

**Thorn Lighting Pension Fund**

**Annual Implementation  
Statement – Fund year  
ending 31 March 2024**

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## 1. Introduction

This document is the Annual Implementation Statement (the “Statement”) prepared by the Trustee of the Thorn Lighting Pension Fund (the “Fund”) covering the Fund year (the “year”) to 31 March 2024. The purpose of this Statement is to set out:

- How, and the extent to which, in the opinion of the Trustee, the Fund’s engagement policy has been followed during the year; and
- A description of voting behaviour (including the “most significant” votes made on behalf of the Trustee) and any use of proxy voting services during the year.

The Fund makes use of a wide range of investments; therefore, the principles and policies in the Statement of Investment Principles (“SIP”) are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact.

To ensure that the investment policies set out in the SIP are undertaken only by persons or organisations with the skills and resources necessary to take them effectively, the Trustee delegates some responsibilities. In particular, the Trustee has appointed a Fiduciary Manager, Towers Watson Limited (“TWL”), to manage the Fund’s assets on a discretionary basis. The Fiduciary Manager’s discretion is subject to guidelines and restrictions set by the Trustee. So far as is practicable, the Fiduciary Manager considers the policies and principles set out in the Trustee’s SIP.

A copy of this Statement has been made available on the following website:

<http://bit.ly/ThornLightingPensionFund>

### **Review of and changes to the SIP**

The version of the SIP in place at the start of the Fund year was dated September 2022. The SIP was reviewed and updated during the course of the Fund year. The version in place as at the end of the year was dated September 2023. These updates were largely to re-affirm the return target following the March 2021 actuarial valuation, add clarification around risks faced by the Fund (the most significant updates being the addition of custodial and interest rate/inflation risk) and clarification of the Trustee’s approach in relation to the Additional Voluntary Contributions offered by the Fund. As the key policies in the 2022 version are also included in the 2023 version, this statement focusses on the policies outlined in the later version dated September 2023.

## 2. Adherence to the SIP: voting and engagement

As set out above, the Trustee has delegated responsibility to the Fiduciary Manager to implement the Trustee's agreed investment strategy, including making certain decisions about investments (including asset allocation and manager selection/deselection) in compliance with Sections 34 and 36 of the Pensions Act.

The Trustee's view is that Environmental, Social and Governance (ESG) factors can have a significant impact on investment returns, particularly over the long-term. As a result, the Trustee believes that the incorporation of ESG factors is in the best long-term financial interests of its members. The Trustee has appointed a Fiduciary Manager who shares this view and has embedded the consideration of ESG factors in its processes. The Trustee incorporates an assessment of how the portfolio aligns with the principles and beliefs (including ESG) outlined in its SIP as part of its overall assessment of the Fiduciary Manager's performance.

The Fiduciary Manager's process for selecting, monitoring and de-selecting managers explicitly and formally includes an assessment of a manager's approach to SI (recognising that the degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and exposures). Where ESG factors are considered to be particularly influential to outcomes, the Fiduciary Manager engages with investment managers to improve their processes.

### Manager level engagement undertaken by the Fiduciary Manager

Engaging with asset managers is one of the Fiduciary Manager's key stewardship activities. The three main priorities that currently define their asset manager engagement are:

- Sustainable investing (SI), including climate
- Culture
- Diversity, equity and inclusion (DEI)

Consistent with the Fiduciary Manager's net zero commitment, climate risk management has been a key topic during the year, working with investment managers to communicate expectations re the need to

- be able to measure, report and manage climate risk, and
- use their influence to undertake stewardship that supports a Paris aligned climate transition

The following case study discusses the engagement which WTW took with one of the underlying credit managers in the Fund's portfolio during the year.

