Bunzl Pension Plan ("the Plan")

Annual Implementation Statement for the Year Ended 5 April 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 5 April 2022 (the "**Plan Year**"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the relevant versions of the SIP that were in place for the Plan Year, which were the SIP dated September 2020 (covering the period between April and August 2021) and the SIP dated September 2021 (covering the period between September 2021 and 5 April 2022).

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2. Investment Objectives

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The key objectives of the Plan included in the SIP are as follows:

DC Section

The Trustee recognises that individual members have differing investment needs and has thus adopted the following objective: "To make available a range of investment vehicles which should meet the varying investment needs and risk tolerances of Plan members".

In arriving at this objective the Trustee has considered the following risks:

i. That inadequate investment returns lead to a low level of pension.

ii. That relative market movement, particularly in the years close to retirement, leads to a reduction in members' anticipated pension and cash lump sum.

iii. That active investment managers can underperform markets.

DB Section

The Trustee believes its prime duty is to endeavour to ensure that Plan members receive their promised benefits. To that end, the Trustee's approach to investment involves considering firstly the least risk approach in terms of asset strategy and secondly the attitude of the sponsoring Company towards investment risk. The Trustee believes the Company is committed to meeting the promised benefits and that the Company is financially strong.

The Trustee has discussed investment strategy with the Company and in doing so has taken into account the current investment return assumptions implicit in the actuarial valuation. The Trustee has sought to achieve a balance between minimising risk and helping the Company to keep the reported costs of providing the pension benefits to a level acceptable to the Company. To that end the Trustee has an objective of achieving a return that is at least in line with the assumptions underlying the actuarial valuation.

The Trustee has targeted a long term funding goal of being fully funded on a Self Sufficiency basis and aims to reach and secure this goal (if returns match investment assumptions) by 2027.

3. Review of the SIP

The Trustee has last reviewed and amended the Plan's SIP in September 2021, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). The revised SIP was updated for the Scheme's most recent asset manager allocation following the implementation of asset rebalancing activity.

4. Assessment of compliance with policies in the SIP for the year to 5 April 2022

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and how this 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 Plan Year.

Requirement	Policy	In the year to 5 April 2022
Securing compliance with the legal requirements about choosing investments	*Trustee obtains advice from their investment advisor, enabling the Trustee to choose investment vehicles that can fulfil the Plan's investment objectives. In the Trustee's opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995.*	The Trustee received advice from its investment advisors where required. No new investments were implemented over the period and no Section 36 advice was provided for the DB Section.
Kinds of investments to be held	*For the DB section, the Trustee's approach to investment involves considering firstly the least risk approach in terms of asset strategy and secondly the attitude of the sponsoring Company towards investment risk.* *For the DC section, the Trustee's approach to investment involves considering firstly the least costly approach in terms of asset strategy and secondly the attitude of the members towards investment risk.* *The default investment option in place for this Plan has been chosen as the Legal & General Diversified Growth Fund, as detailed in section 4.3 of the SIP.* *The Trustee has made available a range of individual self-select fund options for investment in addition to the default investment option, as outlined in section 4.2 of the SIP. A range of asset classes has been made available, including: equities, diversified growth funds, multi-asset fund, gilts, index-linked gilts, corporate bonds and a cash fund. The Trustee has for the time being decided not to employ active managers. As such all the investment vehicles are passive index tracking funds.*	**DC** Over the 12 months to 5 April 2022, there were no changes to the Trustee's investment strategy in respect of the DC Section. The default investment option was subject to its formal triennial review in February 2019. Although this review was not undertaken during this Scheme year, it represents an important exercise for the Trustee that covers the majority of the investment policies the Trustees' have in place. The investments (fund type, management style and asset allocations) used in the default strategy were reviewed as part of this exercise. No changes were made following this review and the investment held in the default strategy is consistent with the SIP. As part of the triennial review, the Trustee also undertook a review of the alternative investments available to members along with a review of the self-select fund range. The Trustee concluded that the available range of funds/types of investments available to members continued to be appropriate and provided members options across the risk/return spectrum. The details of the types of investment referenced in the SIP remains consistent with the fund range offered to members. **DB** The basis of the Trustee's DB strategy is to divide the Plan's assets between a "growth" portfolio, comprising assets such as Equities, and a "matching" portfolio, comprising assets such as UK Gilts, UK Index Linked Gilts and Corporate bonds. The Trustee regards the basic distribution of the assets to be appropriate for the Plan's objectives and liability profile. Over the 12 months to 5 April 2022, the Trustee has undertaken trading activity with a view to rebalance the strategy towards the "growth" and "matching" target portfolio splits of 40% and 60%, respectively.
The balance between different kinds of investments	*Within the DC section, members can combine the investment funds in any proportion in order to achieve the desired level of return and risk in line with their own attitude towards, and tolerance of risk.* *Within the default arrangement assets are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole. The assets are invested in the diversified growth fund with LGIM. The selection, retention and realisation of assets are delegated to the underlying fund manager.* *In the DB Section, the Trustee believes active managers can add value but that it is prudent not to rely wholly on active management and thus the Trustee employs a mixture*	**DC** The DC default investment option is reviewed on a triennial basis. The date of the last review was February 2019. Given the use of a single fund as the default, the underlying asset allocation is delegated to the manager LGIM, however the ongoing suitability of this fund was assessed. This confirmed that the fund was appropriate to meet the stated aims and objectives of the default. A review of self-select options also formed part of the triennial investment review - no changes were made to the self-select fund range as a result of this review. The Trustee receives a quarterly investment performance report which monitors the risk and return of options within the Scheme. **DB** For the DB section, the Trustee has determined an overall benchmark allocation of 40% Growth Assets and 60% Matching Assets. To implement the strategic benchmark for the DB Section, the Plan's manager structure is revised as appropriate in order to maintain consistency with the risk and return targets and

