

# DH UK Pension Scheme – BW Section Implementation Statement for the year ended 31 March 2024

## Purpose

---

This Implementation Statement provides information on how, and the extent to which, the Trustees of the DH UK Pension Scheme – BW Section (the “Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 31 March 2024 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

## Background

---

This Implementation Statement relates to the DH UK Pension Scheme – BW Section only. The Trustees are yet to receive detailed training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment (“XPS”) and discuss their beliefs around those issues. This is primarily the result of the Scheme being expected to have a relatively short investment time horizon, given the intention to transact a full buy-in of the liabilities in the next 2-3 years.

The Scheme’s Statement of Investment Principles (“SIP”) was updated in February 2024 to reflect changes to the LDI hedge.

## The Trustees’ policy on ESG and stewardship

---

The Trustees believe that there can be financially material risks relating to ESG issues. The Trustees have delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme’s investment managers. The Trustees require the Scheme’s investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees have delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

In order to ensure sufficient oversight of the engagement and voting practices of their managers, the Trustees may periodically meet with XPS who will report back to the Trustees on the stewardship credentials of their managers. The Trustees will expect their investment adviser to engage with the managers from time to time as needed and report back to the Trustees on the stewardship credentials of their managers.

## Manager selection exercises

---

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

Over the accounting period, there were no new managers introduced to the Scheme.

## Ongoing governance

---

The Trustees, with the assistance of XPS, will monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective of ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

During the year the Trustees requested specific examples of engagement outcomes in respect of underlying companies from their managers, and these are detailed later in this report.

## Responsible investment and corporate governance

---

### Financially material considerations/ Non-financial matters:

The Trustees expect investment managers to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

### Exercise of rights (including voting rights):

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers.

### Stewardship:

The Trustees require the Investment Managers to report on actual portfolio turnover at least annually, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

## Adherence to the Statement of Investment Principles

---

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

During the accounting period, the Trustees updated their Statement of Investment Principles ("SIP"), to reflect the enhanced service agreement with Legal and General Investment Management ("LGIM").

## Voting activity

---

The main asset class where the investment managers will have voting rights is equities. The Scheme has an allocation to equities within the asset allocation for the LGIM Dynamic Diversified Fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below. Based on this summary, the Trustees conclude that the investment managers have exercised their delegated voting rights on behalf of the Trustees in a way that aligns with the Trustees' relevant policies in this regard.

Whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the manager.

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme’s investments to the investment managers.

*Disclaimer: All voting information is provided for the 12 month period to 31<sup>st</sup> March 2024, as provided by the investment manager. Neither XPS Investment Limited nor the Trustees have vetted these votes.*

<b>Voting Information</b>
<b>Legal and General Investment Management</b>
<b>Investment Manager Client Consultation Policy on Voting</b>
<p>LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.</p>
<b>Investment Manager Process to determine how to Vote</b>
<p>All decisions are made by LGIM’s Investment Stewardship team and in accordance with their relevant Corporate Governance &amp; Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.</p>
<b>How does this manager determine what constitutes a 'Significant' Vote?</b>
<p>As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. They also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.</p> <p>For many years, LGIM has regularly produced case studies and/ or summaries of LGIM’s vote positions to clients for what they deemed were ‘material votes’. They are evolving their approach in line with the new regulation and are committed to provide their clients access to ‘significant vote’ information.</p> <p>In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions &amp; Lifetime Savings Association consultation (PLSA). This includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;</li> <li>• Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;</li> <li>• Sanction vote as a result of a direct or collaborative engagement;</li> </ul>

- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

They will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

If you have any additional questions on specific votes, please note that they publicly disclose their votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on their website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

**Does the manager utilise a Proxy Voting System? If so, please detail**

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. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions

To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

They retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

**LGIM Dynamic Diversified Fund**

The manager voted on 99.8% of resolutions of which they were eligible out of 98,900 eligible votes.

