the Trustee at a member level. This will be dependent on the member's age and their selected retirement age.</p> <p>The majority of these risks are monitored on a quarterly basis by the DCC through the quarterly performance reporting - this includes the risk and return characteristics of the investment manager funds used by the Trust. All of the risks identified are also considered as part of the formal strategic review process undertaken by the Trustee at least every three years with the latest review having been undertaken in March/April 2021.</p> <p>Section 22 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. As part of the quarterly reporting process, the Trustee monitors the extent to which each underlying fund integrates ESG considerations into its investment decision making process by reviewing the ESG rating assigned to each fund by our investment advisors. The Trustee incorporates a more extensive review of how ESG is considered for the Scheme's DC Section as part of the triennial investment review process.</p> <p>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</p>

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.

The Trust’s first Task Force on Climate related Financial Disclosures (“TCFD”) report, as at 31 March 2022, was published during the Trust year. In this report the Trustee considered how climate-related risks and opportunities were measured, monitored and managed in the Trust. The full report can be found here: <https://www.johnlewispartnership.co.uk/content/dam/cws/pdfs/Juniper/Pensions/JLPPT-TCFD-Climate-change-report.pdf>

year. As noted in the Statement of Investment Principles, the Trustee does not take into account non-financial factors in relation to the default fund. The JLP Ethical Equity Fund tracks the FTSE4Good Global Equity Index so that it does take into account certain non-financial factors, but the Trustee has not otherwise taken into account non-financial factors in its decisions during the year. The Trustee will consider whether to take into account member views at the next full review of the DC investment options, due to take place in 2024.



## Monitoring the Investment Managers

Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
8 <b>Incentivising investment managers to align their investment strategies and decisions with the Trustees’ policies</b>	Section 24	<p>In the year to 31 March 2023, the Trustee discussed the continued appointment of the Trust’s investment managers.</p> <p>The Trustee has selected appropriate investment mandates to align with its overall investment strategy. 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, via their quantitative analysis and interactions with the Trust’s investment managers, in the assessment of the continued appointment of the Trust’s investment managers.</p> <p>The above was taken into consideration when selecting the LGIM Global Developed Small Cap Index Fund as an underlying fund of the JLP Global Equity Fund.</p>
9 <b>Incentivising 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</b>	Section 25	<p>The Trustee monitors the performance of the Trust’s investments throughout the year.</p> <p>The ongoing monitoring the Trustee undertakes during the year to gauge how their investment managers consider ESG risks and opportunities is set out under item 7.</p>
10 <b>Evaluation of the investment manager’s performance and</b>	Section 26	<p>When considering investment performance, the Trustee focuses on long-term performance. Shorter-term performance will however also be taken into consideration. During the year, the Trustee reviewed the</p>

	<b>the remuneration for asset management services</b>		<p>measurement of a number of these risks on a quarterly basis as part of their regular investment performance monitoring.</p> <p>As part of the annual Value for Members (“VfM”) assessment, the Trustee reviews member borne fees, which include investment manager fees. A VfM assessment was produced in August 2022 (for year to 31 March 2022) and the Trustee concluded that, overall, the Trust provided good value for members. A further VfM assessment covering the year to 31 March 2023 is currently being prepared.</p>
<b>11</b>	<b>Monitoring portfolio turnover costs</b>	Section 27	<p>Over the year covered by this statement, the Trustee considered the levels of transaction costs as part of their annual Value for Members assessment and by publishing this information as part of the costs and charges disclosures mandated by regulations governing the Chair’s Statement.</p> <p>While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Trust invests in, there is not as yet any “industry standard” benchmark or universe to compare these to. The Trustee will continue to monitor transaction costs on an annual basis and to monitor developments on assessing these costs for value.</p>
<b>12</b>	<b>The duration of the arrangement with the investment manager</b>	Section 28	<p>There remains no set durations for the funds used by the Trust. 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.</p>



