

# *Implementation Statement, covering the Scheme Year from 6 April 2024 to 5 April 2025 (the “Scheme Year”) - defined contribution (DC)*

The Trustee of the Airbus Group UK Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy<sup>1</sup> voter during that year. This is provided in Section 12 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

This Statement is based on the Scheme’s SIPs which were in place during the Scheme Year:

- SIP dated February 2023 between April 2024 and June 2024;
- SIP dated June 2024 between June 2024 and October 2024; and
- SIP dated October 2024 between October 2024 and April 2025.

This Statement uses the same headings as the latest SIP available at the time of writing and should be read in conjunction with the latest SIP, which can be found online at [Privacy Policy and Investment Statement | Airbus](#).

## **1. Introduction**

The SIP was reviewed and updated during the Scheme Year in June 2024 and October 2024 to reflect:

- The Trustee’s policy in relation to investment in illiquid assets;
- The implementation of the investment changes agreed as part of the DC investment strategy review, which were implemented in October 2024; and
- Adopting a revised format to combine the previous Default Arrangement SIP and main SIP into a single document. The new structure includes a main SIP, published online, focused on required disclosures, with an Addendum holding additional detail that can be updated separately as needed. This approach improves clarity and flexibility.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes. No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustee has, in its opinion, followed all of the policies in the Scheme’s SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

## **2. Investment objectives**

The Trustee’s primary objectives for the Scheme are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement;

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<sup>1</sup> Proxy voting refers to the process where decisions are made on how to vote at company shareholder meetings. Investment managers typically use specialist proxy voting providers (such as ISS or Glass Lewis) to help inform and carry out these votes on their behalf.

- a default investment option that the Trustee believes to be reasonable for those members who do not wish to make their own investment decisions. The objective of the default option is to generate returns above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement; and
- a default investment asset allocation at the target retirement date that is appropriate and consistent with how most members are expected to take their retirement savings.

The most recent triennial investment strategy review took place during the previous Scheme Year. As part of the review of the default arrangements which began in June 2023 and concluded in December 2023, the Trustee considered and reviewed the Scheme's membership demographics and the variety of ways that members may draw their benefits in retirement from the Scheme. The Trustee decided to make a number of changes to specific funds following this review, which are detailed in section 3, however, and these changes were implemented during the Scheme Year.

The lifestyle investment strategies (described in section 3 below) were reviewed to ensure that investment returns (after deduction of any charges) have been consistent with the aims and objectives of the defaults as stated in the SIP, and to check that they remained suitable and appropriate given the Scheme's risk profile, membership and the variety of ways that members may draw their benefits in retirement from the Scheme. Based on the outcome of this analysis, the Trustee concluded that the at-retirement objectives of the default lifestyle investment strategies have been designed to be in the best interests of the majority of the Scheme's members (targeting drawdown and cash) and reflects the demographics of those members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. The Trustee makes available an alternative lifestyle strategy and self-select fund range to members covering all major assets classes (as set out in Addendum 3 of the SIP). The Trustee monitors the take up of these funds and its advisers have confirmed it is in line with the market.

### 3. Investment strategy

Members who do not choose an investment option are automatically invested in a default option. The default options are set up as "lifestyle strategies" (i.e. they automatically combine investments in proportions that vary according to the time to retirement age) and have retirement objectives of either transfer to income drawdown, or taking a full lump sum cash withdrawal. There is also one other lifestyle strategy available to members, the Airbus Annuity Lifestyle. Members are also offered a range of self-select funds.

The Trustee reviews the strategy at least every three years and as soon as practicable after any significant change in investment policy, or the demographic profile of relevant members. The Trustee will, from time to time, review retirement data to see how members access their benefits to check whether assumptions made about how members will access their benefits are borne out in practice.

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, formally reviewed the strategy and performance of both the default arrangements during the previous Scheme Year, with the review beginning in June 2023 and concluding in December 2023. The Trustee concluded that drawdown and cash remain appropriate retirement targets for the Scheme's default arrangements. The Trustee reviewed the default and alternative lifestyle strategies and decided to restructure the strategies to improve simplicity and efficiency for making future changes; and to replace the long duration UK corporate bond allocation with a lower duration, global corporate bond mandate, with the aim of reducing duration risk for members. The changes were implemented during the Scheme Year, in October 2024.

