Implementation Statement, covering the Scheme Year from 6 April 2022 to 5 April 2023

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 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustees have 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 SIP dated September 2020 between April 2022 and November 2022 and the SIP dated November 2022 between November 2022 and 5 April 2023. This Statement should be read in conjunction with the latest SIP which can be found here.

1. Introduction

The SIP was reviewed and updated during the Scheme Year in November to reflect:

- the updated strategic allocation agreed as part of the review of the investment strategy in October 2022;
- the final close dates for the Alcentra Limited and Beach Point Capital Management opportunistic credit mandates; and
- other minor updates for the passage of time, including updated asset class return assumptions and changes of fund manager names.

Further detail and the reasons for these changes are set out in Sections 3 and 5. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

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 objectives are:

- to maintain a portfolio of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from members and the employers, the cost of current and future benefits which the Scheme provides as set out in the Trust Deed and Rules;
- to limit the risk of the assets failing to meet the liabilities over the long term;
- to minimise the long term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives; and
- to maintain full funding on the agreed Technical Provisions basis.

3. Investment strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy in October 2022 and concluded that given the improvement in the Scheme's funding level it could de-risk the strategy. This was implemented by selling a proportion of the Scheme's growth assets and increasing the amount of interest rate hedging to 75%. The Scheme's inflation hedging remained at 50%.

As part of this review, the Trustee made sure the Scheme's assets were adequately and appropriately diversified between different asset classes.

The Trustee monitored the asset allocation on a quarterly basis and compared this to the strategic asset allocation.

In October 2022 the Trustee switched c.£140m from equity funds to its LDI portfolio to de-risk the Scheme's assets and increase the interest rate hedging, in line with the investment strategy. As a part of these strategy changes, in December 2022, the Trustee redeemed c.£55m from the IFM infrastructure fund to rebalance the asset allocation. Proceeds were raised in January 2023 and reinvested in the SSGA equity holdings.

The Trustee continues to monitor the Scheme's assets with the help of its investment advisor and will look to amend its strategic allocation if the need arises.

4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy in October 2022, it considered the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The expected returns of each asset class is set out in section 4.4 of the SIP. The Trustee also considered the need for diversification and specific circumstances of the Scheme (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant). Consistent with this policy on expected return, the Trustee has agreed on an investment strategy that looks to generate excess returns above gilts from a variety of asset classes.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding 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 a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, one year, three years and five years (where applicable). Performance is considered in the context of the manager's benchmark and objectives. The Trustee monitors its funds' responsible investment capabilities using scores provided by its investment adviser, at least once a year as part of the standard monitoring reports. Every two years, the Trustee also formally reviews its investment managers responsible investment capabilities.

The Trustee also carried out a covenant review during the Scheme Year, focusing on the climate considerations potentially affecting the employer covenant.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register which is discussed at quarterly meetings and reviewed at least annually.

The Trustee considers that there are several different types of investment risk that are important to manage and monitor. The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser or information provided to the Trustee by the Scheme's investment managers. These include strategic risk, the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks. The Trustee's implementation of its policy for these risks during the year is summarised below.

Strategic risk is the risk that the performance of the Scheme's assets and liabilities diverge in certain financial and economic conditions. This risk has been taken into account in the Trustee's investment strategy review, and will be monitored by the Trustee on a regular basis. The Trustee has taken advice from the Scheme Actuary and the investment adviser to ensure that the investment strategy is suitable for the Scheme. The Trustee will review the Scheme's investment strategy at least every three years in light of the various risks faced by the Scheme.

With regard to the risk of inadequate returns, the required return for the Scheme to maintain full funding on a Technical Provisions basis is considered in setting the investment strategy.

Investment manager risk is the risk that the investment managers fail to meet their respective investment objectives. Prior to appointing each investment manager, the Trustee undertook an investment manager selection exercise. The Trustee will receive quarterly reports from the investment managers and meet with their representatives on a regular basis to review investment performance. The Trustee may also request annual independent reports of the investment performance figures. Through this process of regular reporting and annual review, the Trustee aims to ensure that the investment managers are performing competently.