## ESG Stewardship and Climate Change

	<b>Policy</b>	<b>Location in SIP</b>	<b>How the policy has been met over the year to 31 March 2023</b>
<b>13</b>	<b>Undertaking engagement activities in respect of the investments</b> (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	Section 22	<p>The Trustee incorporates into the SIP details on responsible investment, which cover ESG factors, stewardship, climate change and sustainable investing. The Trustee keeps the policies under regular review with the SIP subject to review at least annually.</p> <p>The Trustee recognises that where the Trust invests in pooled funds, it is the investment fund manager which will engage with investee companies on behalf of the pooled fund.</p> <p>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.</p>



## Voting Disclosures

Policy	Location in SIP	How the policy has been met over the year to 31 March 2023
<b>14 The exercise of the rights (including voting rights) attaching to the investments</b>	Section 25	<p>The Trustee invests through pooled funds in which the voting rights are exercised by the investment fund 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 pooled fund's investors including 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.</p> <p>Voting activity information from each fund and manager (where provided) is summarised in the Appendix.</p> <p>Over the period covered by this Statement, the Trustee has not directly challenged managers on voting activity but is satisfied on the basis of reporting that the managers' approach to voting activity and engagement was aligned with the Trustee's policies during the period.</p>

## Voting and Engagement Activity

Sections 22 and 25 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.

### The Trust's Stewardship Priorities

Following the DWP's consultation response and outcome regarding reporting on stewardship and other topics on 17 June 2022, updated Statutory Guidance was produced which is effective for all plan year-ends on or after 1 October 2022.

The updated Guidance requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information is also expected to include details explaining why each vote was categorised as most significant, what the vote was, and why the manager voted in the way it did.

The DC Section of the Trust invests solely in pooled funds. As such, voting rights are delegated to the investment managers and the Trustee expects their investment managers to engage with the investee companies on their behalf. However, the Trustee has also considered what the Trust's stewardship priorities should be as a result of the new requirements introduced last year. The Trustee plans to undertake further work in this area in the coming Trust year but, at the time of finalizing this statement, the Trustee decided the following ESG factors should have most focus when disclosing 'significant votes':

- **Environmental:** Climate change - low-carbon transition and physical damages resilience
- **Social:** Human rights - modern slavery, pay & safety in workforce and supply chains, and abuses in conflict zones
- **Governance:** Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making

To ensure the disclosures are manageable and meaningful, the Trustee has agreed to apply a filter based on size when disclosing significant votes. The Trustee has chosen to focus on the underlying funds in the Trust that hold 10% or more of DC Section assets and on the top 10 company holdings in those funds from the voting information provided by the manager. This means the significant votes relating to the LGIM World Equity Index Fund and the Macquarie Global Multi-Strategy True Index Fund are disclosed later in this Statement.

### Voting Activity during the Trust year

The voting rights in relation to the assets held within the pooled funds is exercised by 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 received information relating to public equity funds this year. The Voting and Engagement policies and activities are therefore included for the Trust's following managers: Legal & General Investment Management ('LGIM'), Macquarie, BlackRock and HSBC.

## Engagement Processes

The table below sets out the engagement process for each of the managers holding public equity.