Category of issue identified	Key issue	Actions and progress
<b>Environment - climate</b>	This manager is an underlying exposure that sits within the Fiduciary Manager's broader high yield credit portfolio. As the Fiduciary Manager increased its minimum standards and expectations over time in relation to SI, this manager became a clear laggard relative to other exposures in the portfolio, lacking a framework for both ESG integration and engagement. The Fiduciary Manager communicated its concerns with the manager who committed to a plan to significantly improve their capabilities	The manager has now made significant process on their SI capabilities, as well as the commitments made as part of the engagement process. They have developed a new ESG integration framework, as well as a checklist for both new and existing investments to ensure all holdings are analysed using correct ESG data sources, and any concerns are documented. They have also started producing ESG

	<p>and resources spent here. During this process, the Fiduciary Manager stopped allocating new capital to this manager.</p>	<p>reporting, such as emissions at a portfolio level.</p> <p>The manager has now also shown a number of positive ESG engagement examples with underlying holdings. Whilst this remains a work in progress, this has become a much great focus for analysts at the firm, which is viewed positively.</p>
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As mentioned in the SIP, the Fiduciary Manager has partnered with EOS at Federated Hermes (EOS) for a number of years to enhance its stewardship activities. This includes engagement with investment managers, companies and public policy level engagement and guidance on voting for some of the Fund’s equity managers. As an example of some of this work, WTW through their partnership with EOS engaged with an underlying manager in the TWIM Global Equity Focus Fund in relation to concerns around the company’s sustainability reporting. EOS highlighted that the manager’s current reporting was not in line with standards and needed to incorporate more historical data, goals and better narrative around progress and difficulties. In an engagement meeting with the manager in January 2024 the company had made significant improvements in the quality of reports, adopting the Sustainability Accounting Standards Board sustainability requirements. The manager continues to improve the sustainability reporting and are hoping to provide even more depth to their narrative around any progress and difficulties.

In addition to manager-specific engagement conversations, WTW also identifies common issues across groups of asset managers and engages with them in different ways, such as running group events and publishing papers. One example of this in 2023 was WTW’s global series of Manager Ideas Exchange (MiX) events which served as an important mechanism for engaging with groups of managers at once. These events focussed on a number of issues including engaging with managers on how the investment industry can better address the key systemic challenges/risks it faces with a view to delivering better outcomes for savers, and putting a spotlight on WTW’s approach and expectations in relation to DEI.

Company level engagement and rights attached to investments (including voting):

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager, and in turn to the Fund’s investment managers. The day-to-day integration of stewardship activities (including consideration of all relevant matters, voting and engagement) is delegated to the Fund’s investment managers.

Through the engagement undertaken by the Fiduciary Manager, the Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital as applicable to their mandates. The Fiduciary Manager considers the investment managers’ policies and activities in relation to Environmental, Social and Governance (“ESG”) and stewardship both at the appointment of a new manager and as part of its regular review process. The Fiduciary Manager engages with managers to improve their practices and may terminate a manager’s appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no managers were terminated solely on these grounds during the year.

The Fund is invested across a diverse range of asset classes which carry different ownership rights, for example fixed income whereby these holdings do not have voting rights attached. Therefore, voting information was only requested from the Fund’s equity managers (including listed infrastructure and real estate) as here there is a right to vote as an ultimate owner of a stock. An overview of the responses received are provided in the table below. Where managers provided multiple examples of votes, a sample of those considered most significant by the Trustee have been shown below, given the number of investment managers who have voting rights and the number of votes that may be

placed in a given year. The Trustee has endeavoured to select “significant” votes which align with the Trustee’s identified priorities for voting and engagement – human and labour rights, and climate change – where the data provided by the investment managers has allowed.

Further information on the voting of the managers is provided in the table below.

At the end of the year, the Fund’s equity holdings were invested across four pooled funds:

1. Towers Watson Investment Management (“TWIM”) Global Equity Focus Fund - an active global equity fund managed by the Fiduciary Manager which invests in number of underlying managers
2. Towers Watson Investment Management (“TWIM”) Core Diversified Fund – a multi-asset diversified growth fund managed by the Fiduciary Manager which invests in number of underlying managers (invested over Q1 2024)
3. Manager A – an active China equity fund (disinvested over Q3 2023)
4. SSgA Heitman Global Prime Property Securities (AMX) Fund - a passive global equity fund focussed on equity related to prime properties. This was held for the majority of the Fund year before being disinvested over Q1 2024.
5. SSgA MFG Core Infrastructure Fund (AMX) Fund – a passive global equity fund focusses on equity related to infrastructure companies. This was held for the majority of the Fund year before being disinvested over Q1 2024.