As part of this review the Trustee made sure the Scheme's default arrangements were adequately and appropriately diversified between different asset classes and has also considered whether the self-select options provide a suitably diversified range to choose from.

### 4. Considerations in setting the investment arrangements

As part of the review of the performance and investment strategy of the default arrangements that concluded in December 2023, the Trustee considered the investment risks set out in Addendum 2 of the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee last formally updated its investment beliefs in the SIP in February 2023 to reflect its beliefs regarding climate-related risks and opportunities. It added two new investment beliefs to the SIP, namely:

- aligning the Scheme's assets with net zero greenhouse gas emissions by 2050 where practicable is expected to help reduce the risks to the Scheme from climate change; and
- voting and engagement are important and can create long term value which is in the best interest of Scheme members and therefore we encourage managers to improve their voting and engagement practices.

The Trustee reviewed these beliefs as part of the latest SIP update (during the Scheme Year, in October 2024) and confirmed they remained appropriate.

The Trustee invests for the long term, to provide for the Scheme's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship<sup>2</sup> activities are aligned to the creation of long-term value and the management of long-run systemic risks.

## 5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustee evaluates investment manager performance over both shorter and longer term periods as available. The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee has a contract with a platform provider, L&G, who makes available the range of investment options to members. As all the funds are accessed via an agreement with the Scheme's platform provider; there is no direct legal relationship between the Scheme and the underlying investment managers of the DC investment funds. Nevertheless, the Trustee is responsible for appointing and providing governance oversight of the managers which the Scheme accesses via the L&G arrangement.

The Trustee appointed one new investment manager over the Scheme Year. Before appointing the manager, the Trustee received information on the investment process and philosophy, the investment team, its Environmental, Social and Governance ("ESG") credentials and past performance. The Trustee also considered the manager's approach to responsible investment and stewardship, including the Trustee's stewardship priorities (as set out in Section 8 of this Statement). The Trustee obtained formal written advice from its investment adviser before investing in the fund and made sure the investment portfolio of the fund chosen was adequately and appropriately diversified. The Trustee relies on its investment adviser to understand managers' investment approaches, and ensures they are consistent with the Trustee's policies prior to any new appointment.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments with the Scheme's investment managers and informs the Trustee promptly about any significant updates or events they become aware of with regard to the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Scheme's investment managers on a quarterly basis, using the quarterly investment report provided by L&G. The report shows the performance of each manager over the quarter, 1 year, 3 years and 5 years. Performance is considered in the context of each fund's benchmark and objectives.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by its investment adviser, on a regular basis as part of the standard monitoring process.

Over the Scheme Year, the Trustee undertook a value for members assessment which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be competitive

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<sup>2</sup> The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

when compared against schemes with similar size mandates. While the fee for the Veritas Global Focus Fund was slightly high compared to its peer group, the Trustee successfully negotiated a reduced fee with Veritas, which was implemented during the Scheme Year. Overall, taking all factors into account, the Trustee believes that the costs and charges members pay represent good value when compared to the benefits the members receive in relation to the Scheme.

## **6. Realisation of investments**

It is the Trustee's policy to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the Scheme's funds which the Trustee offers are daily priced.

## **7. Consideration of financially material and non-financial matters**

In June 2024, during the Scheme Year, the Trustee received training on ESG-related topics, including Net Zero, climate investing, and ethical investing, to further deepen its understanding of the evolving ESG landscape.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) within the parameters of the mandates they are set. As such, as part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement. During the Scheme Year, the Trustee added a credit fund which integrates ESG considerations, the Wellington Global Credit ESG Fund, to the Scheme's default arrangements. The majority of Scheme assets are invested in the default arrangements.

