

# Affinity Water Pension Plan – DC Section Implementation Statement for the year ending 31 December 2024

Welcome to the Trustee’s Statement of how it implemented the policies and practices in the Plan’s Statement of Investment Principles during the year ending 31 December 2024.

This statement covers the DC section and Additional Voluntary Contributions (“AVCs”) of the Plan. Information regarding the DB section is provided in a separate document.

## Introduction

The Trustee has prepared this Implementation Statement in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the Pensions Regulator’s General Code of Practice. It sets out how the Trustee has complied with the Affinity Water Pension Plan (“the Plan”) Stewardship Policy and [Statement of Investment Principles](#) (“SIP”) during the period 1 January 2024 to 31 December 2024

For members in the DC section, the benefits you receive are on a defined contribution (“DC”) basis (sometimes called money purchase benefits). That means your retirement benefits will depend on your savings, which grow with contributions and investment returns on the funds where your savings are invested.

## What is this Implementation Statement for?

Each year the Trustee is required to prepare an Implementation Statement, which sets out how it has complied with the Plan’s SIP relating to DC benefits during the last year. The Trustee has worked with its Investment Advisor (“Advisor”) to ensure that their work and actions over the year have complied with the SIP and to produce this Implementation Statement.

## What is the SIP?

The SIP sets out the principles and practices the Trustee follows when governing the Plan’s investments. It describes the rationale for selecting the investment strategy and explains the risks and expected returns of the funds used, as well as the Trustee approach to responsible investing (including climate change).

### Overall, the Trustee is satisfied that:

- The Plan’s investments have been managed in accordance with the Plan’s Stewardship Policy during the period;
- The Plan’s investments have been managed in accordance with the remainder of the Plan’s SIP; and;
- The provisions of the SIP, including the default arrangement and other investment options, remain suitable for the Plan’s members.

During the year, the Trustee reviewed the SIP, updating the latest version in September 2024 and the Chair of the Trustee signed the latest version in October 2024, to include the Trustee’s policy regarding the default arrangement investing in illiquid assets. The SIP was also updated to include the Trustee’s updated investment beliefs ahead of the 2024 investment strategy review.

The Trustee has prepared this Implementation Statement on the basis of the SIP in force throughout the period. Reporting within this document is in line with the SIP applicable at the relevant time.

The SIP is scheduled to be reviewed no later than October 2027 or immediately following any significant change in investment policy or the Plan’s member profile.

The Plan’s SIP can be found online at: <https://www.affinitywaterpensions.co.uk/resources/2024-awpp-dc-statement-of-investment-principles-sip/>

### How the Plan's investments are governed

The Trustee has overall responsibility for how the Plan's investments are governed and managed in accordance with the Plan's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

As the Plan provides both defined benefit (DB) and defined contribution (DC) benefits, the Trustee has established a DC sub-committee (the DCC) which focuses on DC related issues.

In particular, the DCC monitors, appoints and removes investment managers, considers tactical investment opportunities, manages the relationship with the Trustee's investment advisors and makes recommendations to the Board on investment strategy and the DC SIP.

Both the Trustee and the DCC receive advice from their investment advisors, Hymans Robertson LLP. Eversheds Sutherland LLP acts as the Trustee's legal advisor.

The DCC meets at least three times a year at appropriate times in the reporting and audit cycle. Over 2024, the DCC met 4 times. The meetings are minuted to capture the proceedings and decisions made, which are then circulated to the full Trustee Board.

There have been no changes to the governance processes during the last year.

The Trustee has delegated day-to-day investment decisions, including stewardship of the Plan's investments, in addition to which investments to buy and sell, to the investment managers for the DC section.

The Trustee monitors how well its Advisor meets the objectives agreed with them. During the last year, the Advisor agreed the following DC objectives:

- Provide advice on an investment approach for the default arrangement that maximises long risk-adjusted real returns for members when they are far from retirement and delivers protection against market falls when members are closer to retirement.
- Provide advice in relation to self-select range and alternative lifestyle funds that incorporates sufficient choice for members to meet their own needs in terms of investment return, investment risk and retirement choices, reflecting member feedback where relevant.
- Ensure fund range remains appropriate for members over time and propose changes on a timely basis where appropriate in relation to the addition or deletion of funds.
- Provide relevant and timely advice.
- Raise important issues impacting members with the DCC promptly during the period covered by this assessment. Meeting papers have been delivered on time ahead of the Trustee meetings where possible.
- Develop Trustee knowledge and understanding of investment matters.
- Keep the DCC informed of relevant investment insights and other developments on an ongoing basis.
- Support to ongoing governance shall be proportionate and competitive in terms of costs relative to Hymans Robertson LLP's peer group.
- Ensure advice takes into consideration the potential impact of climate risks and opportunities on outcomes for different cohorts of members.
- Support the Trustee where opportunities to improve outcomes have been identified.

The Trustee carried out an evidence-based review of the investment Advisor's performance against these objectives in December 2024. This involved rating the Advisor against the different objectives. The Trustee was satisfied that the objectives had been achieved for the year.

