Implementation Statement

Servier Laboratories Limited Pension Fund (the “Fund”)

Fund Year End – 31 March 2024

The purpose of the Implementation Statement (“IS”) is for us, the Trustees of the Servier Laboratories Limited Pension Fund (the “Trustees”), to explain what we have done during the year ending 31 March 2024 to implement the policies and achieve the objectives as set out in the Statement of Investment Principles (“SIP”).

It includes:

1. A summary of any review and changes made to the SIP over the year;

2. How our policies in the SIP have been followed during the year; and

3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

This IS covers both the DB and DC Sections of the Fund.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

We delegate the management of the Fund’s DC assets to our fiduciary manager Aon Investments Limited (“AIL”). AIL also manages the funds in which the Fund’s DB assets are invested. Based on the information we have been provided with, we are comfortable with the management and the monitoring of Environmental, Social and Governance (“ESG”) integration and stewardship of the underlying managers that has been carried out on our behalf, and that this aligns with our policies and expectations. We also believe that the material underlying investment managers appointed by AIL were able to disclose good evidence of voting and engagement activity and that our voting rights have been implemented effectively on our behalf.

1. Changes to the SIP during the year

We reviewed the SIP prior to the start of the year and updated it on 31 March 2023.

The changes made included:

- Summary of changes to the organisational structure at Aon Investments Limited (AIL);
- Changes to the DB investment strategy; and
- Changes to the DC investment strategy.

We consulted with the sponsor when making these changes and obtained written advice from our investment adviser.

No changes were made to the SIP during the year, but post year end, we updated the SIP to reflect recently published guidance for DB and DC pension schemes in the General Code, alongside our policy on illiquid investments for the DC assets.

The Fund's latest SIP (effective 10 July 2024) can be found here:
https://www.servier.co.uk/about-servier-uk/

2. How the policies in the SIP have been followed

The Trustees outline a number of key objectives and policies in their SIP. These are noted in blue below[1], together with an explanation of how these objectives and policies have been met and adhered to over the course of the year to 31 March 2024. All Section numbers follow those set out in the SIP.

1. Defined Contributed Section

1.1 Objectives and policy for securing objectives

The Trustees' investment objective is to make available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerance of the Fund's members. In particular, the Trustees aim to provide investment options that allow members:

- *To maximise the value of their assets at retirement;*

- *To maintain the purchasing power of their savings in real (i.e. post-inflation) terms; and*

- *To provide protection for accumulated assets in the years approaching retirement against:*
  - *Sudden (downward) volatility in the capital value*
  - *Fluctuations in the cost of securing an income and / or cash in retirement.*

The Trustees have provided members with a range of investment choices over the course of the year. For members who do not wish to make an active investment decision, a default lifestyle arrangement is in place which gradually

[1] Wording taken from the Fund's SIP may have been summarised or shortened for the purposes of this document. A link to the SIP is provided earlier in this document.

moves members from higher risk, growth seeking assets to lower risk capital preservation assets as they approach retirement. In addition, 12 self-select funds are available which members can choose from depending on their risk appetite and if they are comfortable making their own investment decisions.

The investment strategy of the default investment option is managed by the Trustees' fiduciary manager, AIL. This strategy invests members' assets in higher-risk growth assets up to 15 years before a member's retirement to help maximise the value of assets at retirement. The strategy then moves into inflation linked assets and lower risk assets to help reduce volatility and protect against fluctuations on the cost of securing an income in retirement.

The Trustees receive and review quarterly monitoring reports from their fiduciary manager. The reports provide both short and long-term fund performance on the default strategy and all other self-select funds. These reviews did not raise concern over the adequacy of the investment strategy to meet the Trustees' objectives stated above.

The Trustees are comfortable that they have met this objective over the year.

1.2 Investment Policy:

1.2.1 Strategic management

The Trustees will regularly review the appropriateness of the three asset allocation strategies, taking into account any significant changes in the demographic profile of the relevant members, and may make changes to fund choice from time to time. Members will be advised accordingly of any changes.