In conjunction with its investment adviser, the Trustee undertakes regular reviews of its investment managers' climate approaches. This review includes a summary of the investment adviser's rating of the managers' approach to responsible investment, climate risk management and net zero alignment. The most recent review was undertaken during the Scheme Year in May 2024, during the Scheme Year, and the Trustee was satisfied that no significant concerns were identified.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. The Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore it has made available the L&G FTSE4Good Developed Equity Index Fund, the L&G Fossil Fuel Free Climate Equity Index Fund and the HSBC Islamic Global Equity Index Fund as investment options for members.

## **8. Voting and engagement**

The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

Following the introduction of DWP's guidance, the Trustee set stewardship priorities for the Scheme which were: Climate change, human rights and corporate transparency. The Trustee selected these priorities as market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members.

The Trustee communicated these priorities to its managers. The communication included the Trustee's expectation that its managers would take into account financially material factors (including climate change and other ESG factors) when investing the Scheme's assets and improve their ESG practices over time within the parameters of their respective mandates. All the Scheme's fund managers have responded to the Trustee's communication, acknowledging its priorities and accepting that they were in line with their beliefs.

The Trustee expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking in to account the long-term financial interests of the beneficiaries. The Trustee also expects the managers to communicate their policies on stewardship from time to time and provide the Trustee with reporting on the results of their engagement and voting activities regularly and at least once a year.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements. If the Trustee's

monitoring identifies areas of concern, it will engage with the relevant manager to encourage improvements. The Trustee will set objectives and target dates for each formal engagement, review progress, and have an escalation process which it will follow if progress is unsatisfactory.

During the Scheme Year, the Trustee, with the help of its investment advisers, undertook a review of its managers' approaches to climate change, covering the managers' approaches to climate risk management and net zero alignment. This was undertaken as part of the Scheme's ongoing TCFD requirements and covered the Scheme's 'popular arrangements' – which include the default arrangement. No significant concerns were identified with the Scheme's managers' approaches.

## 9. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and as noted in the Scheme's SIP, the Trustee has therefore delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations. The Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. The Trustee notes each of the investment managers quarterly reports and questions investment managers on any voting or ESG issues when necessary.

In this section the Trustee has included data on the Scheme's funds which hold equities and that:

- are used in the Scheme's default strategies, as these are the strategies which contain the majority of members and Scheme assets; or
- are offered as part of the Scheme's self-select range and have a particular focus on Responsible Investment.

As such, the Trustee has included manager voting data for the following funds:

- L&G Low Carbon Transition Global Equity Index Fund;
- L&G Diversified Fund;
- Columbia Threadneedle Responsible Global Fund;
- L&G Fossil Fuel Free Climate Equity Index Fund; and
- L&G FTSE4Good Developed Equity Index Fund.

### 9.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviews these from time to time, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's policy overall.

#### **Legal and General Investment Management ("LGIM" or "L&G").**

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seek to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.

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 LGIM's Investment Stewardship team. The views expressed by attendees during this event form a key consideration in developing LGIM's voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & 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 helps ensure LGIM's stewardship approach is



consistent throughout the engagement and voting process, and that engagement is fully integrated into the voting decision process, which aims to provide consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services ("ISS") 'ProxyExchange' electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS' recommendations is to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from ISS for UK companies when making specific voting decisions.

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

LGIM retains the ability in all markets to override any vote decisions, which are based on its 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 LGIM to apply a qualitative overlay to their voting judgement. LGIM has strict monitoring controls to ensure votes are fully and effectively executed in accordance with their voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

### **Columbia Threadneedle Investments ("Columbia Threadneedle")**

Proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and its proxy voting practices are implemented through its Proxy Voting Policy.

For those proposals not covered by the Principles, or those proposals set to be considered on a case by case basis (i.e., mergers and acquisitions, share issuances, proxy contests, etc.), the analyst covering the company or the portfolio manager that owns the company will make the voting decision. Columbia Threadneedle utilises the proxy voting research of ISS and Glass Lewis & Co., which is made available to its investment professionals, and its Responsible Investment team will also consult on many voting decisions.