The Scheme's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the Scheme Year the Scheme's hedging levels were broadly in line with the target levels. Following the October 2022 strategy review, the Trustee adjusted the Scheme's hedging portfolio to increase interest rate hedging from around 60% to around 75% to match the principles set out it the November 2022 SIP. The hedging portfolio adjustment was funded by disinvestments from the Scheme's equity portfolio as part of de-risking the investment strategy. The inflation hedging remained at 50%.

With regard to the counterparty risk, it is the risk that one party to a contract (such as a derivative instrument) causes a financial loss to the other party by failing to discharge a contractual obligation. This risk applies in particular for those contracts that are traded directly between parties, rather than traded on a central exchange. In particular CTI makes use within its LDI fund of derivative and gilt repos contracts and this fund is used by the Trustee to match efficiently a portion of the Scheme's liabilities. Counterparty risk is managed within the fund through careful initial selection and ongoing monitoring of trading counterparties, counterparty diversification and a robust process of daily collateralisation of each contract, to ensure that counterparty risk is limited, as far as possible, to one day's market movements.

With regard to collateral adequacy risk, the LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Trustee when requested to do so will not be able to post additional cash to the LDI fund within the required timeframe. A potential consequence of this risk is that the Scheme's interest rate and inflation hedging could be reduced and that the Scheme's funding level could suffer subsequently as a result. In order to manage this risk, the Trustee has in place a collateral waterfall consisting of corporate bonds with CTI whereby it will automatically use these funds for collateral where necessary. As at 5 April 2023, the CTI LDI portfolio held more than enough sufficient capital to support the hedging mandate.

Credit risk is the risk that a borrower will cause a financial loss for the other party by failing to meet required payments for a contractual obligation. The Scheme is subject to credit risk because it invests in bonds via pooled funds. The Trustee manages its exposure to credit risk by having a diversified exposure to different credit issuers. The Scheme is also subject to credit risk through its bespoke pooled mandate with CTI. The Trustee manages this through instructing CTI to only invest in bonds classified as "investment grade".

Equity represents (part) ownership of a company. Equity risk is the risk that the value of this holding falls in value. The Trustee believes that equity risk is a rewarded investment risk, over the long term. The Trustee considers exposure to equity risk in the context of the Scheme's overall investment strategy and believes that the level of exposure to this risk is appropriate.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge currency exposure or implement separate currency hedging arrangements.

Together, the investment and non-investment risks give rise generally to funding risk. During the year, the Trustee formally reviewed the Scheme's funding position as at 5 April 2022 as part of its annual actuarial report. The Trustee is currently reviewing the Scheme's funding position as at 5 April 2023, following the latest actuarial valuation. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings. In addition, the Trustee monitors the overall 1 year 95% Value at Risk of the funding position on a quarterly basis and the Trustee remains comfortable with this level of risk.

The quarterly report reviewed during the year showed that the majority of the managers have produced performance broadly in line with expectations over the long-term.

The following risks are covered further in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

5. Implementation of the investment arrangements

The Trustee has limited influence over managers' investment practices because the majority of the Scheme's assets are held in pooled or bespoke pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee has not made any changes to its manager arrangements over the Scheme Year.

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. Section 8 provides more detail on the activities carried out over the year.

During the Scheme Year, the Trustee assessed the investment managers' fees. Overall, the Trustee believes the investment managers provide reasonable value for money.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Scheme and in considerations relating to the liquidity of investments. When appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements.

The Trustee reviews the Scheme's net current and future cashflow requirements on a regular basis. The Trustee's policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

There were some inflows into the Scheme over the Scheme Year. The Trustee uses the Scheme's assets to help rebalance the Scheme towards its strategic asset allocation. One significant transfer over the Scheme Year was a partial disinvestment from the Scheme's IFM Infrastructure fund into its SSgA equity portfolio, which aimed to reduce the Scheme's overweight position to infrastructure and rebalance the Scheme towards its strategic allocation.

The Trustee receives income from the Alcentra Strategic Credit Fund II and Beach Point Opportunities Offshore Fund IV. This cash is generally retained in the Trustee's bank account and used towards paying benefits, or reinvested if the cash is not required to meet benefit cashflows.

During the gilt crisis, in October 2022 the Trustee made a disinvestment of £110m from the SSGA equity portfolio to meet a collateral call made by the CTI LDI portfolio. The Trustee successfully met all the collateral requirements and the Scheme maintained its hedging level.