Manager	Engagement Processes and Engagement Examples
<b>LGIM</b>	<p><b>Engagement Processes:</b></p> <p>LGIM engagement strategy is focused on both the ESG scores and long-term themes: health, income inequality, climate change, privacy, data security and transparency. Within this strategy, LGIM priorities for engagement are chosen mainly to reflect LGIM overall exposures, in terms of country, sector and companies. The companies where LGIM have the biggest holdings pose the greatest risks and opportunities to market performance. At the same time, where LGIM hold large stakes, they have a stronger influence. LGIM’s focus on larger companies can have a cascading impact on other companies within the countries and sectors by helping to establish best practices. LGIM set clear timeframes for the engagement activity and consider in advance any escalation which may be required if key requests are not met. LGIM prefer to set a measurable outcome, either at market or company level. In addition to this, LGIM carry out regular engagement with investee companies on other important investment issues such as mergers and acquisitions, capital allocation and market-wide issues that LGIM believe threaten the long- term health of the companies that LGIM is invested in. LGIM also engage with regulators and other policy makers to improve market standards.</p> <p><b>Engagement Examples:</b></p> <p>In 2022, LGIM pledged to increase pressure on companies that fail to put suitably ambitious and credible transition plans to a shareholder vote, by filing shareholder resolutions. In light of their ongoing concerns at Glencore, LGIM are putting their commitment into effect by co-filing a shareholder resolution at Glencore’s 2023 AGM, requesting that the company disclose how its thermal coal production is aligned with the Paris Agreement objective of limiting the increase in global temperature to 1.5°C. As one of the world’s largest diversified mining companies, with strong exposure to metals needed to decarbonise the global economy, they believe Glencore has a key role to play in the energy transition. LGIM have been engaging with the company for a number of years under their Climate Impact Pledge, and this escalation reflects their unabated concerns about the company’s trajectory to net zero. Filing a resolution puts pressure on companies and encourages them to discuss and resolve issues with LGIM. Where LGIM have filed or collaborated on select proposals in this way in the past, they have found that they have been an effective means of escalation – both at the individual company level and for market-wide change more broadly.</p>

Manager	Engagement Processes and Engagement Examples
<b>BlackRock</b>	<p><b>Engagement Processes:</b></p> <p>The BlackRock Investment Stewardship team engages companies to provide feedback on their practices and inform BlackRock’s voting. BlackRock focus on a range of issues that fall within each of the ESG categories where they assess there is potential for material long-term financial impact on a company’s performance.</p> <p>BlackRock state that engagement is core to their stewardship programme as it helps them assess a company’s approach to governance, including the management of relevant environmental and social factors. To that end, BlackRock conduct approximately 3,600 engagements a year on a range of ESG issues likely to impact their clients’ long-term economic interests. BlackRock meet with executives and board directors, communicate with the company’s advisors, and engage with other shareholders where appropriate.</p> <p><b>Engagement Examples:</b></p> <p>BlackRock Investment Stewardship has engaged with Alphabet to report on metrics and efforts to reduce water-related risk. BlackRock appreciates when companies disclose their policies on water, waste, and materials, including their approach to identifying and managing water scarcity and pollution-related risks, as well as responsible waste disposal and recycling efforts as they relate to fresh water and oceans. BlackRock believes that water management is a material risk for Alphabet given the significant volumes of water used to cool data centers. However, the company does not explicitly disclose annual water use or other risk metrics by location; therefore, it is difficult for stakeholders to determine the company’s regional approach, localised water stress trends and risks, as well as possible progress year-over-year.</p>
<b>Macquarie</b>	<p><b>Engagement Processes:</b></p> <p>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.</p> <p><b>Engagement Examples:</b></p> <p>In February 2023, the Macquarie Investment Team engaged with a large Australian mining and metals company. The aim of the engagement was to understand what progress had been made in response to market feedback, with discussions covering areas that drive long-term shareholder value including corporate governance and workplace safety. Acknowledging that there is effort still required, the company outlined measures being taken in relation to the matters raised by the Macquarie Investment Team. The company representative shared a more inclusive company approach that aims to support workers, local communities and shareholders as part of its company operations. Positively, a renewed remuneration structure indicates the company’s willingness to action feedback and commit to improvements in sustainability outcomes. Change occurs over the long-term and therefore, the Macquarie Investment Team will continue to monitor progress and engage again in the future.</p>