The current asset allocation strategies were put into place in December 2017 following a review that started in 2015. A further review of the investment strategy was carried out in 2020, and then again in 2023. The Trustees met this objective by commissioning the review and decided that the asset allocation strategies remained appropriate and that no changes should be made at that time. Additionally, the Trustees regularly review the self-select range of funds.

1.2.2 Day-to-day management

The Trustees invest the main assets of the Defined Contribution section of the Fund in funds managed by the Fiduciary Manager. The Trustees are satisfied that the spread of underlying managers and assets classes selected by the Fiduciary Manager's provide adequate diversification of investments. The Trustees have regard to the suitability of the investment funds described above through periodic strategy and performance review. The Trustees expect the Fiduciary Manager of the funds to have regard to the suitability of the investment contained within each fund in accordance with each fund's investment aims.

The Trustees consider that they have met this objective through review of quarterly monitoring reports, which includes details on fund allocations and performance, from the fiduciary manager, in addition to the investment strategy review completed over the year.

1.3 The balance between different kinds of investments

The Trustees recognise that the key source of financial risk in relation to meeting its objectives normally arises from the choice of funds offered to members and is mindful of the fact that holding all the Defined Contribution assets in a traditional balanced fund could involve too high a level of investment risk for members approaching retirement. As a result, the Trustees implement a *"lifestyle" default strategy for the Defined Contribution Section. Members are, however, able to choose a different strategy if they so wish.*

The Trustees retain responsibility for choosing the funds available and take advice as required from its professional advisers.

The Trustees consider that they have met this objective through review of the quarterly monitoring reports from the fiduciary manager, in addition to the investment strategy review completed over the year.

1.4 Investment risk measurement and management

The Trustees recognise that members take the investment risk and the Trustees manage this risk through the selection and monitoring of investment performance and the choice of funds offered to members. The Trustees also monitor the continued appropriateness of the default strategy for the membership.

The Trustees consider that they have met this objective through review of the quarterly monitoring reports and regular review of the self-select range, in addition to the investment strategy review completed over the year.

2. Defined Benefit (DB) Section

2.1 Investment Objectives

The Trustees recognise that the key objective is to maximise the probability that the Fund is able to provide all of the benefits due to members. They recognise that the investment strategy should take account of the principal employer's interests in respect of the size and incidence of contributions required to meet these liabilities.

In particular, the agreed overall objective is set to an investment strategy that targets an expected return over the liabilities of 1.2% p.a. net of fees.

The Trustees work in conjunction with their advisers in relation to the triennial actuarial valuation. This was most recently undertaken as at 31 March 2022, to assess whether the Fund has enough assets to cover the liabilities on an ongoing basis. The Trustees meet this objective by assessing the ability of the Fund to provide all benefits due to members through annual monitoring of the funding position and quarterly monitoring of asset performance. The asset performance is monitored by the Trustees on receipt of the quarterly reports from the manager, together with comment from their investment adviser at Trustees' meetings (and in between meetings by the Trustees' request or when the adviser considers it necessary).

2.2 Investment Strategy

The initial asset allocation strategy chosen to meet the objective above is set out in the table below. The Fund's actual position relative to this asset allocation strategy is to be formally reviewed on an annual basis in order to determine whether any rebalancing is required.

Fund	***Target Weight (%)***
Fruition Fund (Fixed + 1% p.a.)	*80.0*
Fruition Fund (Fixed + 2% p.a.)	*20.0*
Total	***100.0***

The Trustees review the allocation regularly at the Trustees' meetings, to consider if any rebalancing is required, and therefore consider that they have met this objective over the year.

2.3 Choosing investments

The types of investments held and the balance between them is deemed appropriate given the liability profile of the Fund, its cashflow requirements, the funding level of the Fund and the Trustees' objectives.

Assets held to cover the liabilities of the Fund are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Fund.

The Trustees monitor the level of self-investment by the Fund on a periodic basis and are satisfied that at the current time there is negligible self-investment.

Following the 31 March 2022 actuarial valuation, the Trustees reviewed the investment strategy in detail and implemented a strategy which targets an investment objective of Gilts + 1.2% p.a., which was implemented at the end of the year ending 31 March 2023.

