

# Adient UK Pension Scheme (‘the Scheme’)

SIP Implementation Statement for the Year Ended  
31 March 2025

July 2025



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# Section 1

## Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year running from 1 April 2024 to 31 March 2025 (the “Scheme Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the guidance published by the Pensions Regulator.

The statement is based on, and should be read in conjunction with, the relevant versions of the SIP that were in place for the Scheme Year, which were the SIP dated November 2023 and the SIP dated June 2024.

Section 2 of this statement sets out the investment objectives of the Scheme and the changes that have been made to the SIP during the Scheme Year. It also sets out how, and the extent to which, the policies in the Defined Benefit (“DB”) Section and Defined Contribution (“DC”) Section of the SIP have been followed. The Trustee can confirm that all policies in the SIP have been followed in the Scheme Year.

A copy of the latest SIP is available at <https://v3.merceroneview.co.uk/ADIENTSCHEME/education-centre/3199>.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Scheme.

# Section 2

## Statement of Investment Principles

### Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the objectives they have set.

#### DB Section

The Trustee's objective is to invest the DB Section's assets in the best interests of the members and beneficiaries. Within this framework the Trustee has agreed several objectives to help guide it in its strategic management of the assets and control of the various risks to which the Scheme is exposed. The Trustee's investment policy is guided by the following objectives:

- To achieve, over the long-term, a return on the investments which is consistent with the long-term assumptions made by the Actuary in determining the funding of the DB Section.
- The Trustee is prepared to take on some risk by investing in equities, alternative assets, such as diversified growth funds, and non-government bonds, as well as by using active fund managers to manage some of the DB Section's assets.

#### DC Section

For the DC Section of the Scheme, the Trustee recognises that members have different investment goals and that these may change throughout their working lives. The Trustee also acknowledges that members have different attitudes to risk. The Trustee's objective is to make available to members a range of investment options which seek to allow members to set an investment strategy that meets their needs and risk tolerances. The Trustee also recognises that members may not feel qualified to take investment decisions. As such, the Trustee makes available a Default Lifestyle Option.

### Review of the SIP

During the year, the Trustee reviewed the SIP and an updated SIP was agreed in June 2024, covering both the DB and DC Sections. In accordance with the Regulations, the Trustee has appended the latest SIP prepared for the Scheme. This statement will be published online at <https://v3.merceroneview.co.uk/ADIENTSCHEME/education-centre/3199> and this publicly available website will be signposted in the annual benefit statements and annual member newsletter.

The main change that was made to the SIP over the Scheme Year was to reflect the policy on illiquid investments. This change was requested by the Trustee during the February 2024 meeting, with the wording agreed during the June 2024 meeting and the revised SIP published ahead of the deadline in October 2024.

## **Assessment of how the policies in the SIP have been followed for the Scheme Year**

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the relevant versions of the SIP that were in place for the Scheme Year (dated November 2023 and June 2024), relating to the DB Section and DC Section of the Scheme.

**In summary, it is the Trustee's view that the policies in the SIP have been followed during the Scheme Year.**

# Investment Mandates

## Securing compliance with the legal requirements about choosing investments

### Policy

As required by legislation, the Trustee consults a suitably qualified person when making investment selections by obtaining written advice from its Investment Consultant (Mercer Limited or “Mercer”). The policy is detailed in Section 1 (Introduction) of the SIP, which applies to the DB and DC Sections of the Scheme.

### How has this policy been met over the Scheme Year?

DB	DC
<p>There were no changes to the DB Section investments over the Scheme Year. The Trustee has historically received advice in line with the Pensions Act 1995 (as amended) when making investment selections.</p> <p>In Q1 2025, the Trustee received advice from the Investment Consultant to increase the Scheme’s target hedge ratio from 90% to 95%, measured on the technical provisions basis. This followed an increase in gilt yields, which presented an attractive point at which to increase hedging and protect the Scheme’s funding position against the impact of future movements in yields, whilst maintaining a robust collateral position. The Trustee implemented the increased target hedge ratio following the Scheme year end.</p>	<p>No changes to the default strategy or self-select fund range were made during the Scheme year.</p> <p>The Trustee, with support of the Investment Consultant, undertook the DC Section’s triennial investment strategy review in Q1 2025. This was concluded on 1 April 2025, following the end of the Scheme year. No changes were made due to the review. The next triennial DC investment strategy review is due in 2028.</p> <p>The Trustee has continued to monitor the performance of all funds and believes that assets in the default investment option are invested in the best of interests of members and beneficiaries, considering the profile of members.</p>

## Realisation of Investments

### Policy

The Trustee's policy is that there should be sufficient liquidity within the Scheme's assets to meet short term cashflow requirements in most foreseeable circumstances, so that realisation of assets will not disrupt the Scheme's overall investment policy. The policy is set out in Section 11 (Realisation of Investments) of the SIP.