	of active and passive management. The Trustee delegates day-to-day investment management to three managers. The Plan's manager structure is revised as appropriate in order to maintain consistency with the risk and return targets and investment objectives. *In the DB Section, the Trustee believes active managers can add value but that it is prudent not to rely wholly on active management and thus the Trustee employs a mixture of active and passive management. The Trustee delegates day-to-day investment management to three managers. The Plan's manager structure is revised as appropriate in order to maintain consistency with the risk and return targets and investment objectives.*	investment objectives. These guidelines are set out in Section 2.5.of the SIP. The Trustee regards the broad distribution of the DB Section's assets to be appropriate for the Plan's objectives and liability profile.
Risks, including the ways in which risks are to be measured and managed	*The Trustee recognises risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the default investment option.* *Within the DC Section of the Plan the Trustee has considered the following specific risks (as outlined in section 4.1 of the SIP):* *i. That inadequate investment returns lead to a low level of pension.* *ii. That relative market movement, particularly in the years close to retirement, leads to a reduction in members' anticipated pension and cash lump sum.* *iii. That active investment managers can underperform markets.* *For the DB section, the Trustee considers the following risks in section 2.4 of the SIP:* *i. The risk that the ongoing funding position will be unduly volatile.* *ii. The risk that there would be insufficient assets to meet a Plan's accrued liabilities in the event the Plan was discontinued.* *iii. The risk associated with employing active managers.*	As detailed in the risk sections in the SIP 2.4. and 4.4., the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. The Plan also maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. The Trustee manages these risks through a combination of retaining expert advisors, setting the overall investment strategy based on expert advice and with consideration to the circumstances of the Plan. The Trustee regularly monitors the investment performance of the Plan's assets, monitoring the relative value of the Plan's assets and liabilities and communicating with the sponsoring employer to understand its position with respect to the Plan and the Plan's funding. The Trustee concluded that the investment risks set out in its risk register are being appropriately managed and measured.
Expected return on investments	*For the DB section, the funds invested are expected to provide an investment return that is at least in line with the assumptions underlying the actuarial valuation.* *For the DC section, the funds are invested passively and are expected to provide an investment return that is broadly in line with the*	The investment performance report is reviewed by the Trustee on a quarterly basis. The investment performance report includes how each investment manager is delivering against their specific mandates. **DC** Over the 3 years to 31 March 2022, the DC section of the Plan has returned between 19.45% and (7.28)% relative to the benchmarks of 19.68% and (7.17)% of the various funds available to the members for investment. The Trustee notes that the deviation in performance is primarily due to the timing of