The strategy is expected to broadly match the Fund's liabilities and to add returns. The investment in the funds provides the Fund with a well-diversified exposure to multiple asset classes and multiple managers. We believe the strategy has a sufficient level of diversification to meet the Fund's requirements.

The Trustees also monitor the level of self-investment annually through the reporting requirements of the Trustees' Report and Accounts.

The Trustees therefore consider that they have met this objective over the year.

2.4 The balance between different kinds of investments

The Trustees recognise that the key source of financial risk in relation to meeting its objectives arises from asset allocation. The Trustees appointed the Manager to manage the underlying allocations within the Fruition Funds to growth and matching assets. This has been done to aid the diversification of the Fund's assets and to reduce the investment risk relative to the Fund's liabilities. This also allows the assets allocation of the Fund to be adjusted quickly in response to market conditions to best meet the investment objective of the Fund.

The Trustees review their investment strategy in conjunction with each formal actuarial valuation of the Fund, or more frequently should the circumstances of the Fund change in a material way.

Following the triennial Actuarial valuation at 31 March 2022, the Trustees completed a strategy review. The Trustees consider they have met this objective over the year.

2.5 Investment risk measurement and management

The key investment risks are recognised as arising from investment strategy, employer failure and investment managers.

Following the actuarial valuation for the Fund carried out at 31 March 2022, an agreement was reached between the Trustees and Company on the valuation and Recovery Plan in September 2022. At the same time, the Trustees worked with their investment adviser to review the investment strategy. As part of the strategy review, the Trustees agreed to appoint AIL to manage the Fund assets. The agreed strategy provided the same target return with 15% lower risk (as measured through Value at Risk).

Risk associated with the employer's covenant were last assessed in the meeting on 18 March 2022 where the Trustees discussed the ratings, and formally reviewed in line with each triennial actuarial valuation. The Company also provides updates for the Trustees' review at each meeting. The Trustees were not notified of any changes in the employer covenant due to changes in failure score, Type A events or alteration of creditworthiness of the sponsor over the year to 31 March 2024.

The Trustees also monitor the performance of the DB assets versus the Fund's investment objective and the performance the underlying managers chosen by AIL against their individual benchmarks/targets on a regular basis.

Therefore, the Trustees consider they have met this objective over the year.

2.6 Expected returns on assets

Over the long term the Trustees' expectations are:

- *for the "matching" assets (i.e. the LDI funds) to achieve a rate of return which is broadly in line with changes in the valuation of the Fund's liabilities due to changes in interest rates*

- *for the "growth" assets (i.e. the diversified growth funds) to achieve a return which provides a real return above the increase in price inflation over the same period. The Trustees are willing to incur short-term volatility in asset price behaviour, with the expectation that, over the long term, these assets will outperform asset classes which may be regarded as matching the liabilities; and*

- *for the assets as a whole to provide projected returns at least in line with the Trustees' funding assumptions as set out in the Statement of Funding Principles.*

Returns achieved by the investment managers are assessed against performance benchmarks set by the Trustees in consultation with their advisers and investment managers.

Over the period, matching assets achieved their target return to broadly match the liabilities, and the growth assets achieved a return of Cash + 4.8%, exceeding the objective of Cash + 4.0% p.a. net of fees.

3. Both Sections

3.1 Realisation of investments/liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise. Units in the funds in which the Fund invests may normally be bought and sold on a daily basis and hence the Trustees are satisfied with the liquidity of the Fund's investments.

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances, it is not the Trustees' intention to hold a significant cash balance and this is monitored by the Fund's administrator.

3.2 Environmental, Social, and Governance considerations

In setting the Fund's DB and DC investment strategies, the Trustees' primary concern is to act in the best financial interests of the Fund's beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly.

The Trustees consider this risk by taking advice from their investment adviser. The Trustees have appointed the Fiduciary Manager to manage the Fund's assets and the Fiduciary manager invests in a range of underlying investment vehicles.