The Fund is invested in both active and passive equity funds. For the active funds, the Trustee has decided not to publicly disclose investment manager names. This decision relates to the underlying investment managers in the TWIM funds and Manager A. Given the nature of these investments, the Trustee believes that publicly disclosing the names of the Fund’s investment managers could impact the investment manager’s ability to generate the best investment outcome for the Fund and ultimately, the Fund’s members.

The Fiduciary Manager views SSgA’s overall approach to SI as acceptable. SSgA uses multiple third party ESG data providers and has a reasonably resourced stewardship team. SSgA has undertaken a successful multi-year campaign on diversity with clear tracking of progress/action with voting and engagement linked to real world impact. Climate has also been an area of focus although SSgA is reluctant to support resolutions which are more prescriptive. Fixed income stewardship has been a weaker area but with a new senior hire the manager appears to be making progress in this area. The Fiduciary Manager continues to engage for further improvement.

The Fiduciary Manager views Manager A’s approach to voting as acceptable and its ESG integration and engagement as a strength up until disinvestment in Q3 2023. Manager A’s voting policy is publicly disclosed and includes beliefs on voting for a wide range of ESG related issues. The manager publicly supports sustainable investment initiatives and its policy covering ESG integration and analysis is also publicly disclosed. **Voting activity undertaken by the Fund’s investment managers**

The Trustee has delegated the exercise of voting rights to its investment managers. Voting activity was undertaken in line with the voting policy of the investment managers. The Fiduciary Manager has assessed the investment managers’ voting policies as part of its overall assessment of the investment managers’ capabilities. The Fiduciary Manager considered the policies to be appropriate for the mandates, and consistent with the Trustee’s policies and objectives in aggregate and ultimately, therefore in the best financial interests of the members.

Additional oversight on some of the Fund’s investments is provided through the Fiduciary Manager’s partnership with EOS at Federated Hermes (see below). Where EOS is employed in the mandate, they also monitor voting against the guidance by EOS. They engage with or challenge the underlying asset manager where necessary. Throughout this process the Fiduciary Manager pays particular

attention to ESG related resolutions especially on the topic of climate given this is identified as a key topic for the Fiduciary Manager.

The Trustee has identified key ESG risks for the Fund as climate change action and human and labour rights and has therefore sought to include examples of significant votes relating to these areas, subject to the availability of data. Where managers were invested in or disinvested from over the course of the year, the voting data provided covers the full 12 month period to 31 March 2024.

### 1. Towers Watson Global Equity Focus Fund

Portfolio structure	Voting activity (12 months to March 2024)
Pooled multi-manager equity fund	<p>Number of meetings at which the manager was eligible to vote: 167</p> <p>Number of resolutions on which manager was eligible to vote: 3252</p> <p>Percentage of eligible votes cast: 99.2%</p> <p>Of the votes cast, percentage of votes with management: 88.2%</p> <p>Of the votes cast, percentage of votes against management: 11.4%</p> <p>Of the votes cast, percentage of votes abstained from: 0.4%</p> <p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 59.3%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 9.6%</p>
<p>We have appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all of our clients.</p> <p>EOS provides voting recommendation to enhance engagement and help achieve responsible ownership. EOS's voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies.</p> <p>The underlying managers use ISS's 'ProxyExchange' electronic voting platform to electronically vote investors' shares. TWIM also uses EOS at Federated Hermes for voting recommendation services (via the ISS platform) to enhance engagement and support responsible ownership. The underlying managers are ultimately responsible for the votes.</p>	