### How has this policy been met over the Scheme Year?

DB	DC
<p>Most DB Section funds are daily dealt pooled investment vehicles, except for the M&amp;G Secured Finance fund, which is illiquid, is quarterly priced and traded, and has significant notice periods for disinvestments. The Trustee carefully considered the illiquidity of this hold in the context of the DB Section's cashflow position before deciding to invest (and scaled the allocation accordingly).</p> <p>The Trustee, taking advice from Mercer, has reviewed (and will continue to review) the cashflow policy for the DB Section regularly, to ensure sufficient liquidity is available to meet expected cashflows.</p> <p>The Scheme's managers have discretion on the timing of realisations of investments and in considerations relating to the liquidity of those investments.</p> <p>The Trustee monitors the collateral position within the LDI portfolio monthly, to ensure that there are sufficient recapitalisation assets to meet at least one collateral call for each of the leveraged LDI funds that the Scheme invests in.</p>	<p>The Trustee's administrators realise assets following member requests for retirement or earlier as required. The Trustee considers the liquidity of the investments in the context of the likely needs of members. All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets, and therefore should be realisable at short notice, based on member demand.</p> <p>The Trustee receives an administration report on a quarterly basis to ensure that core financial transactions are processed within service level agreements and regulatory timelines.</p> <p>There were no liquidity concerns arising in respect of the Scheme's investment fund holdings over the Scheme Year.</p> <p>In June 2024, the Trustee incorporated their policy on illiquid assets into the SIP (this is set out under Section 6 of the SIP). The Trustee considers direct investment in illiquid assets to not currently be suitable for members, but will continue to monitor developments in this area.</p>

# Environmental, Social and Governance (“ESG”)

**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments.**

## Policy

The Scheme’s SIP outlines the Trustee’s beliefs on ESG factors (including climate change). Further details are included in Section 8 (Socially Responsible Investment and Corporate Governance) of the SIP, which applies to the DB and DC Sections of the Scheme. The Trustee keeps its policies under regular review.

## How has this policy been met over the Scheme Year?

### DB and DC

Section 8 of the Scheme’s SIP includes the Trustee’s policy on ESG factors, stewardship and climate change. To establish the Trustee’s ESG beliefs and produce this policy, the Trustee has undertaken various investment training sessions provided by their Investment Consultant on responsible investment. The latest training was provided in March 2024 and covered climate risks and opportunities, as well as an overview of the Taskforce on Climate Related Financial Disclosures framework. The Trustee also participated in an ESG beliefs survey in Q2 2022.

In addition to the policies included in the SIP, the Trustee has also produced a standalone ESG Policy. This contains further details regarding how the Trustee manages ESG risks and opportunities. The Trustee keeps its policies under regular review, with the SIP subject to review at least triennially. The ESG Policy was last reviewed in September 2024.

At the 1 April 2025 Trustee meeting, just following the end of the Scheme Year, the Trustee revisited their policy on sustainable investment and considered ESG factors as part of their triennial DC investment strategy review. Discussions focused on the types of ESG funds in the market and the potential for further integration of ESG funds in the DC section fund range and strategies. However, no actions to implement any changes had been agreed at the time of writing.

The Trustee has given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, particularly in relation to the selection, retention, and realisation of underlying investments. The investment performance report is reviewed by the Trustee on a quarterly basis – this includes forward looking ratings (both general and specifically in relation ESG) from Mercer. All the Scheme’s investment managers remained generally highly rated during the year.

The Trustee also undertakes a more in-depth annual ESG monitoring report. This considers how the ESG ratings assigned to the managers by Mercer compare to their peers, alongside further ESG-related research. The report also contains Mercer’s Responsible Investment Total Evaluation assessment, which measures how well the Trustee integrates ESG factors into Scheme decision-making. The report was considered by the Trustee during the year under review.

## DB and DC

Where managers may not be highly rated from an ESG perspective the Trustee continues to monitor and engage with the managers. When implementing a new manager, the Trustee considers Mercer's ESG rating of the manager and balances this against the prospects of the fund achieving its objective. In addition, the Trustee has asked managers to comment on these areas when they have presented at meetings.