**Top 5 Significant Votes during the Period**

Company	Date of Vote	Approximate size of the fund’s/mandate’s holding as at the date of the vote (as % of the portfolio)	Voting Subject	How did the Investment Manager Vote?	Outcome
Microsoft Corporation	07/12/2023	0.6%	Resolution 1.06 - Elect Director Satya Nadella	Against	94% (Pass)

<p style="text-align: center;"><b>Why the vote was deemed significant:</b></p> <p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.</p> <p style="text-align: center;"><b>Where voted against the company, was this communicated:</b></p> <p>LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p> <p style="text-align: center;"><b>Rationale:</b></p> <p>LGIM voted against because they expect companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p> <p style="text-align: center;"><b>Implication:</b></p> <p>LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>					
Apple Inc.	28/02/2024	0.5%	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Against	Fail
<p style="text-align: center;"><b>Why the vote was deemed significant:</b></p> <p>LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</p> <p style="text-align: center;"><b>Where voted against the company, was this communicated:</b></p> <p>LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p> <p style="text-align: center;"><b>Rationale:</b></p> <p>LGIM voted against because the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts.</p> <p style="text-align: center;"><b>Implication:</b></p> <p>LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>					
Prologis, Inc.	04/05/2023	0.3%	Resolution 1j - Elect Director Jeffrey L. Skelton	Against (against management)	86% (Pass)
<p style="text-align: center;"><b>Why the vote was deemed significant:</b></p> <p>LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</p> <p style="text-align: center;"><b>Where voted against the company, was this communicated:</b></p> <p>LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p> <p style="text-align: center;"><b>Rationale:</b></p> <p>LGIM voted against because they expect a company to have at least one-third women on the board and for a Chair of the Committee to have served on the board for no more than 15 years.</p> <p style="text-align: center;"><b>Implication:</b></p> <p>LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>					
Shell Plc	23/05/2023	0.3%			80% (Pass)

			<b>Resolution 25 - Approve the Shell Energy Transition Progress</b>	<b>Against (against management)</b>	
<p style="text-align: center;"><b>Why the vote was deemed significant:</b></p> <p>LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p> <p style="text-align: center;"><b>Where voted against the company, was this communicated:</b></p> <p>LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.</p> <p style="text-align: center;"><b>Rationale:</b></p> <p>LGIM voted against, though not without reservations. They acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p> <p style="text-align: center;"><b>Implication:</b></p> <p>LGIM continues to undertake extensive engagement with Shell on its climate transition plans.</p>					
<b>American Water Works Company, Inc.</b>	10/05/2023	0.2%	<b>Resolution 5 - Oversee and Report a Racial Equity Audit</b>	<b>For (against management)</b>	<b>39% (Fail)</b>
<p style="text-align: center;"><b>Why the vote was deemed significant:</b></p> <p>LGIM considers this shareholder proposal significant as they view gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</p> <p style="text-align: center;"><b>Where voted against the company, was this communicated:</b></p> <p style="text-align: center;">Yes</p> <p style="text-align: center;"><b>Rationale:</b></p> <p>LGIM voted in favour because they support proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.</p> <p style="text-align: center;"><b>Implication:</b></p> <p>LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>					