Sample of most significant votes

Size of holding within GEFF	Voting example
2.9%	<p><b>Company:</b> <u>Amazon</u></p> <p><b>Resolution:</b> Commission a Third-Party Audit on Working Conditions</p> <p><b>How the manager voted:</b> For</p> <p><b>Rationale for the voting decision:</b> Promotes transparency on warehouse working conditions.</p> <p><b>Rationale for being considered a significant vote:</b> Manager considers worker safety is considered to be an important element of company performance as well as reputation. Labour rights is an identified priority of the Trustee.</p> <p><b>Outcome of the vote:</b> Failed</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> Continue to consider proposals on worker safety.</p>
5.7%	<p><b>Company:</b> <u>Alphabet Inc.</u></p> <p><b>Resolution:</b> Human rights</p> <p><b>How the manager voted:</b> For</p> <p><b>Rationale for the voting decision:</b> The proposal was regarding greater transparency related to business conducted in places with significant human rights concerns.</p> <p><b>Rationale for being considered a significant vote:</b> Manager believes that transparency on country risk is a non-controversial proposal and serves both Social and Governance interests. Human capital and labour rights is an identified priority of the Trustee.</p> <p><b>Outcome of the vote:</b> Failed</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> The manager will continue to vote for similar measures.</p>
0.8%	<p><b>Company:</b> <u>TotalEnergies SE</u></p> <p><b>Resolution:</b> Align Targets for Indirect Scope 3 Emissions with the Paris Climate Agreement (Advisory)</p> <p><b>How the manager voted:</b> For</p> <p><b>Rationale for the voting decision:</b> Manager believes that adoption would help to strengthen the company's efforts to reduce its carbon footprint and align its Scope 3 emission targets with Paris Agreement goals. This proposal would allow investors to better understand how the company is managing both its transition to a low carbon economy and its climate change-related risks.</p> <p><b>Rationale for being considered a significant vote:</b> Vote on climate related activities is consistent with Trustee's stated engagement priorities. Vote against management.</p> <p><b>Outcome of the vote:</b> Failed</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> Manager did not have anything to report.</p>



## 2. Towers Watson Investment Management Core Diversified Fund

<p>Pooled multi-manager diversified growth fund</p>	<p>Number of meetings at which the manager was eligible to vote: 3145          Number of resolutions on which manager was eligible to vote: 41,990          Percentage of eligible votes cast: 95.7%          Of the votes cast, percentage of votes with management: 85.7%          Of the votes cast, percentage of votes against management: 14.2%          Of the votes cast, percentage of votes abstained from: 0.1%          Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 67.1%          Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 3.1%</p>
<p><b>Use of proxy voting</b></p>	<p>We have appointed EOS at Federated Hermes (EOS) to provide voting recommendations to enhance engagement and achieve responsible ownership. EOS also carries out public policy engagement and advocacy on behalf of all of our clients.</p> <p>EOS provides voting recommendation to enhance engagement and help achieve responsible ownership. EOS's voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies.</p> <p>The underlying managers use ISS's 'ProxyExchange' electronic voting platform to electronically vote investors' shares. TWIM also uses EOS at Federated Hermes for voting recommendation services (via the ISS platform) to enhance engagement and support responsible ownership. The underlying managers are ultimately responsible for the votes.</p>

### Sample of most significant votes

<p><b>Size of holding within CDF</b></p>	<p><b>Voting example</b></p>
<p>0.3%</p>	<p><b><u>Company: Berkshire Hathaway Inc.</u></b></p> <p><b>Resolution:</b> Report If and How Company Will Measure, Disclose and Reduce GHG Emissions</p> <p><b>How the manager voted:</b> For</p> <p><b>Rationale for the voting decision:</b> Shareholder proposal promotes better management of ESG opportunities and risks</p> <p><b>Rationale for being considered a significant vote:</b>            Vote against management. Consistent with Trustee's identified priority for engagement of climate change.</p>