As part of the Fiduciary Manager's management of the Fund's assets, the Trustees expect the Fiduciary Manager to:

- *Where relevant, assess the integration of ESG factors in the investment process of underlying managers;*

- *Use its influence to engage with underlying managers to ensure the Fund's assets are not exposed to undue risk; and*

- *Report to the Trustees on its ESG activities as required.*

Within the DC default investment strategy, c.80% of the growth element (which makes up 90% of the of the pathway funds up until 15 years before retirement) is invested in funds with a climate / ESG focus, through the UBS Global Equity Climate Transition Fund and the LGIM Multi Factor Equity Fund. A further 10% is invested in the Aon Managed Global Impact Fund. This provides a c.63% reduction in carbon footprint (scope 1 & 2) from 2019 to 2021.

Aon, the investment adviser, provides each underlying fund with an ESG rating, either limited, integrated and advanced. The majority of passive funds are currently rated integrated, as the passive nature means that the ability to add an ESG tilt is severely limited through stock selection, so it is reliant on the investment managers using tools such as voting rights to influence corporate behaviour. The underlying funds within the Aon Managed Global Impact fund all have a rating of advanced (the highest rating), meaning the fund management team demonstrates awareness of potential ESG risks in the investment strategy and can demonstrate advanced processes to identify evaluate and potentially mitigate these risks across the entire portfolio. Additionally, the UBS Global Equity and LGIM Multi Factor Equity Funds also have a rating of advanced.

The DB strategy is invested in two funds from the Fruition range, both of which have a growth component with a strong focus on ESG. In particular, c.50% of the respective growth components of the funds have a c.50% allocation to managers with an ESG rating of advanced.

The Trustees are comfortable that they have met this policy.

3.3 Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure high standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Fund invests, as this ultimately this creates long-term financial value for the Fund and its beneficiaries.

The Trustees review the stewardship activity of the Fiduciary Manager on an annual basis to ensure the Fund's stewardship policy is being appropriately implemented in practice. The Trustees receive annual reports on stewardship activity carried out by their Fiduciary Manager, these reports include detailed voting and engagement information from underlying asset managers.

The Trustees were able to meet this objective. Further detail is explained in the Voting and Engagement section below.

3.4 Members' Views and Non-Financial Factors

In setting and implementing the Fund's investment strategy (for both DB and DC) the Trustees do not explicitly take into account the views of Fund members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

For DC members, the Trustees have made the Ethical and Islamic funds available to members who would like to invest in funds with these specific considerations. The underlying funds that make up the default fund and other self-select funds should not apply personal ethical or moral judgements as the sole basis for an investment decision

The Trustees are comfortable that this policy has been met over the year.

3.5 Arrangements with Investment Managers

The Trustees have appointed Aon Investments Limited ("AIL") as their fiduciary manager and manager for the DB assets. AIL will only appoint underlying investment managers who are "Buy" rated and achieve a minimum standard or rating for ESG factors from Aon's manager research team. Aon's ESG ratings are designed to assess whether investment managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process and ongoing stewardship. The ESG ratings are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. The ESG ratings of the underlying managers are reported in the quarterly monitoring reports. Additionally, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG. These ESG focused sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity.

As part of Aon's investment manager research process, the governing documentation of investments is reviewed for appropriateness before a "Buy" rating is given.

AIL considers the suitability of the Fund's underlying investment managers on an ongoing basis, on behalf of the Trustees.

Aon's investment manager research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.

The awareness regarding potential ESG risks in the investment strategy is also considered as part of monitoring and assigning the overall rating to the fund. Specifically, and as noted above, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG. The Trustees receive quarterly monitoring reports from AIL summarising the investment strategy, performance and longer-term positioning of the portfolio. The investment adviser provides a summary of these reports at Trustees' meetings.

The Trustees also receive annual stewardship reports from AIL. These provide a summary of AIL's engagement activity as well as voting and engagement statistics for the underlying managers.

The Trustees are comfortable that this policy has been met over the year.

3.6 Monitoring of Investment Manager Costs

For the DC Section, the Trustees, with assistance from Aon, collect information on member-borne costs and charges on an annual basis and set these out in the Fund's Annual Chair's Statement.

For the DB Section, the Trustees evaluated the performance of their investment managers on a net of fees basis.

3.7 Effective Decision Making

The Trustees recognise that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. They also recognise that where they take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice received.