The Trustee undertook the following during the last year to ensure that its knowledge of investment matters remains up to date:

- Quarterly reviews of TPR's Code of Practice
- Training from advisors on the below subjects:

Date	Topic	Aim	Trainer
<b>March 2024</b>	General Code	A training session on General Code updates to the full Trustee Board. The session covered an overview of the incoming General Code and impact to the Plan.	Eversheds
<b>June 2024</b>	Pensions accounting, assurance, and regulations	A training session on Audit, Accounts and Annual reports was delivered to the full Trustee Board. The session covered climate change governance and reporting, General Code, TPR Statement of Strategy and pensions dashboard.	KPMG
<b>September 2024</b>	DC Operational Models	A training session to equip the Trustee with a comprehensive understanding of the differences, benefits, and challenges of differing operational and implementation models available to the Plan. This enables the Trustee to make an informed decision as part of a review of the current operational model.	Hymans
<b>September 2024</b>	Conversance	A training session was delivered to the full Trustee Board on a Trustee's responsibility to be conversant with relevant governance requirements. The session covered key legislation (such as Trust Law and the General Code), and key areas of powers and responsibilities of a Trustee.	Eversheds
<b>December 2024</b>	Board Effectiveness	A training session on Trustee effectiveness was delivered to the full Trustee Board. The session covered areas such as Trustee roles in meetings and decision-making, the role of the governing body, the relationship with the sponsor, and risk management.	Eversheds

The Trustee noted its Advisor's DC Hot Topics every quarter. During the year, the following topics were presented:

- Hymans' DC Investment Outlook 2024;
- Anti-greenwashing and Sustainable Disclosure Regulation;
- Factoring Nature Into Investment Strategies; and
- Trends in Stewardship and Alignment of Voting.

The Trustee noted its Advisor's DC Quarterly Updates. During the year, the following topics were presented:

- The pensions dashboard: refreshed the Trustee knowledge on the dashboard and the Trustee responsibilities.
- The Spring budget: Summarised the former Chancellor's update that was relevant to the DC pension space, particularly the Value for Money consultation.
- The General Code: Updated the Trustee on the Pensions regulator's General Code which came into force March 2024 and a reminder of what is required for an "Own Risk Assessment".
- The new Labour Government: Provided a summary to the various promises Labour had throughout the election campaign with regards to pensions and what to expect over the next 4 years.

**The Trustee is satisfied that during the last year:**

- **The Plan's DC governance structure remained appropriate;**
- **The Trustee maintained its understanding of investment matters; and**
- **Its Advisor met the agreed objectives.**

### **How the default arrangement and other investment options are managed**

The objectives and rationale for the default arrangement are set out in the SIP in Section 3 (Investment Objectives) pages 5 and 6. Rationale for the other investment options can be found on page 6.

The Trustee regularly reviews the performance of each fund in which the Plan invests against its stated performance objective. The Trustee receives an investment performance monitoring report on a quarterly basis.

The Trustee monitors the suitability of the objectives for the default arrangement and for the other investment options and performance (after the deduction of charges) against these objectives at least every three years and without delay after any significant change in: (i) investment policy; or (ii) the demographic profile of the membership.

A full review of the performance and suitability of the default arrangement was undertaken during the year on 10 September 2024. It is intended that the next full review will take place by September 2027 or immediately following any significant change in investment policy or the Plan's member profile.

**Following the investment strategy review in 2024, the Trustee agreed a number of changes to the default strategy to enhance member outcomes. However, the implementation of these changes was put on hold as the Trustee is currently assessing options for future proofing the Plan's operating model to ensure the best service for members.**

### The Trustee's investment beliefs

The Trustee has developed a set of investment beliefs which it uses as a guide when making investment decisions. These beliefs are set out in the SIP in Appendix 3 on pages 19 and 20. The Trustee's investment beliefs cover a wide range of factors and provide a framework for setting the investment strategy for the Plan and for making investment-related decisions.

The overriding objective is to facilitate good retirement outcomes for members and help members achieve "benefit adequacy" i.e. an appropriate replacement income. The Trustee will therefore set an investment strategy and assess investment risk by reference to the members' retirement goals.

**The Trustee updated its investment beliefs during the year. Details of these can be found in the SIP.**

### The expected risks and returns on your savings in the DC section of the Plan

The investment risks relating to the Plan are described in the SIP, Section 2 (Investment Considerations) pages 1 and 2. The expected returns are also set out in Section 2 page 2.

The Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Plan invests in over the longer-term) for the Plan's lifestyle options (which gradually change the funds in which your savings are invested as you approach retirement).

Within the Plan's default investment strategy, a lifestyle approach is used to manage the appropriate levels of risk and return members face as they approach retirement. The strategy is designed to automatically move members from traditionally higher risk, higher return assets to less risky, lower return assets as they move closer to retirement. The Trustee, alongside their Advisor, reviews the suitability of the Plan's investments on at least a triennial basis, with the latest review having taken place in September 2024.

**The Trustee believes that the main investment risks members face described in the SIP have not changed materially over the last year.**

**The Trustee is satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the risks that members face.**

### Platform providers and fund managers

The Trustee monitors the service of the investment platform provider, Legal & General, used by the DC section of the Plan by:

- Reviewing Legal & General's quarterly investment performance reports;
- Engaging with their investment advisors, Hymans Robertson LLP.