The administration of Columbia Threadneedle's proxy voting process is handled by a central point of administration at the firm (the Global Proxy Team). Among other duties, the Global Proxy Team coordinates with their third-party proxy voting and research providers.

Columbia Threadneedle Investments utilises the proxy voting platform of Institutional Shareholder Services, Inc. (ISS) to cast votes for client securities and to provide recordkeeping and vote disclosure services. It has retained both Glass, Lewis & Co. and ISS to provide proxy research services to ensure quality and objectivity in connection with voting client securities.

In voting proxies on behalf of clients, Columbia Threadneedle votes in consideration of all relevant factors to support the best economic outcome in the long run. As an organisation, the approach is driven by a focus on promoting and protecting clients' long-term interests; while Columbia Threadneedle are generally supportive of company management, it can and does frequently take dissenting voting positions. While final voting decisions are made under a process informed by the Responsible Investment team working in collaboration with portfolio managers and analysts, Columbia Threadneedle's Global Proxy Team serves as the central point of proxy administration with oversight over all votes cast and ultimate responsibility for the implementation of their Proxy Voting Policy. Columbia Threadneedle's voting is conducted in a controlled environment to protect against undue influence from individuals or outside groups.

## **9.2 Summary of voting behaviour**

A summary of voting behaviour over the Scheme Year is provided in the table below.

|              | Fund 1 | Fund 2 | Fund 3 | Fund 4 | Fund 5                |
|--------------|--------|--------|--------|--------|-----------------------|
| Manager name | LGIM   | LGIM   | LGIM   | LGIM   | Columbia Threadneedle |

| Fund name                                                                                          | L&G Low Carbon Transition Global Equity Index Fund <sup>2</sup> | L&G Diversified Fund | L&G FTSE4Good Developed Equity Index Fund | L&G Fossil Fuel Free Climate Equity | CT Responsible Global Equity |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------|-------------------------------------------|-------------------------------------|------------------------------|
| Total size of fund at end of reporting period                                                      | £5.6bn                                                          | £12.0bn              | £1.2bn                                    | £0.3bn                              | £1.2bn                       |
| Value of Scheme assets at end of reporting period <sup>1</sup>                                     | £269.9m                                                         | £22.5m               | £3.7m                                     | £0.2m                               | £0.1m                        |
| Number of equity holdings at end of reporting period                                               | 2,737                                                           | 7,203                | 1,078                                     | 1,217                               | 55                           |
| Number of meetings eligible to vote                                                                | 4,703                                                           | 10,796               | 1,194                                     | 1,656                               | 51                           |
| Number of resolutions eligible to vote                                                             | 47,050                                                          | 107,020              | 16,792                                    | 21,561                              | 723                          |
| % of resolutions voted                                                                             | 99.8%                                                           | 99.8%                | 99.6%                                     | 99.7%                               | 100.0%                       |
| Of the resolutions on which voted, % voted with management                                         | 79.6%                                                           | 76.5%                | 82.1%                                     | 79.0%                               | 95.7%                        |
| Of the resolutions on which voted, % voted against management                                      | 19.2%                                                           | 22.4%                | 17.5%                                     | 20.5%                               | 3.7%                         |
| Of the resolutions on which voted, % abstained from voting                                         | 1.2%                                                            | 1.1%                 | 0.3%                                      | 0.5%                                | 0.6%                         |
| Of the meetings in which the manager voted, % with at least one vote against management            | 61.4%                                                           | 69.3%                | 73.5%                                     | 71.8%                               | 23.5%                        |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 10.9%                                                           | 13.7%                | 13.6%                                     | 15.4%                               | N/A <sup>3</sup>             |

<sup>1</sup>Total Scheme assets are shown as at Scheme Year end, 5 April 2025.

<sup>2</sup>As at Scheme Year end, the L&G Low Carbon Transition Global Equity Index Fund was the sole underlying fund of the Airbus Growth Fund.

<sup>3</sup>Columbia Threadneedle does not report where its voting differs from the proxy advisor's recommendations as it applies its own custom voting policy. Columbia Threadneedle will vote contrary to the proxy advisor's recommendations where its voting deviates from its custom voting policy.