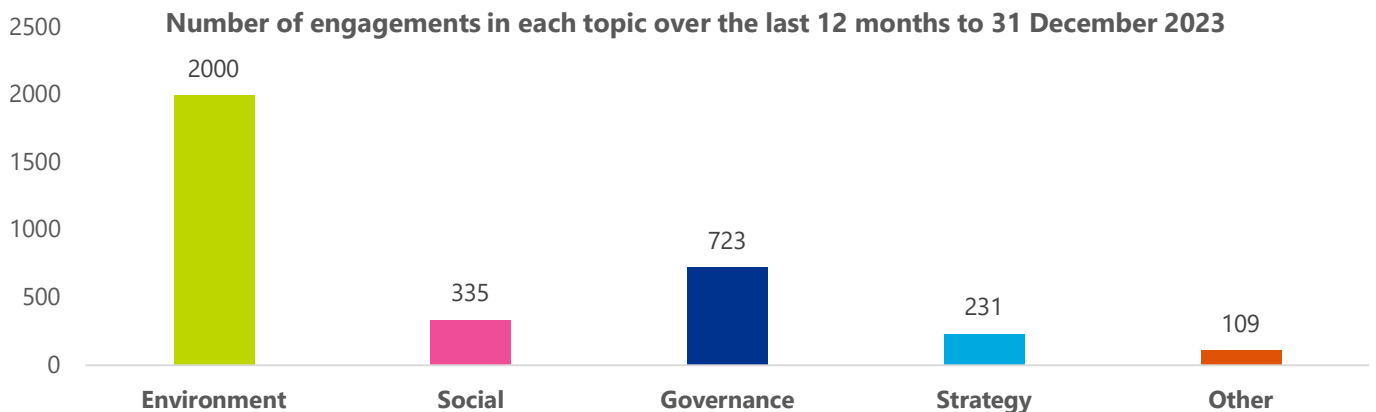
## Engagement information

In order to monitor engagement undertaken by the investment managers in particular against the scheme specific stewardship priorities, the Trustees have collected the following information.

Engagement data provided by LGIM as at 31 December 2023

Firm level engagement information	
Engagement focus	In 2023, LGIM's policy dialogue encompassed a variety of global issues, reflecting multilateral policy in markets such as the US, UK, Japan, Brazil, and Europe. Committed to collaboration, LGIM consistently engages with peers, industry groups, NGOs, academia, and civil society. They anticipate furthering their engagement with the extensive network of third parties they partner with. As a participant or supporter of numerous associations and initiatives focused on

	<p>sustainability, LGIM is involved with the CA100+, the Asian Corporate Governance Association, the Institutional Investors Group on Climate Change, the 30% Club (including its regional chapters), the Platform for Living Wage Financials, and the Access to Nutrition Initiative.</p> <p>LGIM aligns with the 'universal owner' approach, concentrating their stewardship activities on six global themes: climate, nature, people, health, governance, and digitisation, which encompass 21 sub-themes. These themes are of financial significance to their clients and areas where LGIM, as an investment manager, can exert influence.</p> <p>When selecting companies for direct engagement, LGIM targets those poised to positively impact their industries and supply chains through ESG improvements, due to their size and influence. This strategy aims to enhance ESG factors across global markets. The LGIM ESG Score, evaluating approximately 17,000 companies, and the Climate Impact Pledge Scores, assessing over 5,000 companies, facilitate the ranking of companies based on their ESG performance and identification of pivotal companies for engagement.</p>
How many entities did you engage with over the last 12 months at firm level?	2,050 companies
How many active engagements were ongoing as at the year end at firm level?	2,500 company engagements



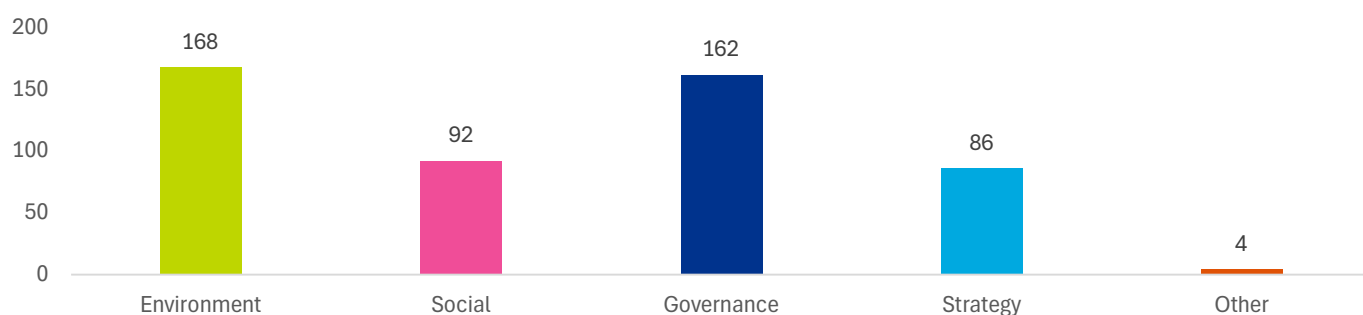
Topic	Number of engagements over the 12 months to 31 December 2023
<b>Environment</b>	
<i>Climate change</i>	1797
<i>Natural resource use/impact (e.g. water, biodiversity)</i>	178
<i>Pollution, Waste</i>	24
<i>Antimicrobial Resistance (AMR)</i>	1
<b>Social</b>	
<i>Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)</i>	6