**The Trustee is satisfied that the platform provider used by the Plan remains appropriate.**

The Trustee monitors the performance of the funds used by the DC section of the Plan by:

- Comparing the performance of each fund in which the Plan invests against its stated performance objective;
- Receiving an investment performance monitoring report on a quarterly basis; and

- Performing an annual review of investment as part of the Chair's Statement and Value for Members assessment.

There have been no changes to the platform provider and funds during the last year.

The Trustee believes that the default investment strategy has good environmental, social and governance ("ESG") integration. This is achieved by investing in funds that take into account ESG considerations and help protect members' assets against key ESG risks.

**No changes were made to the investment strategy during the Plan year.**

### Ability to invest / divest without delay

It's important that your contributions can be invested without excessive delay in the default arrangement, or the investment options you have chosen and that your investments can be sold when you want to change where they are invested, transfer your pension pot to another Plan or your benefits are due to be paid out when you retire. The Trustee is satisfied that the funds available for members to invest in have sufficient liquidity and may be realised quickly if required, under most circumstances.

**The Trustee is satisfied that money can be invested in and taken out of the Plan's funds without delay as set out in the SIP.**

### Portfolio turnover within funds

The Trustee monitors the performance of the assets net of costs on a quarterly basis and any material deviation in performance relative to target returns or benchmarks will warrant an investigation into the activity carried out by the fund manager, including the buying and selling of assets. In this way, the Trustee indirectly monitors portfolio turnover and the associated transaction costs.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

Portfolio turnover for the Plan's assets over the year to 31 December 2024 is provided in the below table.

### Annual portfolio turnover for the Plan's funds over the year to 31 December 2024

Fund	Annual portfolio turnover (%)
L&G Future World Fund	5.4
L&G Future World Global Equity Index Fund	9.5
L&G World Equity Index Fund	2.7
L&G Future World Global Equity Index (GBP Ccy Hedged) Fund	20.6
L&G Dynamic Diversified Fund	9.3
L&G Retirement Income Multi Asset Fund	30.9
L&G UK Equity Fund	16.1
L&G AAA-AA-A Corporate bond all stocks index fund	8.4
L&G Pre-Retirement Fund	16.3

L&G Managed Property Fund	7.8
L&G Cash Fund	48.6
<b>AVC funds</b>	
Prudential Discretionary Fund	96.1%
Prudential Global Equity Fund	66.0%
Prudential UK Equity Fund (active)	142.0%
Prudential With Profits Fund	N/A
Prudential Cash Fund	49.7%

Source: Investment Managers

**The Trustee is satisfied that the level of trading of the funds' assets carried out by the fund managers has been consistent with the funds' objectives.**

### Security of your savings in the Plan

In addition to the normal investment risks faced investing in the funds used by the Plan, the security of your savings in the Plan depends upon:

- The financial strength of the investment platform provider used by the Plan;
- The financial strength of the fund managers used by the investment platform; and
- The legal structure of the funds the Plan invests in.

The financial strength of the platform provider and the fund managers has a bearing on the risk of losses to the Plan's DC members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or fund managers' business in the unlikely event that the provider or manager becomes insolvent.

**The Trustee completed a security of assets review in 2023 and is satisfied that the structure in place mitigates the risk of losses as far as possible.**

**There have been no changes to the structure of the funds used by the Plan during the last year. The Trustee is not aware of any material changes in the financial strength of the investment platform provider or the fund managers used by the platform in the last year.**

### Conflicts of interest

The Trustee considers potential conflicts of interest:

- When choosing fund managers;
- When monitoring the fund managers' investment performance and the fund managers' approaches to investment stewardship and responsible investing; and
- When the fund manager is making decisions on where each fund is invested.

The Trustee expects the fund managers to invest the Plan's assets in the members' best interests and formally asks service providers to confirm any conflicts of interest when the Trustee meets with them. In addition, as the

funds used by the Plan are held at arms-length from the Trustee via an investment platform, the Trustee has asked the platform provider to report on its investment governance of the funds, including conflicts of interest.

**The Trustee is satisfied that there have been no material conflicts of interest during the year which might affect members' benefit expectations.**

### Manager incentives

As described in the SIP Section 7 (Policy on investment manager and fund arrangements), pages 12 and 13, the Trustee seeks to ensure that the fund managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Plan are held at arms-length from the Trustee via an investment platform specified by the Trustee on advice from its Advisor. The Trustee believes it is in the platform provider's best commercial interests to ensure that the fund managers are suitably incentivised to meet their funds' investment objectives.

Going forward, the Trustee will formally ask managers to confirm any changes to their internal remuneration policy when managers meet with the Trustee.

**The Trustee is satisfied that the fund managers are suitably incentivised to deliver good outcomes for the Plan's members.**

### Responsible Investment

The Trustee believes that responsible investment is important to manage the risks that environmental factors (including climate change), social factors (such as the use of modern slavery) and corporate governance behaviour (called "ESG" factors) can have on the value of the Plan's investments and, in turn, the size of members' retirement benefits.