7. Financially material considerations, non-financial matters

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). 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. 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 reviews, LCP's responsible investment (RI) scores for the Scheme's existing managers on a quarterly basis at the Trustee meetings. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores and are based on LCP's Responsible Investment Survey 2022.

The highest score available is 4 (strong) and the lowest is 1 (weak). The Trustee continues to engage with any investment manager who receives a score of 2 or lower, or a "red flag", to request that they improve their RI practices. Further details of the Trustee's monitoring of and engagement with managers to improve ESG practices is included in Section 8 below.

The Trustee participated in a climate scenario analysis training session as part of a climate scenario modelling meeting in April 2022.

In September 2022, the Trustee carried out a high-level review of the climate credentials of its investment managers. The Trustee was satisfied with the results of the review for the Scheme's investment managers and continues to engage with its managers on matters such as climate risk.

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

8. Voting and engagement

The Trustee believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

The Trustee has delegated to their investment managers the exercise of rights attaching to investments, including voting rights, and engagement. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year. The Trustee did not inform its managers which votes it considered to be most significant in advance of the votes detailed in Section 9. Instead, the Trustee has retrospectively created a shortlist of most significant votes. The Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

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 voting and engagement.

Following the introduction of DWP's guidance, in February 2023 the Trustee set stewardship priorities for the Scheme which were: Climate change, human rights and corporate transparency.

The Trustee has 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 in February 2023.

The Trustee regularly invite the Scheme's investment managers to present at Trustee meetings, seeing each manager approximately once a year. When the Scheme's investment managers presented to the Trustees during the Scheme Year, the Trustees asked questions about voting and engagement practices and were satisfied with the answers they received. Over the Scheme Year, the Trustee met with CTI, IFM and Aegon to discuss the Scheme's investments. The Trustee is also due to meet with M&G post-Scheme Year end.

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.

9. Description of voting behaviour during the Scheme Year

All of the Scheme's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised, however the manager votes in line with its voting policies, which the Trustee is comfortable with, and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations. During the Scheme Year, the Trustees saw no necessity to challenge the managers voting behaviours.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

- SSGA Emerging Markets Screened Index Equity Sub-Fund
- SSGA International (Developed 50% Hedged) Screened Index Equity Sub-Fund
- SSGA UK Screened Index Equity Sub-Fund.

9.1 Description of the voting processes

State Street Global Advisors ("SSGA")

SSGA retains Institutional Shareholder Services Inc. ("ISS"), a firm with expertise in proxy voting and corporate governance. ISS provides SSGA with vote execution and administration services, applies SSGA's Proxy Voting Guidelines where appropriate and provides research and analysis related to general corporate governance issues and specific proxy items.

The Stewardship Team reviews SSGA's Proxy Voting Guidelines with ISS on an annual basis or on a case- by-case basis as needed. ISS affects the proxy votes in accordance with SSGA's Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of the

Stewardship Team. Members of the Stewardship Team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with SSGA's Proxy Voting Guidelines, which seek to maximize the value of our client accounts.

As an extra precaution, the Stewardship Team will refer significant issues to the PRC for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the PRC. For instance, the Stewardship Team takes into account whether a material conflict of interest exists between our client and those of State Street Global Advisors or its affiliates. If such a case occurs, there are detailed guidelines for how to address this concern.

State Street's voting policies are set out in the following link; proxy-voting-and-engagement-guidelines-us-canada.pdf (ssga.com)

9.2 Summary of voting behaviour over the Scheme Year

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

	Fund 1	Fund 2	Fund 3
Manager name	SSGA	SSGA	SSGA
Fund name	UK ESG Screened Equity Index Sub-Fund	International (Developed 50% Hedged) ESG Screened Index Equity Sub-Fund	Emerging Markets ESG Screened Index Equity Sub-Fund
Total size of fund at end of the Scheme Year	£2,491m	£162m	£3,480m
Value of Scheme assets at end of the Scheme Year (£)	£131.4m	£112.4m	£20.0m
Number of equity holdings at end of the Scheme Year	384	2,500	1,920
Number of meetings eligible to vote	678	2,774	4,010
Number of resolutions eligible to vote	10,122	33,501	34,225
% of resolutions voted	100%	98.9%	97.1%
Of the resolutions on which voted, % voted with management	93.2%	89.5%	82.1%
Of the resolutions on which voted, % voted against management	6.8%	10.5%	17.9%
Of the resolutions on which voted, % abstained from voting	0.2%	1.4%	2.4%
Of the meetings in which the manager voted, % with at least one vote against management	66.5%	57.2%	49.8%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	6.29%	8.07%	7.24%

Voting data as at 31 March 2023. Investment managers provide their reporting on a quarterly basis and are therefore unable to provide as at 5 April 2023.