	benchmarks of the underlying those used by the investment manager. *In designing the default, the Trustee has explicitly considered the trade-off between risk and expected returns. The objective of the default is to generate returns in excess of inflation in a mix of assets with a moderate investment risk mitigate by investing in a wide range of diversified asset classes. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members, as detailed in section 4.3 of the SIP.*	trades performed by Legal & General Investment Management. No actions were taken by the Trustee over the prior year in respect of manager appointments for the DC section. **DB** Within the DB section, the Trustee receives investment performance reports on a quarterly basis, which present investment and benchmark performance information over 3 months, 1 year and 3 years. The Trustee reviews the absolute performance, relative performance against a suitable benchmark and against the manager's stated target performance (over the relevant time period) on a net of fees basis. The Trustee's focus is primarily on long term performance but short term performance is also reviewed. Over the 3 years to 31 March 2022, the DB section of the Plan returned 5.7% p.a. relative to a benchmark of 5.6% p.a.. The Trustee notes that the Plan's investment managers performed broadly in line with their benchmarks.
Realisation of investments	*In the DB Section, the Trustee recognises that in order to help achieve their investment objectives they are able to tolerate a degree of illiquidity within the Plan's asset portfolio. At present, most of the assets of the Plan are held in pooled funds and are realisable at short notice through the sale of units if liquidity is required.* *For the DC Section The selection, retention and realisation of assets are delegated to the underlying fund manager, as detailed in section 4.3 of the SIP.* *Assets in the default option are invested in a manner which aims to ensure the security, quality, liquidity and profitability of a member's portfolio as a whole.*	**DC** For the DC Section, in the event the Trustee needs to realise assets to meet benefits outgoings, decisions on sourcing the disinvestment are made on a case-by-case basis. The Trustee also receives an administration report on a monthly basis to confirm and ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair Statement, the Trustee are satisfied that all requirements were met throughout the year. **DB** For the DB Section, in general the Plan's investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments, within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses. In the event the Trustee needs to realise assets to meet benefits outgoings, decisions on sourcing the disinvestment are made on a case-by-case basis. The Plan's assets are all currently liquid and could be redeemed in one week (for LGIM) or one months' notice (for Cantillon and Apollo). Over the 12 months to 5 April 2022, some assets were disinvested to meet ongoing Cashflow requirements.
Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	*The Trustee believes that environmental, social, and corporate governance (ESG) factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.* *The Trustee has given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate code and UK stewardship code.*	The investment performance report is reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG) from the investment adviser. **DC and DB** Where rated by Mercer, all of the DB and DC managers remained highly rated during the year. The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and climate change. This policy sets out the Trustee's principles on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. When implementing a new manager, they would consider the integration of ESG in to the manager's process. The investment performance report includes how each investment manager is delivering against their specific mandates. The key voting activity for the Plan's equity holdings are show in the section 5 of this statement.

	The Trustee also intends to challenge their investment managers on the implementation of their ESG polices as and when they see them for regular review meetings.	
The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*The Trustee notes that non-financial factors can affect various investment risks which are borne by members and may under-perform other funds with broader-based investment approaches. Fund managers are otherwise only expected to take non-financial factors into account when these do not conflict with the financial interests of members and the Plan's investment objectives.*	**DC and DB** No actions were taken throughout the year to 5th April 2022 regarding the DB and DC sections.
The exercise of the rights (including voting rights) attaching to the investments	*Investment managers are expected to evaluate factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.*	The Trustee delegates the exercise of voting rights to the investment managers. The Trustee does not use the direct services of a proxy voter. Investment managers are expected to provide voting summary reporting (where applicable) on a regular basis and at least annually. The reports are reviewed by the Trustee to ensure that they align with the Trustee's policy. Over the prior 12 months, the Trustee has not actively challenged the managers on their voting activity. The key voting and engagement activity for the Plan's equity holdings are show in the section 5 of this document. With this information, the Trustee believes investment managers are voting responsibly on their behalf and in line with the Trustee's investment beliefs.
Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustees would monitor and engage with relevant persons about relevant matters)	*Investment managers are expected to evaluate factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.* *Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.*	Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. These are reviewed by the Trustee. As the Plan invests solely in pooled funds, the Trustee expects their investment managers to engage with the investee companies on their behalf. At present, when investment managers present to the Trustee they are asked to provide details of key engagement activity (where relevant) and the impact the actions have had on the portfolio through investment reporting. The Trustee supports the aims of the UK Stewardship Code and its investment managers are encouraged to report their adherence to the Code. Within the DB Section, only LGIM is a signatory to the current UK Stewardship Code. Other memberships or coalitions related to ESG or climate change are set out in section 6 of this document.
How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee policies	*In line with the Defined Benefit section of the SIP, investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class for which they are selected.* *With regard to the DC section, the Trustee will seek to ensure that, in aggregate, its portfolio is consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of*	The Trustee considers the method of remunerating investment managers to be consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of the issuer of debt or equity. By encouraging a medium to long-term investment time horizon, it will in turn encourage the investment managers to engage with issuers of debt and equity in order to improve their performance in the medium to long-term. Within the DB section, the Trustee is comfortable with the managers' likelihood of achieving the expected return and risk characteristics required for the asset class for which they are selected.