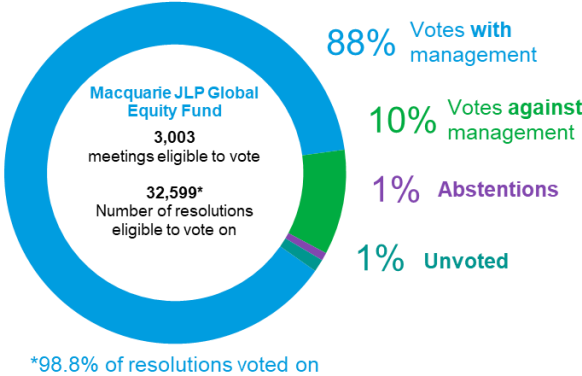
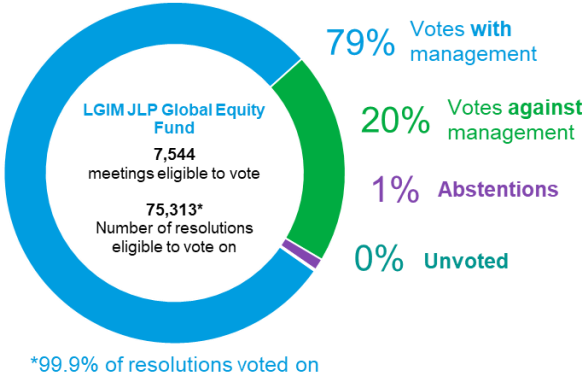
Manager	Engagement Processes and Engagement Examples
<b>HSBC</b>	<p><b>Engagement Processes:</b></p> <p>HSBC meet the management of companies and other issuers regularly as part of their active investment process. This engagement is a key element in HSBC stewardship oversight of client assets. It may form part of their monitoring of companies and issuers or represent an escalation of concerns they have identified. HSBC challenge companies and issuers on their delivery of corporate strategy, financial and non-financial performance and risk, allocation of capital and management of environmental, social and governance issues. HSBC engage to understand the approach management is taking and test how far they are being good stewards. HSBC also encourage companies and other issuers held in client portfolios to establish and maintain high levels of transparency, particularly in their management of ESG issues and risks. HSBC raise ESG or other concerns with companies and other issuers where HSBC believe that to be in the interest of investors, identifying company specific or systemic risks. HSBC prioritise their engagement on the basis of scale of client holdings, salience of the issues concerned, and their overall exposure to these issues. In addition to executive directors and investor relations, HSBC engage with other executives as available, including divisional and regional heads, as well as ESG and strategy specialists. HSBC also engage with non-executive directors, either as part of their regular dialogue or to raise and escalate issues of concern. Engagement is undertaken through meetings, conference calls and correspondence. HSBC occasionally co-file shareholder resolutions and support or deliver statements at shareholder meetings to communicate publicly with companies and escalate their engagement.</p> <p><b>Engagement Examples:</b></p> <p>Chevron has an ‘aspiration’ to achieve net zero in upstream scope 1 and 2 emissions by 2050, but this leaves out approximately 20% of scope 1 and 2 emissions, lagging its peers. The company was named by Influence Map as one of the worst 3 companies for its lobbying activities. The aspiration does not cover scope 3 emissions and its 2028 targets are not ambitious. While the company discloses gender and racial breakdown of employees at different levels, it does not provide information how different groups are paid.</p> <p>Chevron appeared to be receptive to some of HSBC’s comments including the negative perception its position against IEA’s NZE scenario creates. The company was somewhat defensive on other points, particularly committing to reducing scope 3 emissions, which would require a fundamental change of its business model. Chevron told HSBC it does monitor gender pay gap through a third party and established that there is no gap between men and women within the same grade. HSBC will continue to press for a clearer alignment with the 1.5C scenario and also publication of gender pay gap data.</p>

Source: Investment Managers

**Overview of voting activity, on behalf of the Trustee, for the funds containing equity for the 12 months to 31 March 2023**