	<p><b>Outcome of the vote:</b> Failed</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b></p> <p>Manager did not have anything to report</p>
<p><b>0.15%</b></p>	<p><b><u>Company: Eli Lilly and Company</u></b></p> <p><b>Resolution:</b> Disclose 2030 Absolute GHG Reduction Targets Associated with Lending and Underwriting</p> <p><b>How the manager voted:</b> For</p> <p><b>Rationale for the voting decision:</b> Shareholder proposal promotes better management of ESG opportunities and risks</p> <p><b>Rationale for being considered a significant vote:</b></p> <p>Vote against management. Links to Trustee’s identified social priorities.</p> <p><b>Outcome of the vote:</b> Failed</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b></p> <p>Manager did not have anything to report</p>
<p><b>0.05%</b></p>	<p><b><u>Company: JP Morgan Chase &amp; Co</u></b></p> <p><b>Resolution:</b> Report on Effectiveness of Diversity, Equity and Inclusion Efforts and Metrics</p> <p><b>How the manager voted:</b> For</p> <p><b>Rationale for the voting decision:</b> Shareholder proposal promotes better management of Software Engineering Environment opportunities and risks</p> <p><b>Rationale for being considered a significant vote:</b></p> <p>Vote against management. Links to Trustee’s identified climate change priorities.</p> <p><b>Outcome of the vote:</b> Failed</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b></p> <p>Manager did not have anything to report</p>

### 3. Manager A – an active Chinese equity fund

Portfolio structure	Voting activity (12 months to March 2024)
Pooled multi-manager equity fund	<p>Number of meetings at which the manager was eligible to vote: 104</p> <p>Number of resolutions on which manager was eligible to vote: 853</p> <p>Percentage of eligible votes cast: 100%</p> <p>Of the votes cast, percentage of votes with management: 95.8%</p> <p>Of the votes cast, percentage of votes against management: 4.2%</p> <p>Of the votes cast, percentage of votes abstained from: 0.0%</p> <p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 20.2%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 8.9%</p>
<b>Use of proxy voting</b>	<p>The manager uses Glass Lewis' voting recommendation service. The Head of each asset class or their authorised signatory is responsible for ensuring that all company resolutions are reviewed such that an appropriate and consistent recommendation is made in line with the corporate governance guidelines and principles as outlined in the Proxy Voting policy. Once the proxy voting intentions have been confirmed, they must communicate the decision to the Company Engagement team in an agreed format by the pre-advised cut-off date</p>

#### Sample of most significant votes

Size of holding within Manager A Fund	Voting example
4.1%	<p><b>Company:</b> <u>Midea Group Co. Ltd</u></p> <p><b>Resolution:</b> Reappoint the Accounting firm</p> <p><b>How the manager voted:</b> Against</p> <p><b>Rationale for voting decision:</b> Midea paid RMB 9mn in fees to its auditor in 2022, but there was no fee breakdown. A vote against this item is warranted and manager aimed to ask the company to improve its disclosure.</p> <p><b>Rationale for being considered a significant vote:</b> Against management</p> <p><b>Outcome of the vote:</b> Pass</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> N/A</p>

4.1%	<p><b>Company:</b> <u>Midea Group Co. Ltd</u></p> <p><b>Resolution:</b> 2023 Restricted Stock Incentive Plan (Draft) and Its Summary</p> <p><b>How the manager voted:</b> Against</p> <p><b>Rationale for voting decision:</b> The award price is set at a 50% discount, while vesting targets look unambitious (&gt; 20%/&gt; 18% ROE in 2023/2024-25).</p> <p><b>Rationale for being considered a significant vote:</b> Against management</p> <p><b>Outcome of the vote:</b> Pass</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> N/A</p>
2.6%	<p><b>Company:</b> <u>ZTO Express Inc</u></p> <p><b>Resolution:</b> Director's fees</p> <p><b>How the manager voted:</b> Against</p> <p><b>Rationale for voting decision:</b> Insufficient information. The company usually should provide the breakdown of directors' fees.</p> <p><b>Rationale for being considered a significant vote:</b> Against management</p> <p><b>Outcome of the vote:</b> Pass</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> N/A</p>