	the Occupational Pension Schemes (Investment) Regulations (2005). *As the Trustee invests in pooled investment vehicles, they accept that they have no ability to specify the risk profile and return targets of the investment manager, but believe that appropriate mandates can be selected to align with the overall investment strategy.*	
How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	*According to section 5 of the SIP, the Trustee aims to meet with the investment managers as deemed appropriate, to discuss performance and other investment related matters (including integration of ESG and climate change into the investment process and voting and engagement activities). As part of this, the Trustee will challenge decisions that appear out of line with the Plan's stated objectives and/or policies. To assist with this, the Trustee considers its investment adviser's assessment of how each investment manager embeds ESG considerations into its investment process and explores how it aligns with its responsible investment policy. This is monitored on a quarterly basis as part of the Plan's performance reporting.* *The investment managers are aware that their continued appointment is based on the success in delivering the mandate for which they have been appointed over the long term. Consistent periods of underperformance or excessive tracking error for passive funds, could lead to the investment manager being reviewed and/or terminated.* *The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. For most of the DC Section investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.*	The investment managers are aware that their continued appointment is based on the success in delivering the mandate for which they have been appointed over the long term. Consistent periods of underperformance or excessive tracking error for passive funds, could lead to the investment manager being reviewed and/or terminated. **DC** For most of the DC Section investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. **DB** Within the DB Section, the Trustee is comfortable with the investment managers' long-term performance, as most managers have either outperformed or performed in line with their targets over the 3 years to 31 March 2022. The only exception was Cantillon Active Global Equity, who outperformed the benchmark but was marginally behind its target.
How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration	*As part of the regular reporting, the Trustee receives performance reports from the investment adviser on a quarterly basis, which present performance information over 3 months, 1 year and 3 year periods. They also receive investment manager performance reports on a quarterly basis. The Trustee reviews the absolute performance, relative*	**DC** For the Defined Contribution Section, the Trustee reviews the investment manager fees as part of the annual Value for Members ("VfM") assessment.

for asset management services are in line with the Trustee's policies	*performance against a suitable index used as the benchmark, and against the investment manager's stated target performance (over the relevant time period). The Trustee's focus is on long term performance but will review an investment manager if there are short term performance or operational concerns.* *If an investment manager is not meeting performance objectives, or their investment objectives for the mandate have changed, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives and may ask the manager to review their fees.* *The Trustee considers the method of remunerating investment managers to be consistent with incentivising them to make decisions based on assessments of medium to long-term financial and non-financial performance of the issuer of debt or equity. By encouraging a medium to long-term investment time horizon, it will in turn encourage the investment managers to engage with issuers of debt and equity in order to improve their performance in the medium to long-term.* *For the Defined Contribution Section, the Trustee reviews the investment manager fees as part of the annual Value for Members ("VfM") assessment.*	**DB** Within the DB section, some mandates are actively managed and the managers are incentivised through remuneration and have pre agreed performance targets. The Trustee will review the appropriateness of using actively managed funds (on an asset class basis) regularly. The Trustee reviews 1-year and 3-year performance metrics in the quarterly performance reports, and considers manager performance over longer time periods.
How the Trustee monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*The Trustee does not currently actively monitor the portfolio turnover costs of the main DB assets. Portfolio turnover costs refer to those costs incurred due to the buying, selling, lending or borrowing of investments. The Trustee will receive MiFID II reporting from their investment managers, which includes portfolio turnover information, but does not currently analyse the information. The Trustee will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Trustee may ask investment managers to report on portfolio turnover costs explicitly. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same fund, or relative to the investment manager's specific portfolio turnover range in the investment guidelines or prospectus.*	**DC** For the DC section, the Trustee considers portfolio turnover costs as part of the annual Value for Members ("VFM") assessment. **DB** For the DB section, the Trustee does not currently actively monitor the portfolio turnover costs incurred by each mandate, but whenever there is an asset transition at the overall portfolio level, the Trustee receives an indication from the investment consultant, Mercer, confirming expected and actual portfolio turnover costs. In May 2021, the Plan completed a rebalancing exercise with the aim of bringing the asset allocation back towards the target benchmark. This was achieved by selling c.£21.6m of equity from LGIM and reinvesting the proceeds in cash with LGIM. The transaction costs incurred were c. £18,000 or c. 0.08% of the assets involved in the transaction.