The Trustee acknowledges that managers in certain asset classes, such as secured finance, may not have a high ESG rating assigned by the Investment Consultant, due to the nature of the asset class.

The Trustee does not require the Scheme's investment managers to take non-financial matters into account in their selection, retention and realisation of investments.

## Voting and Engagement Disclosures

**The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments** (including the methods by which, and the circumstances under which, the Trustee's would monitor and engage with relevant persons about relevant matters).

### Policy

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Scheme's investments to the investment managers.

Further details are set out in Section 8 (Socially Responsible Investment and Corporate Governance) of the SIP, which applies to the DB and DC Sections of the Scheme. In addition, it is the Trustee's policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

### How has this policy been met over the Scheme Year?

#### DB and DC

The Trustee delegates the exercising of voting rights associated with investments to the underlying investment managers. The Trustee has asked managers to comment on these areas when they have presented at meetings.

Voting and engagement summary reports from the Scheme's investment managers were provided to the Trustee for review to ensure that they were aligned with the Trustee's policy during the Scheme Year. Outside of those exercised by the investment managers on behalf of the Trustee, no other engagement activities were undertaken, and the Trustee does not use the direct services of a proxy voter.

Section 3 of this statement includes examples of engagement activity undertaken by the Scheme's investment managers within equities, while section 4 sets out a summary of voting activity and the most significant votes cast on behalf of the Trustee.

The Trustee supports the aims of the UK Stewardship Code, and its investment managers are encouraged to report their adherence to the Code. All the Scheme's investment managers within the DB and DC Sections are currently signatories to the current UK Stewardship Code.

Following the Department of Work and Pensions' consultation response and outcome regarding Implementation Statements on 17 June 2022, updated guidance was produced which is effective for all Scheme Year ends on or after 1 October 2022. The updated guidance requires trustees to include a description of what constitutes a significant vote within Implementation Statements (amongst other things). Further details are included in section 4 of this statement. The Trustee's significant vote definition is largely based on the following key stewardship themes/priorities:

## DB and DC

- **Environmental:** Reduction in carbon emissions and alignment with the Paris Agreement on Climate Change.
- **Governance:** Board Diversity.

The Trustee has determined these priorities based on the Trustee Directors' ESG beliefs, considering the Employer's strategic priorities on ESG and sustainability matters. The investment managers are aware of the Trustee's policies on stewardship and engagement.

# Monitoring the Investment Managers

## Incentivising asset managers to align their investment strategies and decisions with the Trustee’s policies

### Policy

The Trustee’s policy is set out in Section 9 (Monitoring the Investment Managers, Advisers and Decision Making) of the SIP, which applies to the DB and DC Sections of the Scheme.

### How has this policy been met over the Scheme Year?

#### DB and DC

As the Trustee invests predominately in pooled investment funds, it accepts that it cannot specify the risk profile and return targets for these funds. However, the Trustee has continued to review the appropriateness of the funds to ensure that they are aligned with the investment strategy being targeted.

## Evaluation of asset managers’ performance and remuneration for asset management services

### Policy

The Trustee’s policy is set out in Section 9 (Monitoring the Investment Managers, Advisers and Decision Making) of the SIP, which applies to the DB and DC Sections of the Scheme.

### How has this policy been met over the Scheme Year?

#### DB and DC

Over the year, the Trustee received quarterly investment performance reports which showed performance (versus relevant benchmarks and targets) over shorter and longer-term periods. Performance is also considered as part of the annual Value for Members (“VfM”) assessment carried out in respect of the DC Section. If an underlying manager is not meeting performance objectives, or the investment objectives for a fund have changed, the Trustee may review the suitability of the manager and change managers where required. The Trustee considered the Investment Consultant’s views on the appointed investment managers over the Scheme Year and was comfortable that the longer term performance and forward-looking capabilities of the managers remained suitable.

## Monitoring portfolio turnover costs

### Policy

The Trustee's policy is set out in Section 9 (Monitoring the Investment Managers, Advisers and Decision Making) of the SIP, which applies to the DB and DC Sections of the Scheme.