As at 31 March 2024, the Trustee board was made up of three Trustees with varying skill sets. With the exception of one Trustee, all Trustees are also members of the Fund.

The Trustees have a formal training policy in place that was updated over the Fund year. Under this policy all Trustees are required to complete the Pensions Regulator's online training and must attend formal or informal training totalling a minimum of 15 hours each year. Each Trustee is required to submit training logs to the Chair of Trustees who checks that the required level of training has been met. The Chair of Trustees is happy to report that all Trustees had exceeded the required level of training during the period 1 April 2023 to 31 March 2024.

On 10 July 2024, the Chair of Trustees carried out his annual assessment of the effectiveness of the Trustee Board, including looking at the overall skills of the Trustees that sit on the Board. The Chair is pleased to report that the Board has the relevant level of skills and knowledge and will continue to do so via the rolling three-year training plan referred to above.

In addition, the Chair considered the extent to which the Board incorporates Equity, Diversion and Inclusion (ED&I) into running the Fund, including as part of Board Effectiveness. The Chair concluded the Trustee Board is well diversified, with a good range of experience and skills and all Trustees are given equal opportunity to raise their views during meetings.

The Trustees are comfortable that this policy has been met over the year.

3.8 Additional Voluntary Contributions ("AVCs") Arrangements

Some members obtain further benefits by paying Additional Voluntary Contributions (AVCs) to the Fund. The majority of members AVC assets are *invested in the same funds that are utilised for the main Fund. Some assets are also invested with Scottish Widows Fund and Life Assurance Society.*

From time-to-time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

The Trustees are comfortable that this policy has been met over the year.

Our Engagement Action Plan

DC & DB Sections

Based on the information we have reviewed, we have decided to take the following steps over the next 12 months:

1. Continue to engage with AIL as our investment manager. This will focus on:

    ▪ Transparency and Reporting: providing detailed reporting on AIL's engagement activities.

    ▪ Integration of ESG Factors: consideration of how ESG factors are integrated into AIL's stewardship activities.

    ▪ Active Engagement: we look for a continual increase in active engagement with companies. This includes proactively reaching out to company management, discussing concerns, suggesting improvements and holding companies accountable.

    ▪ Active collaboration: by joining forces, investors can collectively address systemic issues and encourage positive change across industries.

2. We will invite AIL to a Trustee meeting to hear about their progress on engagement.

The implementation of our stewardship policy, including the exercise of our voting rights

Management of the Fund's DC assets has been delegated to its fiduciary manager, Aon Investments Limited ("AIL"). AIL also manages the funds in which the Fund's DB assets are invested.

For the DC Section, AIL makes a range of investment options available for DC members to invest in including the default strategy and a wider range of self-select funds. AIL selects underlying investment managers and strategies to achieve the objective of each investment option available to members on behalf of the Trustee.

We have reviewed the stewardship activity carried out over the year by the material underlying investment managers selected by AIL and, in our view, all were able to disclose good evidence of voting and engagement activity. Based on the information provided, we are comfortable that our stewardship policy (including voting and engagement activity) has been implemented effectively over the year to 31 March 2024.

The rest of this section sets out the stewardship activities, including the exercise of our voting rights, carried out on our behalf over the year to 31 March 2024 by both AIL and the appointed underlying investment managers.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, **engaging** with investees/issuers, and **exercising voting rights**.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our fiduciary manager's/manager's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies or asset managers (as owners of companies) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

As previously noted, management of the Fund's assets has been delegated to AIL. This includes management of the entirety of the DC Section assets. The arrangements with AIL are fund of funds arrangements, where Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to AIL. We have reviewed AIL's latest annual Stewardship Report and we believe it shows that AIL is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

DC Section

Underlying managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practise in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the arrangement.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Fund's equity-owning investment managers to responsibly exercise their voting rights. Over the year, the material equity, real asset and multi-asset investments held by the Fund within the default strategy and wider self-select fund range were:

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Aon Managed Retirement Pathway Funds (default strategy)

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: BlackRock, LGIM, UBS Listed real assets: BlackRock, LGIM
Aon Managed Diversified Asset Fund	BlackRock, LGIM, UBS