	For the Defined Contribution Section, the Trustee considers portfolio turnover costs as part of the annual Value for Members ("VfM") assessment.	
The duration of the arrangement with the asset manager	*The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis.* *With regard to the DB section, there is no set duration for the investment manager appointments. The Trustee will retain an investment manager unless there is a strategic change to the overall strategy that no longer requires exposure to that asset class or investment manager; or the investment manager appointment has been reviewed and the Trustee has decided to terminate the mandate.* *With regard to the DC section, the Trustee recognises the long-term nature of defined contribution pension investments and chooses funds which are expected to deliver sustainable returns over the Plan members' investment horizon. All the funds are open-ended with no set end date for the arrangement. The Fund Range and Default Strategy are reviewed on at least a triennial basis - The Trustee expects that each fund will be used for at least three years, this being the period over which performance of the fund can be appropriately evaluated and the costs of change amortised, although all funds are subject to ongoing review against various financial and non-financial metrics in addition to their continued appropriateness within the investment strategy. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.*	**DC and DB** For the DC and DB sections, the Trustee reviews the arrangement with the asset managers to monitor any continuous periods of underperformance.

5. **Voting and Engagement Activity**

The voting policy of both equity managers has been considered by the Trustee and the Trustee deems it consistent with its investment beliefs.

LGIM – Passive Equity

Voting undertaken over the year to 31 March 2022 is summarised in the table below, along with a sample of significant votes as provided by the investment manager.

LGIM defines significant voting as:

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

Voting Information

Fund	DB/DC	Votes cast			Significant vote examples
		Votes in total	**Votes against management endorsement**	**Abstentions**	
LGIM UK Equity	DB & DC	10,811	749	0	**THE SAGE GROUP PLC –** a vote "against" was cast on the re-election of Drummond Hall as Director. A vote against was applied because of a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board. **Outcome of the vote:** 94.4% of shareholders supported the resolution. **FRASERS GROUP PLC –** a vote "against" was cast on receiving and adopting the report and accounts. LGIM's corporate governance policy requires all UK-listed companies to meet the requirements of the Modern Slavery Act 2015. Section 54 of the Act requires companies to provide a statement setting out the steps they have taken to ensure that slavery and human trafficking is not taking place in their own operations or within their supply chain. **Outcome of the vote:** 95.5% of shareholders supported the resolution.
LGIM North America Equity Index - GBP Hedged	DB & DC	8,160	2,407	5	**APPLE INC. –** a vote "for" was cast on the reporting on Civil Rights audit. A vote in favour was applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies. **Outcome of the vote:** 53.6% of shareholders supported the resolution. **AMAZON.COM, INC. –** a vote "against" was cast on the election of Director Jeffrey P. Bezos. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences.

					Outcome of the vote: 95.1% of shareholders supported the resolution.
LGIM Europe (ex UK) Index - GBP Hedged	DB & DC	9,426	1,613	66	**VOLKSWAGEN AG –** a vote "against" was cast regarding the approval of discharge of Management Board and Supervisory Board members. Whilst LGIM notes the progress made by the company in its strategy towards the transition to a lower emission world, they remain concerned regarding the handling of the diesel emissions scandal of 2015 by the management and supervisory boards and the overall governance structure of the company. In particular, they note a lack of transparency regarding the handling of the crisis, including any lessons learnt by the boards, how sufficient internal control mechanisms have been put in place, and any progress made around improvement of corporate culture. **Outcome of the vote:** 99.5% of shareholders supported the resolution. **SAMPO OYJ –** a vote "against" was cast on the acceptance of financial statements and statutory reports as the company was deemed by LGIM to not meet minimum standards with regards to climate risk management and disclosure. **Outcome of the vote:** not available.