### How has this policy been met over the Scheme Year?

DB	DC
<p>The Trustee does not explicitly monitor portfolio turnover costs with respect to the DB Section of the Scheme. Investment manager performance was reported and evaluated net of all fees and transaction costs (costs incurred because of buying and/or selling assets). In addition, where possible, performance objectives for investment managers have been set on a net basis. In this way, the investment managers were incentivised to keep portfolio turnover costs to the minimum required to meet or exceed their objectives.</p>	<p>The Trustee considers the level of transaction costs as part of the annual VfM assessment. The Trustee found that the transaction costs reported were reasonable.</p> <p>The transaction costs for each fund cover the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs. At present, the Trustee notes several challenges in assessing these costs:</p> <ul style="list-style-type: none"><li>• No industry-wide benchmarks for transaction costs exist.</li><li>• The methodology leads to some curious results, most notably “negative” transaction costs.</li><li>• Explicit elements of the overall transaction costs are already considered when investment returns are reported, so any assessment must also be mindful of the return side of the costs.</li></ul> <p>There is little flexibility for the Trustee to impact transaction costs, as managers will essentially pass on the underlying costs of buying and selling securities in the market.</p>

## The duration of the arrangements with asset managers

### Policy

The Trustee is a long-term investor and does not seek to change the investment arrangements on a frequent basis. Further details of the Trustee's policy are set out in Section 9 (Monitoring the Investment Managers, Advisers and Decision Making) of the SIP, which applies to the DB and DC Sections of the Scheme.

### How has this policy been met over the Scheme Year?

DB	DC
<p>No changes were made to the appointed investment managers during the Scheme Year. The Trustee remains comfortable with the Scheme's appointed investment managers.</p>	<p>There were no changes made to the appointed investment managers during the Scheme Year.</p> <p>All the funds are open-ended. Funds have no set end date for the arrangement.</p> <p>The Trustee will retain the investment managers unless there is a change to the overall strategy, a significant change in investment personnel or firm ownership, or the appointed managers' mandates are no longer suitable for the Scheme.</p>

# Strategic Asset Allocation

## Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

DB	DC
<p><b>Policy</b></p> <p>The Trustee’s policy on the kinds of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:</p> <ul style="list-style-type: none"><li>• Investment Objectives (SIP Section 4)</li><li>• Investment Strategy (SIP Section 6)</li></ul> <p><b>How has this policy been met over the Scheme Year?</b></p> <p>The Trustee reviews the DB Section’s investment strategy from time to time to determine whether the targeted levels of risk and return remain appropriate. The Trustee receives a quarterly investment performance report which monitors the risk and return for the DB Section of the Scheme, as well as the performance of the Section’s assets.</p> <p>Over the Scheme Year, and based on advice from the Investment Consultant, the Trustee has begun to consider what the Scheme’s long-term target investment strategy might look and how the current investment strategy might evolve towards this position over time. Further discussions in this regard are expected to take place over the next Scheme year, alongside the formal actuarial valuation.</p> <p>Over the 3 years to 31 March 2025, the DB Section delivered annualised returns of -19.7% relative to an annualised benchmark return of -21.6%.</p>	<p><b>Policy</b></p> <p>The Trustee’s policy on the kind of investments to be held and the balance between different kinds of investments can be found under the following sections of the SIP:</p> <ul style="list-style-type: none"><li>• Investment Objectives (SIP Section 4)</li><li>• Investment Strategy (SIP Section 6)</li></ul> <p>The default investment strategy has been designed after careful analysis of the membership demographic and other characteristics to offer a suitable approach, in so far as is practical, to meet the needs of the Scheme’s members. The Trustee carries out regular assessments of the performance of the default investment strategy and its design to ensure it continues to remain appropriate for the membership. The Trustee recognises that the default strategy will not meet the needs of all the members and as such, alternative investment options are available for members to choose from – including a range of self select funds.</p> <p><b>How has this policy been met over the Scheme Year?</b></p> <p>The Trustee has selected a range of investment options for members to utilise in structuring their assets according to their individual objectives. The Trustee recognises that members of the DC Section of the Scheme have differing investment needs and that these may change during their working lives.</p> <p>No changes were made to the default investment option over the course of the year. The most recent investment strategy review was concluded on 1 April 2025 and the next investment strategy review is set to be undertaken in 2028.</p>

## Risks, including the ways in which risk are to be measured and managed

### Policy

The Trustee recognises a number of risks involved in the investment of the assets of the DB and DC Section and that the choice and allocation of investments can help to mitigate these risks. Details of these risks and how they are measured and managed can be found under Section 5 (Risk) of the SIP.