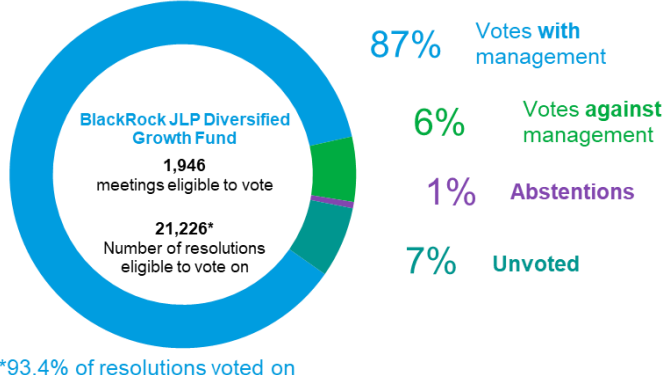
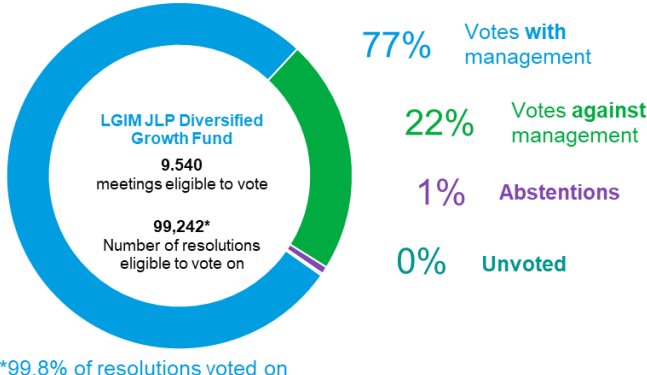
**JLP Global Equity Fund**

The JLP Global Equity Fund has underlying exposure to funds managed by LGIM and Macquarie. Below is a summary of the voting information provided by each manager in relation to their underlying fund.



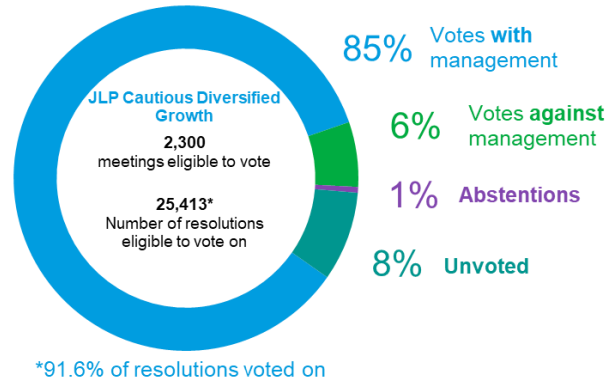
**JLP Diversified Growth Fund**

The JLP Diversified Growth Fund has underlying exposure to funds managed by LGIM and BlackRock. Below is a summary of the voting information provided by each manager in relation to their underlying fund.



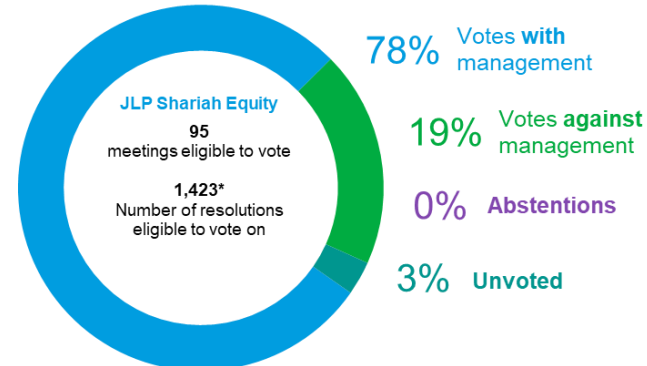
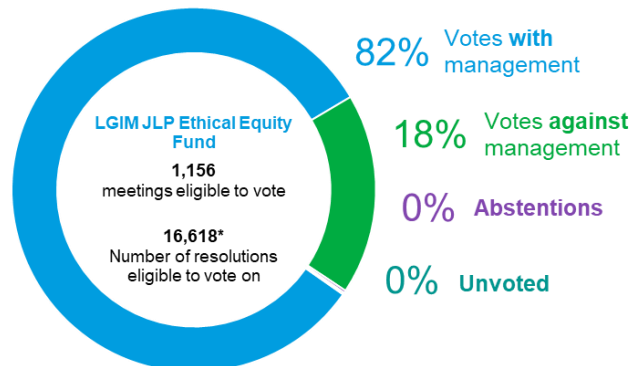
### JLP Cautious Diversified Growth Fund

The underlying fund of the JLP Diversified Growth Fund is managed by BlackRock. Below is a summary of the voting information provided by BlackRock for the underlying fund.