Source: Aon Investments Limited

Self-select fund range

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Equity Fund	BlackRock, LGIM, UBS
Aon Managed Active Global Equity Fund	Baillie Gifford, BNY Mellon, BlackRock, Harris
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Property and Infrastructure	BlackRock, LGIM (listed real assets)
HSBC Islamic Equity Index Fund	HSBC
LGIM Global Ethical Equity Index Fund	LGIM

Source: Aon Investments Limited

Voting statistics: Aon Managed Retirement Pathway Funds

The table below shows the voting statistics for each of the material funds held within the default strategy, the Aon Managed Retirement Pathway Funds, for the year to 31 March 2024. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

Aon Managed Retirement Pathway Funds

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Initial Growth Phase Fund[1,2]	96.5%	17.7%	0.1%
Aon Managed Global Impact Fund	99.0%	23.4%	2.0%
Aon Managed Diversified Asset Fund[1]	96.6%	17.9%	0.1%
Aon Managed Retirement Pathway Funds			
Member 30 years from retirement[1]	96.7%	18.3%	0.3%
Member at retirement[1]	96.7%	18.1%	0.2%

Source: Aon Investments Limited, Underlying investment managers: BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea.

[1]Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

[2]Invests 90% in the Aon Managed Global Equity Fund and 10% in property and infrastructure.

Voting statistics: self-select funds

The table below shows the voting statistics for each of the material funds offered within the wider self-select fund range available for the year to 31 March 2024.

Self-select fund range

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Global Equity Fund	97.0%	18.8%	0.1%
Aon Managed Active Global Equity Fund	97.6%	2.8%	0.4%
Aon Managed Global Impact Fund	99.0%	23.4%	2.0%
Aon Managed Property and Infrastructure Fund[1]	91.6%	7.4%	0.4%
HSBC Islamic Global Equity Index Fund	96.0%	23.1%	0.0%
LGIM Ethical Global Equity Index Fund	99.8%	18.5%	0.2%

Source: Aon Investments Limited, underlying investment managers (BlackRock, LGIM, UBS, Nordea, Mirova, Baillie Gifford, BNY Mellon, Harris, HSBC).

[1]Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

Underlying managers’ engagement activity

We have reviewed information on the engagement carried out by the material underlying managers appointed by AIL for the DC Section of the Fund. All material managers engaged on all of the themes listed below:

- Environment - Climate Risk Management
- Environment - Biodiversity
- Governance - Remuneration
- Governance - Board Effectiveness
- Governance - Corporate Strategy
- Social - Human Capital
- Social Risks & Opportunities

Note: The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund.

We would expect all managers to have engaged on all themes, as all underlying managers meet AIL’s required standards for consideration of ESG factors / risks.

DB Section

Voting statistics

The table below shows the voting statistics for each of the Fund's material funds with voting rights for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM Multi-Factor Equity Fund	12,190	99.8%	21.1%	0.2%
UBS Global Emerging Markets Equity Climate Transition Fund	1,653	85.6%	20.7%	0.1%
UBS Global Equity Climate Transition Fund	12,343	95.0%	12.4%	0.1%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast, and are distinct from a non-vote.

Underlying managers' engagement activity

The table below shows some of the engagement activity carried out by the Fund's material investment managers for the DB Section of the Fund. The managers have provided information for the most recent calendar year available.

Funds	Number of engagements		Themes engaged on at a fund level
	Fund level	Firm level	
Abrdn Climate Transition Bond Fund	101	2,008	Other - Climate; Environment; Corporate Governance; Labour Management; Corporate Behaviour
Aegon Asset Management European Asset Backed Securities ("ABS") Fund	127	528	Environment - Climate Change Governance - Board Effectiveness - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
LGIM Multi-Factor Equity Fund	296	2,500	Environment - Climate Impact Pledge; Climate Change Social - Gender Diversity Governance - Remuneration; Board Composition
Robeco Sustainable Development Goals ("SDG") Credit Income Fund	17	319	Environment - Climate Change; Natural Resource Use/Impact Social - Human and Labour Rights Governance - Board Effectiveness - Other Other - SDG Engagement
UBS Global Emerging Markets Equity Climate Transition Fund	28	471	Environment - Climate Change Social - Human and Labour Rights; Human Capital Management Governance - Remuneration Strategy, Financial & Reporting - Capital Allocation
UBS Global Equity Climate Transition Fund	183	471	Environment - Climate Change Social - Human Capital Management Governance - Remuneration; Board Effectiveness - Independence/Oversight Strategy, Financial & Reporting - Capital Allocation

Source: Managers

DB and DC Sections

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

The table below describes how the Fund's DB and DC managers use proxy voting advisers.