The Trustee believes in the principles of responsible investment, which means that it expects its investment managers to consider ESG factors in investment decision-making and take an active role as a steward of its capital. In practice, this may mean understanding how an investee company affects or is dependent on social and environmental systems, and how this can have material financial implications over the long term. From this perspective, the Trustee believes capital value is best protected and this approach supports the Plan's investment objectives and members' best interests.

**The Trustee's approach to responsible investing has not changed during the last year.**

**The Trustee's approach to sustainable investing has not changed during the last year. The Trustee is satisfied that during the year the Plan's investments were invested in accordance with the policies on sustainable investing and consideration of financially material factors set out in the SIP.**

### Sustainable Investment

The Trustee believes that investing sustainably is important to control environmental risks (including climate change), social risks (such as the use of child labour) and corporate governance behaviour, collectively called "ESG" factors, that can have an impact on the value of the Plan's investments and in turn the value of members' retirement benefits.

The Trustee has considered the length of time members' contributions are invested in the Plan when choosing and reviewing the funds used in the investment options. The Plan potentially has members who will be invested in funds for in excess of 40 years.



The Trustee will periodically review the platform provider's and fund manager's approaches to sustainable investing. Going forward, the Trustee will consider how Legal & General have handled these risks.

**The Trustee's approach to sustainable investing has not changed during the last year. The Trustee is satisfied that during the year the Plan's investments were invested in accordance with the policies on sustainable investing and consideration of financially material factors set out in the SIP.**

### Stewardship policy

The Trustee's Stewardship (voting and engagement) Policy sets out how the Trustee will behave as an active owner of the Plan's assets which includes the Trustee's approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with its investment managers and any other stakeholders.

The Trustee has adopted a policy of delegating voting decisions on stocks to their investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. The investment managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy. A link to the investment managers' voting policies can be found in the Appendix.

Within the quarterly investment monitoring reports, the Trustee monitors each investment manager's ability to ensure that each manager considers environmental, social and governance risk factors into their investment decision making process and exercise good stewardship over the underlying holdings. The Trustee monitors the extent to which the investment managers do this through dialogue with the investment manager and via Responsible Investment ratings which are provided by the Advisor.

The Plan is not a part of investor collaborations or initiatives itself but does recognise that such efforts can be supportive of the Plan's investment objectives. As such, the Trustee welcomes that its appointed investment managers (and Advisors) are active participants in relevant groups, be this to support overall well-functioning financial markets or through focussed thematic engagement efforts. This is consistent with its approach of delegating certain rights and responsibilities and is considered to be a component of an investment manager's stewardship efforts.

The Plan's investment managers list the initiatives that they are part of in their Stewardship Code submissions and on their websites. As this participation is extensive in each case, a full list is not presented here. As the Trustee is in the process of defining its Responsible Investment beliefs, with a view to setting itself stewardship priorities in the future, it plans to assess how its investment managers align with expectations on these topics over the coming period through engagement at DCC meetings.

At present, the Trustee does not have any stewardship priorities or themes in place. The Plan's Stewardship Policy is reviewed on a periodic basis, in line with the Plan's SIP review. The Trustee has committed to reviewing the managers' stewardship policies on a periodic basis.

**The Trustee monitors its compliance with the Plan's Stewardship Policy on a regular basis and is satisfied that it has complied with that Policy over the Plan year. There has been no change to the Responsible Investment ratings over the year.**

### Investment stewardship

The Plan's Stewardship Policy can be found within the Plan's SIP Section 6 (Responsible Investment), page 9 and is reviewed in line with the Plan's SIP, which was last updated in October 2024.

The Trustee believes it is important that the fund managers as shareholders or bond holders take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with the management on major issues which affect a company's financial performance (and in turn the value of the Plan's investments).

As the Plan's investments are held at arms-length from the Trustee and members through an investment platform operated by Legal & General, the Trustee is unable to instruct the fund managers on how they should vote on shareholder issues. The Trustee nevertheless:

- Chooses fund managers whose voting policy are consistent with the Plan's objectives;
- Expects fund managers to vote in a way which enhances the value of the funds in which the Plan invests;
- Monitors how the fund managers exercise their voting rights.

### How does the Trustee monitor this?

The Trustee periodically reviews the platform provider's and fund managers' approaches to stewardship including their voting and engagement policies.

The funds with voting rights attached that are available to members as part of the default fund range or the self-select fund range are listed below along with summary voting statistics for each fund.

#### Default Funds

- L&G Future World Fund
- L&G Future World Global Equity Index Fund
- L&G Dynamic Diversified Fund
- L&G Retirement Income Multi Asset Fund

#### Self-Select Funds

- L&G UK Equity Fund
- L&G World Equity Index Fund
- L&G World Equity Index Fund – GBP currency hedged

#### AVC Funds

- Prudential Discretionary Fund
- Prudential Global Equity Fund
- Prudential UK Equity Fund (active)
- Prudential With Profits Fund

### Voting Activity

The Trustee periodically reviews the fund managers' approaches to stewardship including voting and engagement policies. The voting process has not changed over the year with responsibility for investment decisions delegated to the investment managers. Where managers are responsible for investing in a new issuance, the Trustee expects the manager to engage with the issuer about the terms on which capital is issued and the potential impact on the rights of new and existing investors.