### Self-select funds

In addition to the funds already presented, two additional self-select funds have exposure to public equity, the JLP Ethical Equity Fund (managed by LGIM) and the JLP Shariah Equity Fund (managed by HSBC). Below is a summary of the voting information provided by each manager in relation to their underlying funds.



Source: Investment Managers. Totals may not sum to 100% due to rounding.

## Use of Proxy Voting Services by the managers

The table below sets out the use of proxy voting for each of the managers holding public equity.

Manager	Use of proxy voting
<b>LGIM</b>	<p>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. LGIM’s use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions</p> <p>To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which LGIM believe all companies globally should observe, irrespective of local regulation or practice.</p> <p>LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.</p>
<b>BlackRock</b>	<p>BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team, which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines. BlackRock subscribes to research from the proxy advisory firms ISS and Glass Lewis, amongst many inputs into their vote analysis process, and BlackRock state they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting. Other sources of information include the company’s own reporting, engagement and voting history with the company, and the views of its active investors, public information and ESG research.</p>
<b>Macquarie</b>	<p>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 are the quality of their service and the alignment of their voting</p>

Manager	Use of proxy 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.
<b>HSBC</b>	HSBC use the voting research and platform provider 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 bulk of holdings are voted in line with the recommendation based on their guidelines.

*Source: Investment Managers*





## Most significant votes

Where relevant, the managers have provided detailed information on their voting for the year to 31 March 2023. The Trustee has considered this information and disclosed the votes that they deem to be most significant. The Trustee has selected the most significant votes in accordance with their stewardship priorities related to environmental, social and governance issues and size as set out earlier in this Statement.

The final outcome column below represents the result of the Resolution after all the votes: Passed (✓) or Not-Passed (✗).

Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
JLP Global Equity Fund – LGIM All World Equity Index	Amazon.com, Inc.	1.14	2022-05-25	Against	Elect Director Daniel P. Huttenlocher	Social	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.	✓
	Alphabet Inc.	0.63	2022-06-01	For	Report on Physical Risks of Climate Change	Environmental	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	✗
				For	Commission Third Party Assessment of Company's Management of Misinformation and Disinformation Across Platforms	Social	A vote in favour is applied as LGIM supports such risk assessments as we consider human rights issues to be a material risk to companies.	✗

Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
JLP Global Equity Fund – LGIM All World Equity Index	NVIDIA Corporation	0.41	2022-06-02	Against	Elect Director Harvey C. Jones	Governance	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.	☑
JLP Global Equity Fund – Macquarie Global Multi-Strategy True Index	Alphabet Inc.	1.45	2022-06-01	For	Report on Physical Risks of Climate Change	Environmental	A vote FOR this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is assessing and managing climate change risks.	☒
				For	Report on Climate Lobbying	Environmental	A vote FOR this proposal is warranted. The company and its shareholders are likely to benefit from a review of how the company's and its trade associations' lobbying positions align with Paris Agreement, in light of risks to the company caused by climate change and the company's public position.	☒
				For	Commission Third Party Assessment of Company's Management of Misinformation and Disinformation Across Platforms	Social	A vote FOR this proposal is warranted because an independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of disinformation and misinformation.	☒

Source: Investment Managers

**Note:** It has not been possible at this stage to provide consistent reporting on whether the intention to vote against management was communicated ahead of the vote and on the next steps after the vote (which are evolving), and it is intended to develop this further in future years. However, in the case of LGIM, we note they publicly communicate their vote instructions on their website with the rationale for all votes against management.