4. **SSgA Heitman Global Prime Property Securities AMX Fund**

Portfolio structure	Voting activity (12 months to March 2024)
Pooled equity fund	<p>Number of meetings at which the manager was eligible to vote: 70</p> <p>Number of resolutions on which manager was eligible to vote: 869</p> <p>Percentage of eligible votes cast: 97.6%</p> <p>Of the votes cast, percentage of votes with management: 93.4%</p> <p>Of the votes cast, percentage of votes against management: 6.6%</p> <p>Of the votes cast, percentage of votes abstained from: *0.1%</p> <p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 52.2%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 6.8%</p> <p>* The manager has noted that votes abstained have been counted both as a vote of abstain but also as a vote against management. As such the sum of votes may add up to more than 100%.</p>
Use of proxy voting	<p>The manager uses a variety of third-party service providers to support their stewardship activities. Data and analysis from service providers are used as inputs to help inform their position and assist with prioritization. However, all voting decisions and engagement activities are undertaken in accordance with the managers in-house policies and views, ensuring the interests of clients remain the sole consideration when discharging the managers stewardship responsibilities.</p>

	<p>The manager has contracted Institutional Shareholder Services (ISS) to assist with managing the voting process at shareholder meetings.</p> <p>They use ISS to: (1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) assist in applying their voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances.</p> <p>In addition, the manager also has access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complements their in-house analysis of companies and individual ballot items. All final voting decisions are based on their proxy voting policies and in-house operational guidelines.</p>
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**Sample of most significant votes**

Manager’s response provided insufficient information to assess significance of votes. The Trustee intends to engage with the manager via its Fiduciary Manager to improve the provision of data.

**5. SSgA MFG Core Infrastructure AMX Fund**

<p>Pooled equity fund</p>	<p>Number of meetings at which the manager was eligible to vote: 85</p> <p>Number of resolutions on which manager was eligible to vote: 1,164</p> <p>Percentage of eligible votes cast: 100%</p> <p>Of the votes cast, percentage of votes with management: 85.0%</p> <p>Of the votes cast, percentage of votes against management: 14.0%</p> <p>Of the votes cast, percentage of votes abstained from: 0%</p> <p>Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 76.0%</p> <p>Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy adviser: 1.0%</p>
<p>Use of proxy voting</p>	<p>The manager uses a variety of third-party service providers to support their stewardship activities. Data and analysis from service providers are used as inputs to help inform their position and assist with prioritization. However, all voting decisions and engagement activities are undertaken in accordance with the managers in-house policies and views, ensuring the interests of clients remain the sole consideration when discharging the managers stewardship responsibilities. The manager has contracted Institutional Shareholder Services (ISS) to assist with managing the voting process at shareholder meetings.</p> <p>They use ISS to: (1) act as their proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) assist in applying their voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances.</p> <p>In addition, the manager also has access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complements their in-house analysis of companies and individual ballot items. All final voting decisions are based on their proxy voting policies and in-house operational guidelines.</p>

Sample of most significant votes

<p>2.6%</p>	<p><b><u>Company: SNAM SpA</u></b></p> <p><b>Resolution:</b> Accept Financial Statements and Statutory Reports</p> <p><b>How the manager voted:</b> Against</p> <p><b>Rationale for voting decision:</b> Inadequate management of climate-related risks</p> <p><b>Rationale for being considered a significant vote:</b> Against management and consistent with Trustee's identified priority of climate change.</p> <p><b>Outcome of the vote:</b> Pass</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> N/A</p>
<p>2.9%</p>	<p><b><u>Company: Transurban Group</u></b></p> <p><b>Resolution:</b> Elect Director</p> <p><b>How the manager voted:</b> Against</p> <p><b>Rationale for voting decision:</b> Concerns regarding Director tenure</p> <p><b>Rationale for being considered a significant vote:</b> Against management and significant holding within SSgA fund</p> <p><b>Outcome of the vote:</b> Pass</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> N/A</p>
<p>2.9%</p>	<p><b><u>Company: SNAM SpA</u></b></p> <p><b>Resolution:</b> Approve Restricted Stock Plan</p> <p><b>How the manager voted:</b> Against</p> <p><b>Rationale for voting decision:</b> Pay is misaligned with EOS remuneration policy</p> <p><b>Rationale for being considered a significant vote:</b> Against management and evidence of manager engagement by EOS</p> <p><b>Outcome of the vote:</b> Pass</p> <p><b>Implications of the outcome e.g. lessons learned and likely future steps in response to the outcome:</b> N/A</p>