LGIM Japan Equity Index - GBP Hedged	DB & DC	6,109	815	1	**MITSUBISHI UFJ FINANCIAL GROUP, INC. –** a vote “for” was cast on the amendment of articles to disclose plans outlining the company's business strategy to align investments with the goals of the Paris Agreement. A vote in favour of this shareholder proposal was warranted as LGIM expects companies to be taking sufficient action on the key issue of climate change. While they positively note the company’s recent announcements around net-zero targets and exclusion policies, they think that these commitments could be further strengthened and they believe the shareholder proposal provides a good directional push. **Outcome of the vote:** 22.7% of shareholders supported the resolution. **RECRUIT HOLDINGS CO., LTD. –** a vote “against” was cast on the amendment of articles to allow virtual only shareholder meetings. Japanese companies are able to hold virtual meetings using temporary regulatory relief (without amending articles) for two years, but the passage of this proposal will authorize the company to hold virtual meetings permanently, without further need to consult shareholders, even after the current health crisis is resolved. The proposed language fails to specify situations under which virtual meetings will be held, raising concerns that meaningful exchange between the company and shareholders could be hindered, especially in controversial situations such as when shareholder proposals are submitted, a proxy fight is waged, or a corporate scandal occurs. **Outcome of the vote:** 83.8% of shareholders supported the resolution
LGIM Asia Pacific (ex Japan) Developed Equity Index - GBP Hedged	DB & DC	3,458	911	8	**KOREA ELECTRIC POWER CORP. –** a vote “against” was cast in the approval of Financial Statements and Allocation of Income. This vote decision was applied under LGIM's Climate Impact Pledge as certain requests were made and not met by the company. **Outcome of the vote:** not available. **United Overseas Bank Limited –** a vote “against” was cast in the election of Wong Kan Seng as Director. LGIM expects a company to have a diverse board, with at least 25% of board members being women. They expect companies to increase female participation both on the board and in leadership positions over time. **Outcome of the vote:** 86.0% of shareholders supported the resolution.

LGIM Global Emerging Markets Index	DB	41,665	7,558	942	**Industrial & Commercial Bank of China Limited -** a vote “against” was cast on the approval of work report of the board of directors, as the company was deemed to not meet minimum standards with regards to climate risk management and disclosure. **Outcome of the vote:** 99.8% of shareholders supported the resolution.
Diversified Growth Fund	DC	89,135	18,245	704	**NEXTERA ENERGY, INC.–** a vote “against” was cast on the election of Director James L. Robo. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. **Outcome of the vote:** 88.1% of shareholders supported the resolution.
Multi-Asset Fund	DC	88,537	18,124	699	**ABBOTT LABORATORIES –** a vote “for” was cast on the requirement of an Independent Board Chair. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. **Outcome of the vote:** 33.7% of shareholders supported the resolution.
Global Equity (50:50) Index Fund	DC	39,446	6,686	79	**FACEBOOK, INC. –** a vote “against” was cast in the election of Director Mark Zuckerberg. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. **Outcome of the vote:** 97.2% of shareholders supported the resolution.

LGIM relies on the service of proxy advisor, ISS, but have developed and implemented custom policies. LGIM has introduced a custom voting policy which will cover developed markets in Europe and the rest of the world (excluding France, the UK, Japan, Hong Kong and Brazil, for which they have separate voting policies). LGIM continues to develop and follow their own policies rather than adopt those of third parties, as these may not fully reflect the nuances of companies, their future commitments or LGIM’s own engagement activity. Such policies also may be focused on a particular country, rather than being global in nature.

Cantillon – Active Global Equity

Voting undertaken over the year to 31 March 2022 is summarised in the table below, along with a sample of significant votes as provided by the investment manager.

Cantillon defines significant voting as:

- Votes where the company scores very poorly on ISS’s Governance Quality Score[1] and ISS has recommended voting against a management proposal;
- Where, in the view of Cantillon’s investment team, the vote is considered significant.

[1] ISS’s Governance QualityScore is derived from publicly disclosed data and reporting on company governance disclosure, risk and performance. Scores indicate decile risk among relative index and region. Scores are calculated at each pillar by summing the factor scores in that pillar. Not all factors and not all subcategories have equal weight.