Managers	**Section**	**Description of use of proxy voting adviser(s)** ***(in the managers' own words)***
Baillie Gifford	DC	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (Institutional Shareholder Services (ISS) and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon recommendations when deciding how to vote on clients' shares. All client voting decisions are made in-house. Baillie Gifford voted in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide more nuanced market specific information.
BlackRock	DC	BlackRock uses ISS' electronic platform to execute vote instructions, manage client accounts related to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms that apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform the voting decision.
BNY Mellon (Walter Scott)	DC	Walter Scott receives third party research from Institutional Shareholder Services, Inc. (ISS) for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott votes.
Harris	DC	Harris utilises the services of ISS proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS services are otherwise used for information only. Harris states that it will follow its Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, the final decision rests with Harris' Proxy Voting Committee.
HSBC	DC	HSBC uses the leading voting research and platform provider ISS to assist with the global application of our voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene our guidelines. They review voting policy recommendations according to the scale of our overall holdings. The bulk of holdings are voted in line with the recommendation based on our guidelines.
LGIM	DB and DC	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions.
Mirova	DC	Mirova uses ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation is not prescriptive or determinative to their voting decisions. All voting decisions are made by Mirova in accordance with their Voting Policy.
Nordea	DC	In general, every vote Nordea casts is considered individually based on of their bespoke voting policy, which Nordea have developed in-house based on their own principles.

		Nordea's proxy voting is supported by ISS to facilitate voting, execution and to provide analytic input.
UBS Global Asset Management ("UBS")	DB and DC	UBS Asset Management retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.

Source: Managers; Aon Investments Limited. Underlying managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Fund's funds. A sample of these significant votes can be found in the Appendix.

Data limitations

At the time of writing, LGIM were unable to provide detailed engagement examples specific to holdings and strategies that the Fund invests in.

This report does not include commentary on certain asset classes such as liability driven investments, gilts or cash because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Fund's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's underlying investment managers appointed by AIL. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

DB Section

LGIM Multi-Factor Equity Fund	**Company name**	The Toronto-Dominion Bank
	Date of vote	20 April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.04
	Summary of the resolution	Resolution 9 - Disclose Transition Plan Towards 2030 Emission Reduction Goals
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.
	Rationale for the voting decision	We generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. We believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with the company and monitor progress.
	On which criteria have you assessed this vote to be most significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as we pre-declared our intention to support. We continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
UBS Global Emerging Markets Equity Climate Transition Fund	**Company name**	Ganfeng Lithium Group Co. Ltd.
	Date of vote	30 November 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not provided*
	Summary of the resolution	Approve Adoption of the 2023 Employee Stock Ownership Plan
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the	No

	company ahead of the vote?	
	Rationale for the voting decision	Full details for the plan and associated proposals have not been disclosed.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We are not planning future steps in regard to the outcome, as the scheme was approved by a majority of shareholders.
	On which criteria have you assessed this vote to be most significant?	36% of shareholders voted against the plan and associated proposals.
UBS Global Equity Climate Transition Fund	**Company name**	The Boeing Company
	Date of vote	18 April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not provided*
	Summary of the resolution	Report on Climate Lobbying
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Company not advised prior to meeting
	Rationale for the voting decision	The proposal would further enable shareholders to determine the strength of company policy, strategy and actions in regards to climate change.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Following the significant support for this proposal we shall be monitoring the next steps from the company.
	On which criteria have you assessed this vote to be most significant?	40% of votes cast were in support of this shareholder proposal.