Within the Global Equity Focus Fund (GEFF), the managers exercise active stewardship in respect of stocks they own to enhance or protect the value of those securities, and this is supplemented by engagement carried out by EOS. EOS measures and monitors progress on all engagement, setting clear objectives and specific milestones for more intensive engagements. In selecting companies for engagement, EOS takes account of their ESG risks, their ability to create long-term shareholder value and the prospects for engagement success. Intensity of engagement with companies is escalated over time, depending on the nature of the challenges the companies face and the attitude of the board towards dialogue. Engagements vary in length, some involving one or two meetings, while others entail multiple meetings over several years. In 2023, EOS engaged 384 issues and objectives with companies held in the GEFF portfolio, covering a range of ESG, strategy, risk and communication issues and objectives. An example of engagement which EOS undertook in relation to one of the investment managers in the GEFF over the year is shown in this case study.

### Thematic engagement by EOS — natural resources, biodiversity and deforestation

With growing recognition of the financial risks associated with our impacts and dependencies on the natural world, EOS have been engaging with companies in sectors with the biggest exposures to nature. They are encouraging companies to develop strategies to avoid and mitigate their most material impacts on nature (and therefore reducing the financial impact of biodiversity risks), while aiming for an overall net-positive impact.

Within this, EOS deepened engagements on the more specific areas of deforestation, pesticides and regenerative agriculture, and water pollution and scarcity.

#### Some highlights and positive outcomes from 2023 include:

- Positive engagements with several companies as part of the Finance Sector Deforestation Action (FSDA) collaborative initiative.
- Vote recommendations against the election of directors at some food companies and financial institutions due to deforestation concerns.
- Progress from US food company General Mills, who agreed to consider setting a deforestation-free target and has completed a pilot on regenerative agriculture, which EOS encouraged them to share with the industry to help elevate the work.
- Mining company BHP setting context-based water management targets.
- In 2023, EOS presented to the World Bank Coalition of Finance Ministers for Climate Action in their capacity as co-chair of the Finance for Biodiversity Foundation Public Policy Advocacy working group. They highlighted some of the ways in which finance ministers can play a role in supporting the private finance sector to address biodiversity loss. This includes setting nature-related disclosure requirements, requiring transition pathways, integrating biodiversity risks alongside climate risks, and creating economic incentives for businesses to incorporate nature into decision-making.

### Industry wide / public policy engagement:

One element of the Fiduciary Manager's partnership with EOS is undertaking public policy engagement on behalf of its clients (including the Trustee). This public policy and market best practice engagement is done with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and their investors operate, a key element of which is risk related to climate change. The Fiduciary Manager represents client policies/sentiment to EOS via the Client Advisory Council, of which its Head of Stewardship currently chairs. It utilises EOS' services, from public policy engagement to corporate voting and engagement, for several of its funds. Some highlights from EOS' activities over 2023:

- Engagements with 1,041 companies on a total of 4,272 issues and objectives.
- 31 responses to consultations or proactive equivalents and 90 discussions with relevant regulators and stakeholders.
- Voting recommendations on 128,101 resolutions, with 22,716 against management.
- Active participation in a range of global stewardship initiatives.

The Fiduciary Manager is also engaged in a number of industry wide initiatives and collaborative engagements including:

- Becoming a signatory to the 2020 UK Stewardship Code in the first wave, and subsequently retaining that status
- Co-founding the Net Zero Investment Consultants Initiative in 2021, with a commitment across its global Investment business
- Joining the Net Zero Asset Managers Initiative in 2021, committing 100% of its discretionary assets

- Being a signatory of the Principles for Responsible Investment (PRI) and active member of their Stewardship Advisory Committee
- Being a member of and contributor to the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founding the Investment Consultants Sustainability Working Group
- Continuing to lead collaboration through the Thinking Ahead Institute and WTW Research Network
- Being a founding member of The Diversity Project
- Being an official supporter of the Transition Pathway Initiative

### **3. Conclusion**

The Trustee considers that all SIP policies and principles were adhered to during the year.