### How has this policy been met over the Scheme Year?

DB	DC
<p>The Trustee receives a quarterly investment performance report from Mercer that helps monitor the risk and return of the funds used within the DB Section of the Scheme.</p> <p>The report considers both quantitative and qualitative measures of risk. Furthermore, the Trustee monitors the collateral position monthly and the cashflows underpinning the construction of the Scheme's LDI portfolio on a quarterly basis.</p>	<p>Members can combine the investment funds in any proportion to achieve the desired level of return and risk in line with their own attitude towards, and tolerance for risk. Within the default investment option, the strategic asset allocation is set to achieve the expected return required to meet the objective of the default investment option. The Trustee reviewed the risk register to examine the metrics regularly.</p> <p>With the move to Sole Trustee during the Scheme Year, it was decided during the October 2024 Trustee meeting that sub-committees to review the risk register were no longer necessary. The risk register was last reviewed during early 2025.</p>

# Section 3

## Engagement Activity by the Scheme's Investment Managers

The following are examples of engagement activity undertaken by the Scheme's Equity and Diversified Growth Fund investment managers.

DB	DC
<p><b>Market-based observations: BlackRock's approach to engage with palm oil producers</b></p> <p>Palm oil is the world's most widely used oil crop, utilised in products ranging from cooking oil and dairy substitutes to cosmetics and biofuels. However, its production is associated with several potential risks, including those related to deforestation, biodiversity loss, disputed land use, labor related issues, bribery, and corruption. These risks have the potential to impact companies' ability to deliver strong, long-term performance, especially in light of rising regulatory expectations and growing customer demand for sustainably produced palm oil. The BlackRock Investment Stewardship ("BIS") team continues to engage with palm oil companies, which are based primarily in the Asia ex-Japan region, with Indonesia and Malaysia accounting for approximately 82% of global output. BlackRock engage with these companies to further their understanding of their long-term strategies and how they manage the material risks and opportunities in their business models that can impact their ability to create durable, long-term financial value.</p> <p>As part of BlackRock's assessment of companies in the palm oil industry, BIS considers a company's management of material sustainability-related risks and opportunities, any remediation and grievance mechanisms, and governance and oversight structures, amongst other factors. BlackRock looks to understand how companies for whom these risks are financially material, manage and mitigate the risks associated with their environmental impact, land use and community engagement, and supplier and sourcing processes, and how they position themselves to capture related opportunities. This assessment may inform voting decisions, as appropriate, for those clients who have given BlackRock the authority to vote on their behalf. BlackRock evaluate the public disclosures and policies of palm oil companies as well as third-party research and data. BlackRock looks to companies to provide comprehensive reporting to aid investor understanding of these issues and how they are identified and managed.</p>	
<p><b>M&amp;G's Engagement with Zayo Group Holdings Inc: Driving Towards Net Zero</b></p> <p>In line with the firm's ongoing commitment to sustainability, M&amp;G engaged with Zayo Group Holdings Inc to address their recent increase in Scope 1 and 2 carbon emissions and to understand their pathway for achieving Science-Based Targets initiative (SBTi) goals. During a productive call with Zayo's Sustainability Director and a member of the Investor Relations team, M&amp;G challenged the company on their emissions trajectory. Zayo explained that the rise in Scope 1 and 2 emissions from 2021 to 2022 was primarily due to an acquisition and that they had completed auditing their 2023 data,</p>	<p><b>LGIM engages with Hindalco Industries</b></p> <p>Hindalco, an integrated aluminium producer and copper manufacturer based in India, has an ESG score of 36 (+5). Given India's status as a major carbon emitter, Hindalco has been selected for direct engagement within LGIM's Climate Impact Pledge ("CIP") program, particularly concerning the aluminium sector's expectations.</p> <p>In 2023, the Institutional Investors Group on Climate Change launched the Net Zero Engagement Initiative to broaden investor engagement with companies that heavily use fossil fuels. LGIM co-led the engagement with</p>

## DB

which revealed a decrease in 2022 emissions as a result of improved data availability. Subsequent work has helped identify areas where Zayo can exert control over emissions. For Scope 2 emissions, which are largely driven by electricity usage across 49,000 global sites, Zayo anticipates an increase as they expand operations. However, they have committed to purchasing 100% renewable electricity for these emissions. In terms of fleet management, Zayo is focused on replacing less fuel-efficient vehicles, with a preference for hybrids due to logistical challenges in sourcing renewable energy. They are also implementing green solutions for employee travel, including hotels and airlines, and are engaging with external stakeholders regarding purchased goods and services. Importantly, Zayo clarified their approach to SBTi, stating that they do not use carbon offsets for Scope 1 and 3 emissions, although they are permitted to do so for Scope 2. Their base year for emissions reporting is 2020, with recorded emissions of 202,000 tCO<sub>2</sub>e for Scope 1 and 193,000 tCO<sub>2</sub>e for Scope 2.