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. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that:

- relate to the Trustee's stewardship priorities;
- 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;
- the Scheme or the sponsoring company may have a particular interest in.

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

The asset managers' voting behaviour, a summary of which was provided to us by the managers as per DWP's guidance and contained an array of votes deemed significant by the managers, and these relate to the Trustee's stewardship priorities. The Trustee reviews State Street's voting policy from time to time, including an assessment how closely it aligns to the stewardship priorities of the Trustee.

SSGA UK ESG Screened Equity Index Sub-Fund

- **Shell Plc, 24 May 2022. Vote:** Against. **Outcome**: Against.

  Size of the holding (as a % of the fund): 7.6%

  Summary of resolution: Green House Gases Emissions.

  Rationale: SSGA voted against the resolution as SSGA believe this proposal does not merit support as the company's disclosure and/or practices related to GHG emissions are reasonable.

  Criteria against which this vote has been assessed as "most significant": This vote was considered significant as it is related to climate change – one of the Trustee's stewardship priorities.

  Was the vote communicated to the company ahead of the vote: No, SSGA do not publicly communicate their votes in advance.

  Next steps: Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.

SSGA International (Developed 50% Hedged) ESG Screened Index Equity Sub-Fund

- **Microsoft Corporation, 13 December 2022. Vote:** Against. **Outcome**: Against.

Size of the holding (as a % of the fund): 1.8%

Summary of resolution: Report on climate change.

Rationale: SSGA voted against the resolution as SSGA believe this proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable.

Criteria against which this vote has been assessed as "most significant": This vote was considered significant as it is related to climate change – one of the Trustee's stewardship priorities.

Was the vote communicated to the company ahead of the vote: No, SSGA do not publicly communicate their votes in advance.

Next steps: Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.

SSGA Emerging Markets ESG Screened Index Equity Sub-Fund

- **Naspers Ltd., 25 August 2022. Vote:** Against. **Outcome**: For

  Size of the holding (as a % of the fund): 0.5%

  Summary of resolution: Advisory vote to ratify named Executed Officer's Compensation

  Rationale: SSGA voted against due to concerns with the proposed remuneration structure for senior executives at the company.

  Criteria against which this vote has been assessed as "most significant": This vote was considered significant as it is related corporate transparency – one of the Trustee's stewardship priorities.

  Was the vote communicated to the company ahead of the vote: No, SSGA do not publicly communicate their votes in advance.

  Next steps: Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.

9.4 Votes in relation to assets other than listed equity

The following comments were provided by the Scheme's asset managers who don't hold listed equities, but invest in assets that had voting opportunities during the Scheme Year:

Aegon Active Beta Property Fund

Aegon's property fund is not invested in companies or publicly traded bonds but only private collective investment schemes ("CIS") such as unit trusts or insurance policies. As all the terms and conditions, including remuneration, are set out in each CIS' documentation there are few voting opportunities and very rarely any votes that could be regarded as significant. In the rare case that there are significant votes (e.g. a fundamental change in the terms of a CIS) these generally only occur after extensive investor consultation.

Over the year, out of the 13 CIS that Aegon Active Beta Property Fund was invested in there was a total of 5 meetings with 7 resolutions in all. In accordance with their policies, Aegon instructed votes in respect of 100% of these resolutions and no votes were cast against Management's recommendations. Aegon notes, that none of the resolutions could be regarded as significant or contentions.

Aegon actively seeks seats on advisory boards and makes every effort to attend unit holder meetings. In addition Aegon has a policy of actively using its votes at AGMs and EGMs and, whilst it will inform managers beforehand, and explain its stance, it aims to vote in a consistent way and will vote against any proposals that it believes do not accord with the interests of the clients or funds it represents. Aegon will only abstain from a vote where that abstention has the effect of either 'approving' or 'rejecting' a proposal. Aegon does not publish its voting history in respect of unlisted property but reports all voting and corporate actions on a quarterly basis to its clients.