<i>Human and labour rights (e.g. supply chain rights, community relations)</i>	27
<i>Human capital management (e.g. inclusion &amp; diversity, employee terms, safety)</i>	229
<i>Inequality</i>	48
<i>Public health</i>	25
<b>Governance</b>	
<i>Board effectiveness - Diversity</i>	226
<i>Board effectiveness - Independence or Oversight</i>	96
<i>Board effectiveness - Other</i>	83
<i>Leadership - Chair/CEO</i>	46
<i>Remuneration</i>	239
<i>Shareholder rights</i>	33
<b>Strategy</b>	
<i>Strategy, Financial and Reporting - Capital allocation</i>	2
<i>Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)</i>	65
<i>Strategy, Financial and Reporting - Financial performance</i>	75
<i>Strategy, Financial and Reporting - Strategy/purpose</i>	75
<i>Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)</i>	14
<b>Other</b>	
<i>Other - Capital management, methane measurement; Animal welfare; LGIM Future World Protection List; LGIM ESG scores; Regulations; credit ratings agencies; activism; best practice; green bonds; environmental opportunities; mergers/ acquisitions/ takeovers;</i>	109

#### LGIM Maturing B&M Credit 2020-2024

Fund Level engagement Information	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	47
How many engagements were ongoing as at year end?	98

Number of engagements in each topic over the last 12 months.



Topic	Number of engagements over the 12 months to 31 December 2023
<b>Environment</b>	
<i>Climate change</i>	141



Natural resource use/impact (e.g. water, biodiversity)	15
Pollution, Waste	12
<b>Social</b>	
Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)	9
Human and labour rights (e.g. supply chain rights, community relations)	25
Human capital management (e.g. inclusion & diversity, employee terms, safety)	26
Inequality	10
Public health	22
<b>Governance</b>	
Board effectiveness - Diversity	21
Board effectiveness - Independence or Oversight	42
Board effectiveness - Other	22
Leadership - Chair/CEO	13
Remuneration	57
Shareholder rights	7
<b>Strategy</b>	
Strategy, Financial and Reporting - Capital allocation	10
Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)	19
Strategy, Financial and Reporting - Financial performance	33
Strategy, Financial and Reporting - Strategy/purpose	16
Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)	8
<b>Other</b>	
Other	4

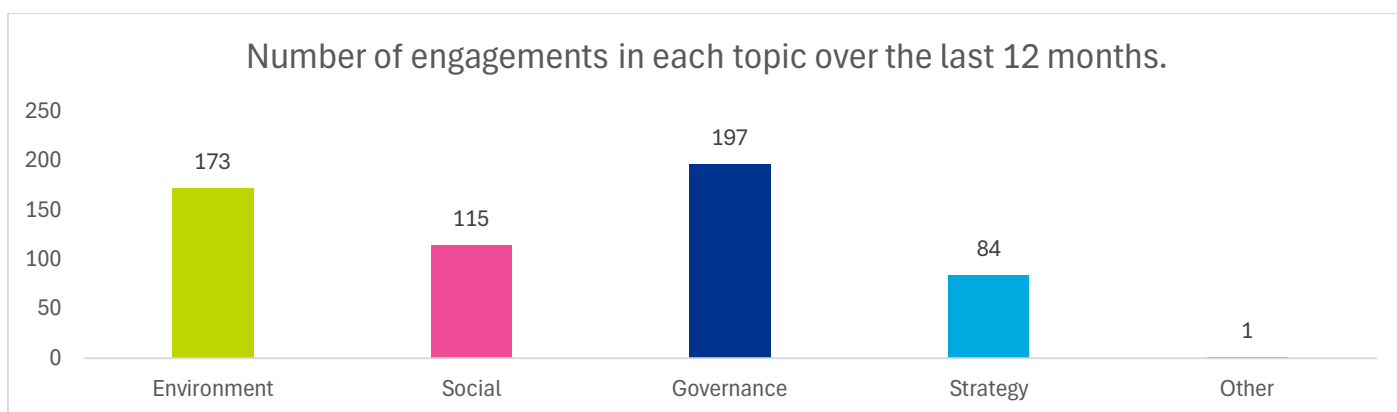
The section below provides examples of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	Nestlé SA
Topic of Engagement	Public health: nutrition
Rationale for engagement	LGIM's current objectives in their Nestlé engagement include putting pressure on them to set a proportional target to increase the sale of healthier products; this sits within the broader aim of the ShareAction Healthy Markets Initiative, which is to improve people's health by increasing access to healthy, affordable food.
Engagement activity carried out.	LGIM wrote to Nestlé to encourage the company to do more in several areas. These include, for example, transparency around their nutrition strategy, demonstrating progress on their nutrition strategy, committing to disclosures around the proportion of the company's portfolio and sales associated with