The Trustee seeks to ensure that its managers are exercising voting rights, and where appropriate, to monitor manager voting patterns. The Trustee also monitors investment managers' voting on particular companies or issues that affect more than one company.

Based on the information provided by the managers, voting statistics are provided below. The reported information is based on full disclosure by Legal & General and Prudential. The Trustee does not believe that any information is missing.

### How do fund managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity:

Manager	Comment on Approach
<b>Legal &amp; General (L&amp;G)</b>	L&G's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, L&G have put in place a custom voting policy with specific voting instructions.
<b>Prudential</b>	Prudential use research provided by ISS and the Investment Association; and use the 'ProxyExchange' electronic voting platform to electronically vote clients' shares from ISS for managing their proxy voting activity.

### Funds with voting rights

The Trustee seeks to ensure that fund managers are exercising voting rights and, where appropriate, monitors managers' voting patterns. The Trustee also monitors votes cast by managers on particular companies or issues that affect more than one company.

The Legal & General funds have reported on how votes were cast over the past year as set out below.

1. L&G Future World Fund
2. L&G Future World Global Equity Index Fund
3. L&G Dynamic Diversified Fund
4. L&G Retirement Income Multi-Asset Fund
5. L&G World Equity Index Fund
6. L&G UK Equity Index Fund

Fund name	1	2	3	4	5	6
Proportion of Plan's assets	32.3%	32.3%	24.0%	2.4%	4.9%	1.0%
No. of meetings eligible to vote at during the year	1,715	5,516	10,173	10,486	2,912	722
No. of resolutions eligible to vote on during the year	22,041	55,469	102,939	106,438	35,750	10,188
% of resolutions voted	99.5%	99.8%	99.8%	99.8%	99.7%	100.0%
% of resolutions voted with management	80.1%	81.0%	76.7%	77.2%	79.3%	94.0%

Fund name	1	2	3	4	5	6
% of resolutions voted against management	19.6%	18.2%	22.6%	22.1%	20.4%	6.0%
% of resolutions abstained	0.3%	0.9%	0.7%	0.7%	0.3%	0.0%
% of meetings with at least one vote against management	71.4%	59.7%	71.7%	70.8%	74.6%	40.3%

Source: Legal & General

#### **Funds with No Voting Rights Attached**

The following funds are fixed income, property and cash funds. These types of investments do not have voting rights attached to them.

- L&G AAA-AA-A Corporate bond all stocks index fund
- L&G Managed Property Fund
- L&G Future World Annuity Aware Fund
- L&G Cash Fund
- Prudential Cash Fund.

**The Trustee is satisfied that the fund managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.**

## Significant Votes

The Trustee also considers how the fund managers voted on specific issues. The Trustee considers 'significant votes' to be either companies with relatively large weightings in the funds members invest in, or where there were shareholder issues that members are expected to have an interest.

The Trustee has asked its managers to report on the most significant votes cast within the portfolios they manage on behalf of the Trustee. Managers were asked to explain the reasons why votes identified were significant, the size of the position in the portfolio, how they voted, any engagement the manager had undertaken with the company and the outcome of the vote. The majority of public companies hold their Annual General Meeting ("AGM") during the second quarter of each year.

Significant votes can be determined by alignment with any key stewardship priorities or themes identified by a scheme, and/or defined as those that have a large relative size of holding in portfolio, potential impact of vote on company, profile of resolution, among others. At present, the Plan does not have any key stewardship priorities or themes. Therefore, the Appendix provides a list of significant votes that are defined as those with a large relative size of holding in the portfolio, potential impact of vote on company, or profile of resolution, among others. When collating the information, the Trustee assesses the significant votes that are recorded and engages with LGIM as appropriate where there are concerns. From the manager reports, the Trustee has identified the following votes as being of greater relevance to the Plan:

Date	Company	Fund and size holding (%)	Subject (theme/summary)	Manager's vote and rationale	Outcome of vote	Next steps
28/02/2024	Apple Inc.	L&G Future World Fund - 4.6%	Diversity: Report on risks of omitting viewpoint and ideological diversity from EEO Policy.  L&G views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	A vote against this proposal is warranted by L&G, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
10/12/2024	Microsoft Corporation	L&G Future World Global Equity Index Fund - 4.9%	Report on AI Data sourcing accountability.  This shareholder resolution is considered significant due to the relatively high level of support received.	A vote for this resolution is warranted by L&G as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	Fund and size holding (%)	Subject (theme/summary)	Manager's vote and rationale	Outcome of vote	Next steps
				how the company uses third-party information to train its large language models.		
10/07/2024	National Grid PLC	L&G Retirement Income Multi-Asset Fund - 0.2%	<p>Climate: Approve Climate Transition Plan.</p> <p>L&amp;G is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, L&amp;G deem such votes to be significant, particularly when they vote against the transition plan.</p>	L&G is voting in favour of the National Grid Climate Transition plan. They commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. L&G also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
18/04/2024	Nestle SA	L&G Dynamic Diversified Fund - 0.2%	<p>Report on Non-Financial Matters Regarding Sales of Healthier and Less Healthy Foods.</p> <p>This shareholder resolution is considered significant due to nutrition being an important topic for investors because it has a significant impact on the health and well-being of individuals, communities and societies. The interconnected challenges of obesity, undernutrition and micronutrient deficiencies is estimated to be 5% of global income, or \$3.5 trillion, per annum. Nutrition is therefore one of L&amp;G global stewardship sub-themes, under the umbrella of Health.</p>	A vote for is applied by L&G, as they are one of the co-filers of this resolution. They call for more effective targets to increase the availability of healthier food choices for consumers. There is a clear link between poor diets and chronic health conditions such as obesity, heart disease and diabetes. These in turn may lead to increased healthcare costs and decreased productivity, both of which L&G believe will have negative impacts on the economy. As the largest food company in the world they believe Nestle SA sets an example for the rest of the industry in terms of driving positive change and raising market standards.		