### 9.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

We have interpreted "most significant votes" to mean those that:

- align with the Trustee's stewardship priorities of climate change, human rights, and corporate transparency;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;

- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial; and
- the Scheme or the sponsoring company may have a particular interest in.

Further information on L&G's most significant votes are available on request from the Airbus Pensions Team at <https://www.airbus.com/en/who-we-are/our-worldwide-presence/airbus-in-europe/airbus-in-the-united-kingdom/airbus-uk-pension>

### **L&G Low Carbon Transition Global Equity Index Fund**

**Company name:** Amazon.com, Inc., May 2024.

**Relevant stewardship priority:** Human rights

**Vote cast:** For resolution.

**Summary of resolution:** Report on customer due diligence

**Rationale:** LGIM voted in favour of this resolution as it believes enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, LGIM believes there remains a need for increased, especially publicly available, transparency on this topic.

**Approximate size of the mandate's holding at the date:** 2.3%

**The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority selected by the Trustee.

**Outcome:** The outcome of the vote was not in line with the manager's vote – the resolution did not pass.

### **L&G Diversified Fund**

**Company name:** Prologis, Inc., May 2024.

**Relevant stewardship priority:** Corporate transparency

**Vote cast:** Against resolution.

**Summary of resolution:** Elect director Hamid R. Moghadam

**Rationale:** LGIM voted against this resolution as it expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.

**Approximate size of the mandate's holding at the date:** 0.4%

**The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority selected by the Trustee.

**Outcome:** The outcome of the vote was not in line with the manager's vote – the resolution passed.

### **L&G FTSE4Good Developed Equity Index Fund**

**Company name:** Shell Plc, May 2024.



**Relevant stewardship priority:** Climate change

**Vote cast:** Against resolution.

**Summary of resolution:** Approve the Shell energy transition strategy

**Rationale:** LGIM voted against this resolution. It acknowledges the substantive progress made on climate related disclosure over recent years, and views its commitments positively. Nevertheless, in light of the revisions made to the Net Carbon Intensity targets, coupled with the ambition to grow its gas and liquefied natural gas business this decade, LGIM expects the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. LGIM seeks more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation.

**Approximate size of the mandate's holding at the date:** 0.6%

**The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority selected by the Trustee.

**Outcome:** The outcome of the vote was not in line with the manager's vote – the resolution passed.

#### **L&G Fossil Fuel Free Climate Equity Index Fund**

**Company name:** Alphabet Inc., June 2024.

**Relevant stewardship priority:** Corporate transparency

**Vote cast:** Against resolution.

**Summary of resolution:** Elect director John L. Hennessy

**Rationale:** LGIM voted against this proposal for the following reasons:

- LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
- LGIM expects a company to have at least one-third women on the board.
- LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.
- LGIM supports the equitable structure of one-share-one-vote. LGIM expects companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

**Approximate size of the mandate's holding at the date:** 2.0%

**The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority selected by the Trustee.

**Outcome:** The outcome of the vote was not in line with the manager's vote – the resolution passed.

#### **Columbia Threadneedle Responsible Global Equity Fund**

**Company name:** Airbnb, Inc., June 2024.

**Relevant stewardship priority:** Corporate transparency

**Vote cast:** For resolution.

**Summary of resolution:** Report on political contributions and expenditures

**Rationale:** Columbia Threadneedle voted in favour of the proposal as it believes comprehensive, aggregate disclosure on political spending is best practice. Columbia Threadneedle believes disclosure should include all state and local donations including support for 527 organisations and ballot initiatives and that the company should identify key relationships with trade associations that engage in lobbying on the corporation's behalf, as well as describe its policies and processes for giving. Columbia Threadneedle asks that the board provide ultimate oversight for political donations.

**Approximate size of the mandate's holding at the date:** 2.2%

**The reason the Trustee considered this vote to be "most significant":** This vote relates to a stewardship priority selected by the Trustee.

**Outcome:** The outcome of the vote was not in line with the manager's vote – the resolution did not pass.