### **Engagement with Pacific Gas and Electric: Advancing Climate Strategy and Governance**

In the first quarter of 2024, T. Rowe Price Associates engaged with Pacific Gas and Electric (“PG&E”) to discuss various ESG issues, with a particular focus on climate commitments, safety, and reporting. This engagement involved key representatives from PG&E, including the Deputy General Counsel and the Senior Director of Corporate Governance.

During the discussion, PG&E outlined its climate strategy published in June 2022, which included ambitious targets for a net-zero energy system by 2040 and a "climate- and nature-positive energy system" by 2050. The company acknowledged that it is still refining the details of these targets, particularly those related to biodiversity and sustainability. PG&E's forestry assets are expected to play a crucial role in serving as carbon sinks, contributing to California's net-zero goals.

PG&E informed T-Rowe that it is working on a climate vulnerability assessment report, which is set to be filed with the California Public Utilities Commission in the near term. This report included a climate vulnerability

## DC

Hindalco under this initiative, building on existing efforts through CIP. Hindalco signed the International Aluminium Institute Greenhouse Gas (“GHG”) initiative in 2023, committing to disclose a transition plan by year-end to meet decarbonisation goals. While the company's 2023/24 integrated annual report highlighted positive steps, such as a double materiality risk assessment identifying GHG management as a top risk, it lacked a coherent and quantified transition plan, which did not meet LGIM's expectations. Additionally, Hindalco postponed its short-term scope 1 and 2 emission intensity reduction target from 2025 to 2027.

Following LGIM's vote against the board chair at the 2023 Annual General Meeting, there was an increased willingness from Hindalco to engage. However, after three meetings and multiple emails, LGIM remains unclear about the company's plans for a coherent transition plan, the accountability structures for its development in 2024, and the timeline for disclosures.

### **Insight engages with a medical device company**

Insight engaged with a medical device company that is a global leader in the medical device industry, operating in high-technology segments such as cardiovascular, medical surgical, diabetes, and neuroscience. Engagement was initiated due to its overall ESG rating being negatively impacted by weak scores in product safety and quality, stemming from several product recalls classified as severe controversies by a third-party data provider. Despite scrutiny, the company has shown positive trends in recent years.

Given the high-risk nature of its product portfolio and numerous stock-keeping units, product recalls are expected to persist. However, there are opportunities for improved disclosures to demonstrate effective management of these recalls.

In terms of engagement, the company has launched a quality-transformation program aimed at enhancing product quality and performance. It also expressed disagreement with the methodology of a third-party ESG rating agency, particularly regarding how it captures controversies and categorises companies. The company argued that the agency's methodology

**DB**

assessment for the years 2030, 2050, and 2080, highlighting the company's progress in wildfire mitigation efforts.

On the governance side, PG&E announced the appointment of the former chief risk officer of Ernst & Young to its audit committee, indicating a commitment to enhancing its governance structure.

**DC**

disproportionately penalised issues affecting chronically ill patients, which is particularly relevant given its reliance on products for this demographic.

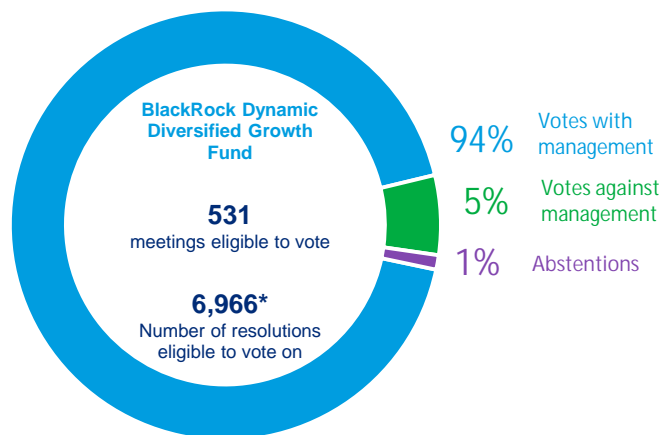
Moving forward, Insight will continue to monitor the company's changes to its product research and development program.