DC Section

LGIM	**Company name**	Wells Fargo & Company
	Date of vote	April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4
	Summary of the resolution	Resolution 8 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Yes. LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	LGIM generally support resolutions that seek additional disclosures on how companies aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and

		published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	Fail
	Implications of the outcome	LGIM will continue to engage with the company and monitor progress.
	On which criteria have the vote is considered significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as they pre-declared their intention to support. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
BlackRock	**Company name**	Shell Plc
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not provided*
	Summary of the resolution	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. These are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock's voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.
	Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company
	Outcome of the vote	Fail
	Implications of the outcome	*Not provided*
	On which criteria have the vote is considered significant?	Voting bulletin: https://www.blackrock.com/corporate/literature/press-release/vote-bulletin-shell-may-2023.pdf
UBS	**Company name**	Valero Energy Corporation
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at	*Not provided*

	the date of the vote (as % of portfolio)	
	Summary of the resolution	Report on Climate Transition Plan and GHG Emissions Reduction Targets
	How the manager voted	Against Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	We will support proposals that seek to promote greater disclosure and transparency in corporate environmental policies as long as: a) the issues are not already effectively dealt with through legislation or regulation; b) the company has not already responded in a sufficient manner; and c) the proposal is not unduly burdensome or overly prescriptive.
	Outcome of the vote	Fail
	Implications of the outcome	We will continue to review the progress of the company’s climate strategy and targets, and may take further voting action where appropriate.
	On which criteria have the vote is considered significant?	Aggregate percentage of votes in support of shareholder resolution exceeded 35% of votes cast.
Nordea	**Company name**	National Grid Plc
	Date of vote	July 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.4
	Summary of the resolution	Authorise the company to call a General Meeting with two weeks’ notice.
	How the manager voted	Against Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Shortening the notice period is considered negative for shareholders, especially international ones.
	Outcome of the vote	Fail
	Implications of the outcome	Nordea will continue to vote for such proposals in this company as well as in other relevant companies
	On which criteria have the vote is considered significant?	Significant votes are those that are severely against Nordea’s principles and where they feel they need to enact change in the company.
Mirova	**Company name**	Legal & General Group Plc
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.6
	Summary of the resolution	Say on Climate
	How the manager voted	Supported Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	On balance, the company’s climate transition plan is sufficiently robust to warrant a vote FOR at this stage. The investment policy is aligned with +1.5°C trajectory. Targets are set for the short, medium, and long-term and covers all scopes.

	Outcome of the vote	Pass
	Implications of the outcome	Mirova's main criticism is that they would have preferred the inclusion of sovereigns. Indeed, while L&G allegedly excludes sovereigns due to lack of clear industry greenhouse gas methodologies to account for this asset class, Mirova disagrees with this rationale, noting that methodologies do exist, rather the issue stems from most governments not taking their climate commitments seriously.
	On which criteria have the vote is considered significant?	Relevant to engagement strategy
Baillie Gifford	**Company name**	Dexcom, Inc.
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.0
	Summary of the resolution	Shareholder Resolution – Social
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Baillie Gifford opposed a shareholder resolution asking for median pay gap reporting. Baillie Gifford are satisfied that the company is committed to provide this reporting and is currently working with consultants on this.
	Outcome of the vote	Fail
	Implications of the outcome	As the company has committed to publish adjusted median pay and provided a breakdown of their workforce, Baillie Gifford will be waiting for the release of the materials and seek engagement to understand the nature of adjustment in the future.
	On which criteria have the vote is considered significant?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
HSBC	**Company name**	Nike, Inc.
	Date of vote	December 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.5
	Summary of the resolution	Report on Median Gender/Racial Pay Gap (shareholder proposal)
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	HSBC believe that the proposal would contribute to improving gender inequality.
	Outcome of the vote	Fail
	Implications of the outcome	HSBC will likely vote against a similar proposal should they see insufficient improvements.
	On which criteria have the vote is considered significant?	The company has a significant weight in the portfolio and HSBC voted against management.

Source: Aon Investments Limited, Underlying Managers (LGIM, BlackRock, UBS, Baillie Gifford, Mirova, Nordea, HSBC).