	healthy food and drinks products (using government-endorsed nutrient-profiling models), and setting targets to increase the proportion of these sales. LGIM met with Nestle several times in 2023 to discuss their concerns, particularly regarding their definition of "healthy" products, and their plans not just to monitor but also actively to increase their sales of healthier products.
Outcomes and next steps	Nestle announced on 28 September 2023 that they aim "to grow the sales of their more nutritious products by CHF20-25 billion by 2030." LGIM will continue their engagements with them on increasing the proportion of sales from healthy foods, the details of what their target includes, and how they plan to meet it.

### LGIM Maturing B&M Credit 2025-2029

Fund Level engagement Information	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	74
How many engagements were ongoing as at year end?	147



Topic	Number of engagements over the 12 months to 31 December 2023
<b>Environment</b>	
<i>Climate change</i>	137
<i>Natural resource use/impact (e.g. water, biodiversity)</i>	26
<i>Pollution, Waste</i>	10
<b>Social</b>	
<i>Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)</i>	10
<i>Human and labour rights (e.g. supply chain rights, community relations)</i>	24
<i>Human capital management (e.g. inclusion &amp; diversity, employee terms, safety)</i>	32
<i>Inequality</i>	24
<i>Public health</i>	25
<b>Governance</b>	
<i>Board effectiveness - Diversity</i>	29

<i>Board effectiveness - Independence or Oversight</i>	42
<i>Board effectiveness - Other</i>	28
<i>Leadership - Chair/CEO</i>	20
<i>Remuneration</i>	71
<i>Shareholder rights</i>	7
<b>Strategy</b>	
<i>Strategy, Financial and Reporting - Capital allocation</i>	8
<i>Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)</i>	16
<i>Strategy, Financial and Reporting - Financial performance</i>	31
<i>Strategy, Financial and Reporting - Strategy/purpose</i>	17
<i>Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)</i>	12
<b>Other</b>	
<i>Other</i>	1