# Section 4

## Voting Activity during the Scheme Year

### DB Section

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies of the Scheme. Voting rights are attached to listed equity shares, including equities held in multi-asset funds. The Trustee expects the Scheme's investment managers to responsibly exercise its voting rights. Voting rights allow investors to express their views and input into company decisions (voting with management, against management or abstaining), and these votes are cast ahead or at shareholder meetings. Funds where voting is not applicable (i.e. non-equity funds) are not included in the list below.



Source: BlackRock. Voting activity reported for the period the Scheme was invested.

\*94% of resolutions voted on

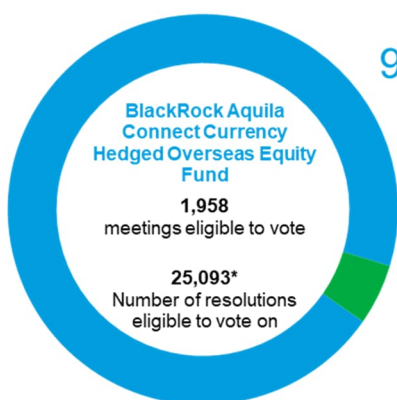
### Most significant votes

A "Significant Vote" is defined as one that is related to the Scheme's beliefs and stewardship themes/priorities, which refers to voting in relation to climate change and board diversity. The Trustee only considers a vote to be significant if it relates to a holding that represents at least 3% of the relevant fund (where data is available). There were no votes over the Scheme Year where the approximate holding size was at least 3% of the fund.

## DC Section

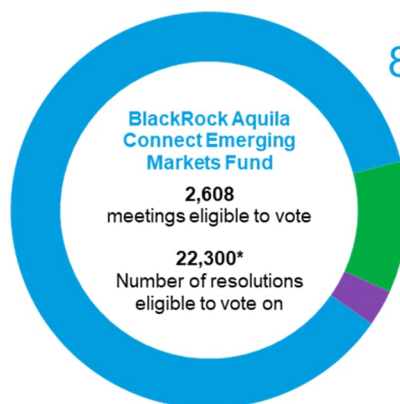
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Scheme. Funds where voting is not applicable (i.e. non-equity funds) are not included in the list below.

### Default funds:



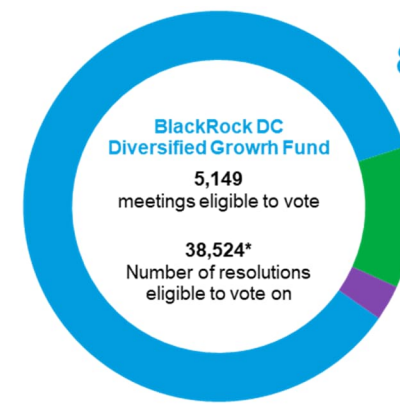
94% Votes with management  
 5% Votes against management  
 0% Abstentions

\*98% of resolutions voted on



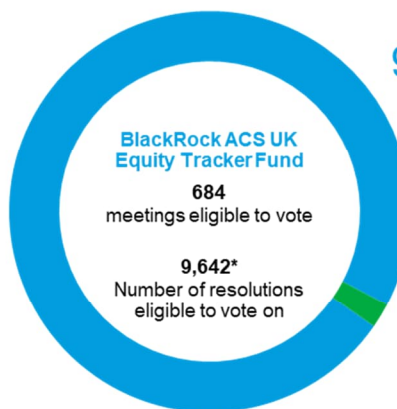
88% Votes with management  
 11% Votes against management  
 3% Abstentions

\*97% of resolutions voted on



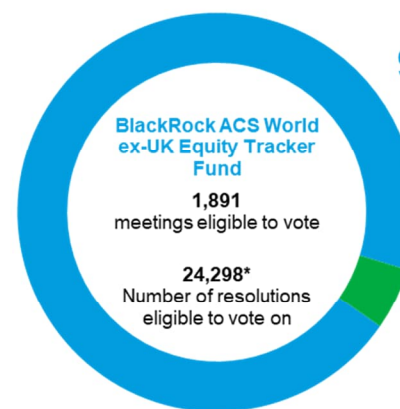
87% Votes with management  
 12% Votes against management  
 3% Abstentions

\*94% of resolutions voted on



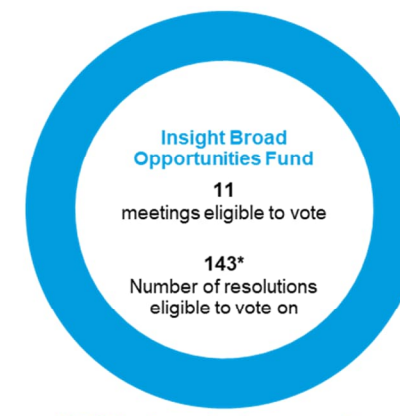
97% Votes with management  
 2% Votes against management  
 0% Abstentions