Source: Legal &amp; General

**AVC section - Prudential**

The funds with voting rights attached that are available to members with AVC policies are listed below along with summary voting statistics for each fund. Significant votes are detailed in the Appendix.

- Prudential With Profits Fund
- Prudential Discretionary Fund
- Prudential Global Equity Fund
- Prudential UK Equity Fund

	AVC Funds			
	Prudential Discretionary Fund	Prudential Global Equity Fund	Prudential UK Equity Fund	Prudential With Profits Fund
<b>No. of meetings eligible to vote at during the year</b>	2,575	2,527	842	4,291
<b>No of resolutions eligible to vote on during the year</b>	34,612	34,536	12,965	51,817
<b>% of resolutions voted</b>	99.0%	99.0%	98.9%	99.1%
<b>% of resolutions voted with management</b>	93.8%	93.9%	97.9%	92.5%
<b>% of resolutions voted against management</b>	5.5%	5.4%	1.9%	6.8%
<b>% of resolutions abstained</b>	0.7%	0.7%	0.3%	0.7%
<b>% of meetings with at least one vote against management</b>	50.4%	49.4%	20.9%	35.3%

Source: Prudential

### Ethical Investing

The Trustee recognises that some members will have strong views on where their pension savings should be invested. Nevertheless, the Trustee recognises that it is not possible to cater for everyone's views on ethical matters. The Trustee monitors the investments held by the Plan's ethical investment options. The Trustee also monitors developments in ethical investing funds which could be appropriate to the Plan's members.

**The Trustee's approach to ethical investing has not changed during the last year.**

### Communication and member engagement

The Trustee's approach to communicating the Plan's investment options and investment governance has not changed during the last year.

The Trustee's current policy on member engagement is in outline:

- Effective member engagement will help develop suitable investment options; and
- Member engagement is actively encouraged.

**The Trustee believes that it has sought effective member feedback and members are surveyed periodically on their experience of services provided by the Trustee and Hymans Robertson LLP.**

### More information

The Trustee hopes this Statement helps you understand how the Plan's investment of your savings for retirement has been managed in the last year. **If you want any more information on how the Plan is run, please visit [www.affinitywaterpensions.co.uk](http://www.affinitywaterpensions.co.uk). If you have any questions or feedback, please contact Hymans Robertson on 0207 082 6182 ([affinity@hymans.co.uk](mailto:affinity@hymans.co.uk)).**

**During the last year the Trustee followed the policies and practices described in the SIP. The Trustee is satisfied that the fund managers' voting and engagement activity over the period remains aligned with the expectations of the Trustee and is in the members' best interests.**



## Appendix – LGIM and M&G voting policies

### **LGIM**

<https://www.lgim.com/uk/en/responsible-investing/investment-stewardship/>

### **M&G**

<https://www.mandg.com/~media/Files/M/MandG-Plc/documents/mandg-investments/2024/m-and-g-investments-esg-integration-and-sustainable-investing-policy.pdf>

## Appendix - LGIM significant votes for the year to 31 December 2024

### LGIM Future World Fund

This Fund is used in the early stages of the Plan's lifestyle strategies.

Date	Company	% of LGIM Future World Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
28/02/2024	Apple Inc.	4.6%	Report on risks of omitting viewpoint and ideological diversity from EEO Policy  (Diversity)	LGIM voted against the resolution.  The company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
07/06/2024	Alphabet Inc.	3.0%	Resolution 1d: Elect Director John L. Hennessy  (Board of Directors)	LGIM voted against the resolution.  LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Future World Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
10/12/2024	Microsoft Corporation	2.6%	Resolution 9: Report on AI Data Sourcing Accountability  (High Profile Meeting)	<p>LGIM voted for the resolution.</p> <p>The company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.</p>	This shareholder resolution is considered significant due to the relatively high level of support received.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
25/04/2024	Johnson & Johnson	1.8%	Resolution 1e: Elect Director Joaquin Duato  (Board of Directors)	<p>LGIM voted against the resolution.</p> <p>LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Future World Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
16/04/2024	Moody's Corporation	1.1%	Resolution 1h: Elect Director Leslie F. Seidman  (Board of Directors)	LGIM voted against the resolution.  LGIM expects a company to have at least one-third women on the board.	LGIM considers this vote to be significant as they view gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

## LGIM Future World Global Equity Fund

This Fund is used in the early stages of the Plan's lifestyle strategies.