Proxy voting/corporate actions within pooled property funds is very different to voting seen with say the likes of equities where there are numerous potential possibilities for voting. The managed/insured wrapped funds are in effect an insurance policy and as such there is no voting. Were the manager of such funds to impose changes to the fund against investors wishes (unlikely) the investor has the remedy of redeeming its holding. In the case of all funds items such as remuneration (AMCs/fees) strategy, concentration etc are set out in the trust deed/policy (if Aegon felt these were unsuitable then it would not invest in such funds in the first place) and are rarely amended and therefore there are few investor votes. The majority of votes that Aegon sees are to approve accounts, appoint auditors, permit the manager to set the auditors remuneration, introduce a new unit class etc and as such are not contentious. It is very rare that Aegon sees "significant votes".

Aegon attend investor meetings and where it can sit on unit-holder/investor committees, it does so.

Alcentra Strategic Credit Fund II

As a credit manager, voting is not material within the context of Alcentra's activities. The number of occasions when Alcentra will be engaged in proxy voting will be limited. It is most likely to occur with high yield bond investments, where an allocation may take on formal voting rights. In such instances, Alcentra uses the opportunity to vote on matters concerning governance and corporate responsibility, applying consistent policies and processes for voting across all instruments and geographies.

Alcentra generally will not be called upon to vote proxies for its syndicated loan and private credit investments because of the nature of the instruments involved in the investment strategy (i.e. loans rather than securities). An exception is when Alcentra may hold loan investments which could be converted to voting securities. Proxy votes are also not generally conducted for corporate bonds. In addition, proxy votes may take place from time to time on structured credit investments where our fund holds the equity tranche.

When engaged by a client to provide discretionary advisory services, Alcentra is typically delegated the responsibility to vote on matters considered at portfolio companies' shareholder meetings, usually by means of a proxy ballot ("proxy voting"). In these instances, Alcentra has a duty to monitor corporate events and to vote proxies in the best interest of its client and not subrogate the interests of its clients to its own interests. This generally means voting with a view toward enhancing the economic value of the investment.

When it has voting responsibility, Alcentra will make every attempt to vote when given an opportunity to do so. However, there may be instances when the Firm is unable or unwilling to vote because of legal or operational difficulties or because it believes the administrative burden and/or associated cost exceeds the expected benefit to a client. Alcentra reviews the circumstances for each vote to determine which stance would best serve its clients and votes accordingly.

Beach Point Opportunities Offshore Fund IV

Beach Point's Operations Department is ultimately responsible for ensuring that all proxies and corporate action notices are voted or acted upon in a timely and consistent manner across all portfolios. Although many proxy proposals can be voted in accordance with Beach Point's established guidelines, it recognises that certain proposals may require special consideration, which may dictate that Beach Point make an exception to its general guidelines.

Where a proxy proposal or corporate action raises a material conflict of interest between Beach Point and one or more clients, the Firm will: (1) disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities; (2) vote the securities based on the recommendation of an independent third party; or (3) take such other actions as may be appropriate given the particular facts and circumstances.

IFM Global Infrastructure Fund

While the primary focus of the IFM Global Infrastructure Fund (GIF) is to provide investors with exposure to a diversified portfolio of unlisted infrastructure assets, there are times where an opportunistic hold of a listed entity is an attractive complement to the unlisted portfolio. The acquisition of listed positions is generally motivated by gaining long-term strategic positions, with significant equity ownership, in attractive core infrastructure assets.

Currently listed exposures are confined to Atlas Arteria, Vienna Airport and Naturgy Energy, and these assets represent only three of out of a total of 24 portfolio investments as at 5 April 2023.

With regards to the voting and engagement activities between GIF and the underlying portfolio companies, the underlying holdings of GIF are private equity investments rather than public market listed equities. IFM's influence on such investments is made directly by IFM through IFM's Board representation on the underlying portfolio companies rather than through any form of proxy voting. Even for the listed assets in GIF, IFM hold board seats. Consequently, IFM do not need to vote its shares to influence the board; a senior executive in IFM's Infrastructure Team is on the board. This ensures IFM follow an active ownership style.