\*99% of resolutions voted on



94% Votes with management  
 5% Votes against management  
 0% Abstentions

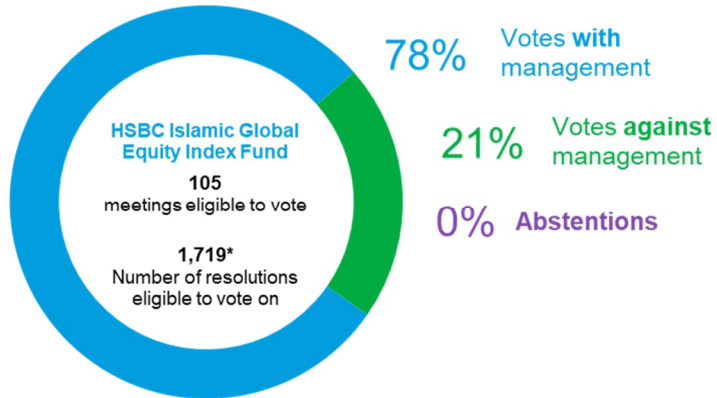
\*94% of resolutions voted on



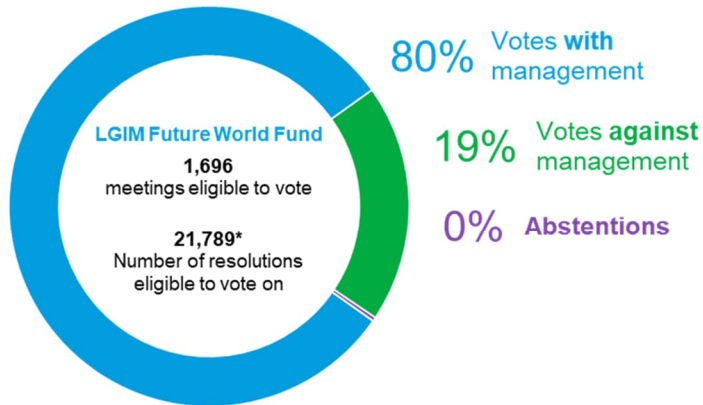
100% Votes with management  
 0% Votes against management  
 0% Abstentions

\*100% of resolutions voted on

**Self-select funds:**



\*96% of resolutions voted on



\*100% of resolutions voted on

Source: Investment Managers.

The data shown is an aggregate of the underlying funds which each of the above funds invest in. Figures may not sum to 100% due to rounding. For the BlackRock funds, figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

## Most significant votes

The Trustee has reviewed voting records from the managers. The information in this section has been provided directly by the investment managers. The managers have provided detailed information on their voting. The Trustee has considered this information and disclosed the votes that it deems to be most significant. A “significant vote” is defined as one that is linked to the Trust’s stewardship priorities/themes, as defined earlier in this statement. Furthermore, the Trustee has deemed a “significant vote” as one related to investments in the default strategy, where most members are invested, and the approximate size of holdings is at least 3% in each of the underlying funds (i.e. most significant holdings).

✗ Resolution not passed      ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the Manager voted	Rationale of Manager vote	Final outcome following the vote	Why Vote is Significant
BlackRock ACS UK Equity Tracker Fund	7.90%	Shell Plc	21/05/2024	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the GHG Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement.	Against	A vote <b>against</b> is warranted as the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	✗	The Trustee has deemed votes in relation to <b>Environment (GHG emissions and Paris Agreement)</b> alignment to be significant.

Source: Investment Managers. The votes shown above are the votes carried out by the underlying investment managers for each of the above funds.

No significant votes have been included for the BlackRock Diversified Growth Fund, BlackRock Aquila Connect Emerging Markets Fund, and BlackRock Aquila Connect Currency Hedged Overseas Equity Fund as there are no equity holdings that meet the 3% criteria.

Insight invests in listed closed-end investment companies with a focus on cash-generative investments in social and public, renewable energy and economic infrastructure sectors. This governance framework, that is with an independent board acting on behalf of shareholders, generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy’s exposures. Additionally, no significant votes have been included for the Insight Broad Opportunities Fund as there are no equity holdings that meet the 3% criteria.