Date	Company	% of LGIM Future World Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
10/12/2024	Microsoft Corporation	4.9%	Resolution 9: Report on AI Data Sourcing Accountability (High Profile Meeting)	<p>LGIM voted for the resolution.</p> <p>The company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.</p>	This shareholder resolution is considered significant due to the relatively high level of support received.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Future World Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
28/02/2024	Apple Inc.	4.5%	Report on risks of omitting viewpoint and ideological diversity from EEO Policy  (Diversity)	LGIM voted against the resolution.  The company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Future World Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
22/05/2024	Amazon.com, Inc.	1.8%	Resolution 6: Report on Customer Due Diligence  (Pre-declaration and High Profile Meeting)	<p>LGIM voted for the resolution.</p> <p>A vote in favour is applied as LGIM believe 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, there remains a need for increased, especially publicly available, transparency on this topic.</p>	<p>This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, we believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as 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 their products (RING doorbells and Rekognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon's coverage and reporting of risks falls short of LGIM's baseline expectations surrounding AI. In particular, they would welcome additional information on the internal education of AI and AI-related risks.</p>	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Future World Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
29/05/2024	Meta Platforms, Inc.	1.3%	Resolution 1.1: Elect Director Peggy Alford  (Board of Directors)	LGIM voted against the resolution,  LGIM expects a company to have at least one-third women on the board.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets they manage on their behalf.	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
07/06/2024	Alphabet Inc.	1.1%	Resolution 1d: Elect Director John L. Hennessy  (Board of Directors)	LGIM voted against the resolution.  LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.



## LGIM Dynamic Diversified Fund

This Fund is used within the Plan's lifestyle strategies when members are within 20 years of retirement.

Date	Company	% of LGIM Dynamic Diversified Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
28/02/2024	Apple Inc.	0.5%	Report on risks of omitting viewpoint and ideological diversity from EEO Policy  (Diversity)	LGIM voted against the resolution.  The company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
10/12/2024	Microsoft Corporation	0.5%	Resolution 9: Report on AI Data Sourcing Accountability  (High Profile Meeting)	LGIM voted for the resolution.  The company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	This shareholder resolution is considered significant due to the relatively high level of support received.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Dynamic Diversified Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
24/05/2024	Shell Plc	0.3%	Resolution 22 - Approve the Shell Energy Transition Strategy  (Corporate Structure)	<p>LGIM voted against the resolution.</p> <p>LGIM acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and they view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, they seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production</p>	<p>LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

				<p>levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonisation. Additionally, LGIM would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.</p>			
09/05/2024	Prologis, Inc.	0.3%	<p>Resolution 1a: Elect Director Hamid R. Moghadam.</p> <p>(Board of Directors)</p>	<p>LGIM voted against this resolution.</p> <p>LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p>	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.</p>	N/A	<p>LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>

Date	Company	% of LGIM Dynamic Diversified Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
01/05/2024	Unilever PLC	0.3%	Resolution 4: Approve Climate Transition Action Plan.  (Climate)	<p>LGIM voted for this resolution.</p> <p>LGIM understand it to meet minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, they note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.</p>	<p>LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

## LGIM Retirement Income Multi Asset Fund

This Fund is used within the Plan's lifestyle strategies when members are within 5 years of retirement.

Date	Company	% of LGIM Retirement Income Multi-Asset Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
10/12/2024	Microsoft Corporation	0.3%	Resolution 9: Report on AI Data Sourcing Accountability  (High Profile Meeting)	LGIM voted for the resolution.  The company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	This shareholder resolution is considered significant due to the relatively high level of support received.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Retirement Income Multi-Asset Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
18/06/2024	Toyota Motor Corp.	0.3%	Resolution 1.1: Elect Director Toyoda, Akio  (Board of Directors)	<p>LGIM voted against the resolution.</p> <p>This was applied by LGIM due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. They would like to see all companies have a third of the board comprising truly independent outside directors.</p>	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Retirement Income Multi-Asset Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
09/05/2024	Prologis, Inc.	0.2%	Resolution 1a: Elect Director Hamid R. Moghadam.  (Board of Directors)	LGIM voted against this resolution.  LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
28/02/2024	Apple Inc.	0.2%	Report on risks of omitting viewpoint and ideological diversity from EEO Policy  (Diversity)	LGIM voted against the resolution.  The company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM Retirement Income Multi-Asset Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				policies does not appear to be a standard industry practice.			
10/07/2024	National Grid Plc	0.2%	Resolution 17: Approve Climate Transition Plan.  (Climate)	<p>LGIM voted for this resolution.</p> <p>LGIM commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. They also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.</p>	LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.