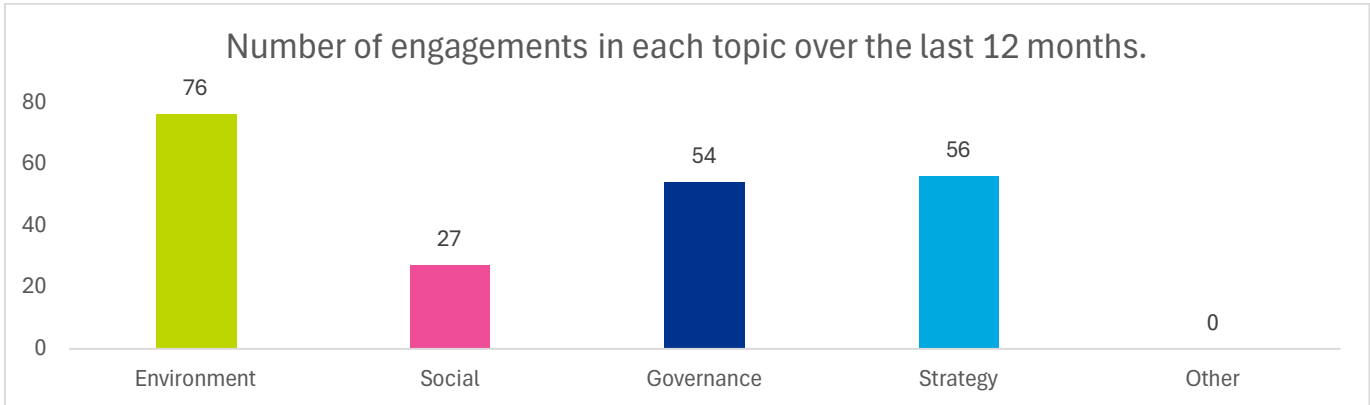
The section below provides examples of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	Tesco
Topic of Engagement	Social: Income inequality - living wage (diversity, equity and inclusion)
Rationale for engagement	The retail sector has an inherent propensity to use lower skilled and lower wage employees. LGIM engaged with Tesco to ensure the company was taking into account 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of their stewardship activities.
Engagement activity carried out.	In 2023, LGIM launched their own campaign on income inequality targeting 15 of the largest food retailers globally, asking them to pay a living wage employees and supply chain workers. Tesco is one of the companies that are targeted. Although they are paying their own employees a real living wage, there is much to do in terms of contractors and supply chain workers.
Outcomes and next steps	LGIM believe their continuous engagement with Tesco has delivered results as they are now paying all of their own UK employees a real living wage, which they were not in 2022. Tesco works with USDAW (The Union of Shop, Distributive and Allied Workers) to set pay levels for their employees so they would not openly admit that LGIM's engagement led them to change their practices. However, LGIM would like to believe that their requests did influence Tesco in their discussions with USDAW.

### LGIM 6A Corporate Bonds Over 15 Yr Index

Fund Level engagement Information	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	14

How many engagements were ongoing as at year end?	29
---	----



Topic	Number of engagements over the 12 months to 31 December 2023
<b>Environment</b>	
<i>Climate change</i>	71
<i>Natural resource use/impact (e.g. water, biodiversity)</i>	4
<i>Pollution, Waste</i>	1
<b>Social</b>	
<i>Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)</i>	6
<i>Human and labour rights (e.g. supply chain rights, community relations)</i>	5
<i>Human capital management (e.g. inclusion &amp; diversity, employee terms, safety)</i>	7
<i>Inequality</i>	2
<i>Public health</i>	7
<b>Governance</b>	
<i>Board effectiveness - Diversity</i>	6
<i>Board effectiveness - Independence or Oversight</i>	8
<i>Board effectiveness - Other</i>	11
<i>Leadership - Chair/CEO</i>	2
<i>Remuneration</i>	23
<i>Shareholder rights</i>	4
<b>Strategy</b>	
<i>Strategy, Financial and Reporting - Capital allocation</i>	7
<i>Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)</i>	13
<i>Strategy, Financial and Reporting - Financial performance</i>	22
<i>Strategy, Financial and Reporting - Strategy/purpose</i>	7
<i>Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)</i>	7
<b>Other</b>	

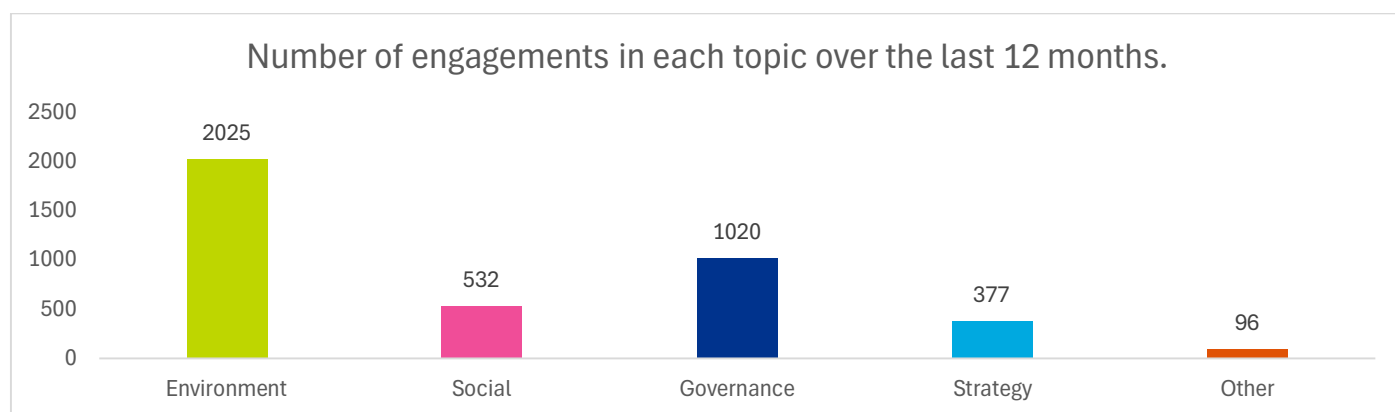
Other	0
-------	---

The section below provides examples of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