Voting Information

Fund	Votes cast			Significant vote examples
	Votes in total	Votes against management endorsement	Abstentions(1)	
Cantillon Active Global Equity	774	36	8	**FACEBOOK –** A vote "against" was cast on a Management Proposal to approve the Non-Employee Director Compensation Policy. ISS recommended voting against the amendment of the non-employee director compensation policy as it would provide services such as personal security without imposing any limits and the proposal contained no estimate of the potential costs. ISS noted that the company had "historically provided sizable security related perquisites to the employees, at a magnitude which is considered extraordinary, including for the year in review." **Outcome of the vote:** Approved **ALPHABET –** A vote "against" was cast on a Management Proposal to amend the Omnibus Stock Plan. ISS recommended voting against the approval of the omnibus stock plan for "poor stewardship of the company's pay programs as evidenced by recurring and significant executive compensation concerns". Cantillon agreed with ISS and voted against the proposal. **Outcome of the vote:** Approved **ALPHABET –** A vote "against" was cast on the Management Proposal to Elect Director. ISS recommended voting against certain directors for "poor stewardship of the company's pay programs as evidenced by recurring and significant executive compensation concerns." Cantillon agreed with ISS and voted against the proposal. **Outcome of the vote:** Approved

(1) Includes votes withheld.

Cantillon uses research and proxy-related services provided by Institutional Shareholder Services (ISS) to assist them with the mechanics of voting. ISS uses a shareholder maximisation philosophy for most of their clients (including Cantillon), which means they recommend the vote most likely to create value for equity holders in the long term. They also analyse the corporate governance implications of each proxy vote. In cases where ISS recommends a vote against management, Cantillon typically contacts the company directly to better understand the issues. Cantillon does not automatically follow ISS's recommendations and may take a different view once they have considered all the issues.

Apollo

Apollo's Total Return Fund invests primarily in fixed income securities, which have no voting rights attached. Regarding engagement activity, they have been boosting their engagement activities with underlying management teams. This is evidenced by over 196 companies participating in their ESG Reporting Program. With regards to the Total Return Fund, Apollo has conducted 82 engagements over the period, covering Environmental, Social and Governance topics.

6. ESG Integration and Engagement

LGIM

LGIM are signatories of the UK Stewardship Code 2020. In addition, LGIM are targeting net-zero emissions by 2050 or sooner and have their own Climate Impact Pledge. In 2020, LGIM was ranked highest among asset managers for their approach to climate change in a review by ShareAction, with the United Nations backed Principles for Responsible Investment (UNPRI) also selecting LGIM as part of its 'leaders group' on climate change.

An example of engagement from LGIM during the year was the engagement with BP regarding their climate transition strategy to ensure alignment with the Paris goals. Following constructive engagements with the company, LGIM were pleased to learn about the recent strengthening of BP's climate targets, announced in a press release on 8 February 2022, together with the commitment to become a net-zero company by 2050 – an ambition they expect to be shared across the oil and gas sector as they aim to progress towards a low-carbon economy.

Cantillon

Cantillon are not a signatory of the UK Stewardship Code 2020. Cantillon became a signatory to the UNPRI in June 2010. Cantillon have not been involved in any other collaborative groups related to ESG and stewardship, and have not undertaken any public policy work during the year to 5 April 2022.

Cantillon engage with companies in which they invest. One example of ongoing engagement is with Equifax (EFX) (US, consumer credit reporting). In April 2020, Cantillon had a call with EFX's 'governance' team to talk about their upcoming proxy vote and other compensation, legal, and regulatory matters. Cantillon noted that ISS scored the company very poorly on "Carbon and Climate" in their ESG matrix, mainly because of insufficient data and disclosure. The governance team told them that they were trying to calculate more information on emissions, but lacked time and resources. EFX has since begun to devote more resources to ESG disclosure. In November 2021, Cantillon had another call with EFX's governance team to discuss the new ESG commitments which included new quantitative disclosures and a commitment to reach net-zero greenhouse gas emissions by 2040. They noted EFX's progress on ESG disclosures over the past few years.

Apollo

Apollo are not signatories to the UK Stewardship code 2020, but they are currently in the process of evaluating becoming a signatory. Apollo is a signatory to UNPRI and the Operating Principles for Impact Management. Apollo has also aligned its ESG Annual Report with the UN Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Standards, the Task Force on Climate-Related Financial Disclosures (TCFD), and the Value Reporting Foundation.

On an ad hoc basis, Apollo engage with external stakeholders such as peers and business partners, clients and governments about ESG risk in credit investing and speaks publicly on ESG at events and conferences. In addition, Apollo is a member of the Loan Syndications and Trading Association (LSTA) ESG Committee and the European Leveraged Finance Association (ELFA) ESG Committee.

One example of Apollo's engagement occurred with a healthcare company concerning broad-based ESG and opioid exposure. They have requested an ESG questionnaire and due diligence for any opioid exposure or product litigation exposure.