Name of entity you engaged	Shell Plc
Topic of Engagement	Environment: Climate change
Rationale for engagement	LGIM's current engagement with Shell Plc involves seeking further clarity around future oil and gas production, disclosure on lobbying activities in regions material for their exploration activities, detailed breakdown of upstream and downstream targets, adoption of robust responsible divestment standards and further detail on capital allocation, predominately concerning planned investments in the low carbon business and their respective contribution to Shell's key commitments around the energy transition.
Engagement activity carried out.	LGIM would have liked to have seen further disclosure of targets associated with the upstream and downstream businesses. LGIM's concerns have not been appropriately addressed and as a result, LGIM didn't support its say-on-climate vote at the 2023 AGM - as directly communicated to their chairman during their most recent in person engagement.
Outcomes and next steps	In summary, LGIM will continue, through voting and ongoing engagement both as LGIM and as part of the CA100+ group, to drive Shell to strengthen key elements of disclosure and targets, to meet the strategic engagement objectives as set out above.

### LGIM Dynamic Diversified Fund

Fund Level engagement Information	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	1518
How many engagements were ongoing as at year end?	1911



Topic	Number of engagements over the 12 months to 31 December 2023
<b>Environment</b>	
<i>Climate change</i>	1639
<i>Natural resource use/impact (e.g. water, biodiversity)</i>	366
<i>Pollution, Waste</i>	20
<b>Social</b>	
<i>Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying)</i>	29
<i>Human and labour rights (e.g. supply chain rights, community relations)</i>	59
<i>Human capital management (e.g. inclusion &amp; diversity, employee terms, safety)</i>	301
<i>Inequality</i>	72
<i>Public health</i>	71
<b>Governance</b>	
<i>Board effectiveness - Diversity</i>	292
<i>Board effectiveness - Independence or Oversight</i>	154
<i>Board effectiveness - Other</i>	102
<i>Leadership - Chair/CEO</i>	43
<i>Remuneration</i>	382
<i>Shareholder rights</i>	47
<b>Strategy</b>	
<i>Strategy, Financial and Reporting - Capital allocation</i>	21
<i>Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)</i>	171
<i>Strategy, Financial and Reporting - Financial performance</i>	116
<i>Strategy, Financial and Reporting - Strategy/purpose</i>	42
<i>Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)</i>	27
<b>Other</b>	
<i>Other*</i>	96

The section below provides examples of where the investment manager has engaged with the underlying companies, of which the Fund invests in, over the course of the 12-month period.

<b>Name of entity you engaged</b>	<b>BP</b>
<b>Topic of Engagement</b>	Environment: Climate change (Climate Impact Pledge)
<b>Rationale for engagement</b>	LGIM's current engagement objectives with BP include ensuring BP will not make further revisions to their climate-related targets; clarity on BP's production outlook beyond 2030; no new long lead-time oil and gas projects; and responsible divestment of assets and clarity regarding the role of offsets in meeting their emissions targets.

Engagement activity carried out.	Following the company's decision to revise their oil production targets, LGIM met with the company several times in early 2023 to discuss their concerns. At BP's 2023 AGM, LGIM voted against the re-election of the Chair.
Outcomes and next steps	LGIM will continue engaging with BP on climate change, strategy and related governance topics, both individually and as part of their CA100+ engagements. Topics such as emissions targets, business resiliency, O&G production, capital allocation, value chain approach, responsible divestment and/ or decommissioning of assets continue to be a focus.

Signed: \_\_\_\_\_, Chair of Trustees

Date: \_\_\_\_\_