## LGIM UK Equity Fund

This Fund is available for members to choose within the self-select fund range

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
24/05/2024	Shell Plc	7.7%	Resolution 22 - Approve the Shell Energy Transition Strategy  (Corporate Structure)	<p>LGIM voted against the resolution.</p> <p>LGIM acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and they view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, they seek 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</p>	<p>LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				to deliver customer decarbonisation. Additionally, LGIM would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.			

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
01/05/2024	Unilever PLC	4.2%	Resolution 4: Approve Climate Transition Action Plan. (Climate)	<p>LGIM voted for this resolution.</p> <p>LGIM understand it to meet minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the company's long-term scope 3 target, they note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.</p>	<p>LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
29/05/2024	Glencore Plc	2.3%	Resolution 12: Approve 2024-2026 Climate Action Transition Plan (Climate)	<p>LGIM voted against the resolution.</p> <p>A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While they note the progress the company has made in terms of disclosure, they remain concerned over the company's thermal coal activities, as it remains unclear how the planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario.</p>	<p>LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
25/04/2024	London Stock Exchange Group plc	1.8%	Resolution 4: Approve Remuneration Policy.  (Corporate Structure)	<p>LGIM voted for this resolution.</p> <p>A vote for is applied as an exception to their policy. This follows productive consultation with the company that resulted in improvements to the proposals initially discussed. LGIM's support of the remuneration policy and the adoption of the EIP is in recognition of Mr Schwimmer's leadership in driving the company's performance, as well as acknowledging the competitive talent market in which the company operates. LGIM will review Mr Schwimmer's pay package on an annual basis under the resolution for approval of the remuneration report and may apply a negative vote in the future should they consider his pay no longer reflects company performance or evolving market norms. We would not expect any significant changes to the executive directors' pay policy within this three-year policy term. It is worth highlighting that, we expect a successor to Mr Schwimmer to not be awarded the same remuneration package as standard if he or she</p>	This resolution is considered significant as LGIM overrode their custom vote policy on the basis of the engagement that they had with the company.	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				does not bring the same amount of experience, calibre and performance.			

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
10/07/2024	National Grid Plc	0.2%	Resolution 17: Approve Climate Transition Plan.  (Climate)	<p>LGIM voted for this resolution.</p> <p>LGIM commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. They also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.</p>	<p>LGIM is publicly supportive of so called "Say on Climate" votes. They expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

## L&G World Equity Index Fund

This Fund is available for members to choose within the self-select fund range.

Date	Company	% of LGIM World Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
28/02/2024	Apple Inc.	4.2%	Report on risks of omitting viewpoint and ideological diversity from EEO Policy  (Diversity)	LGIM voted against the resolution.  The company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.



Date	Company	% of LGIM World Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
10/12/2024	Microsoft Corporation	4.1%	Resolution 9: Report on AI Data Sourcing Accountability (High Profile Meeting)	LGIM voted for the resolution.  The company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	This shareholder resolution is considered significant due to the relatively high level of support received.	Fail	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
22/05/2024	Amazon.com, Inc.	2.4%	Resolution 6: Report on Customer Due Diligence (Pre-declaration and High Profile Meeting)	LGIM voted for the resolution.  A vote in favour is applied as LGIM believe enhanced transparency over material risks to human	This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, we believe that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as enhanced transparency	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and

Date	Company	% of LGIM World Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				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, there remains a need for increased, especially publicly available, transparency on this topic.	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 their products (RING doorbells and Rekognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon's coverage and reporting of risks falls short of LGIM's baseline expectations surrounding AI. In particular, they would welcome additional information on the internal education of AI and AI-related risks.		monitor company and market-level progress.

Date	Company	% of LGIM World Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
29/05/2024	Meta Platforms, Inc.	1.6%	Resolution 1.1: Elect Director Peggy Alford  (Board of Directors)	LGIM voted against the resolution,  LGIM expects a company to have at least one-third women on the board.	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets they manage on their behalf.	N/A	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
07/06/2024	Alphabet Inc.	1.5%	Resolution 1d: Elect Director John L. Hennessy  (Board of Directors)	LGIM voted against the resolution.  LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of	LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	Pass	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and

Date	Company	% of LGIM World Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				independence, relevant skills, experience, tenure, and background.			monitor company and market- level progress.

## AVCs - Prudential significant votes for the year to 31 December 2024

### Prudential With Profits Fund

The Prudential With Profits Fund invests in funds that are managed by M&G and BlackRock.

Date	Company	% of Prudential With Profits Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
21/05/2024	Shell Plc	0.2%	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement. (Environmental)	M&G voted for the resolution.  While the company has made progress towards its medium-term Scope 3 ambitions, a vote FOR this proposal is warranted as the alignment of the existing medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement would aid shareholders	Significant Vote Proposal	Fail	N/A

Date	Company	% of Prudential With Profits Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				in understanding the company's assessment of how it could reduce its carbon footprint to limit global warming well below 2 degrees Celsius above pre-industrial levels and to limit the temperature increase to 1.5 degrees Celsius.			
18/06/2024	Toyota Motor Corp	0.1%	Amend articles to report on Corporate Climate Lobbying Aligned with Paris Agreement (Environmental)	M&G voted against the resolution.  There is concern over enshrining requirement in the company's articles.	Environmental and social.	Fail	N/A

Date	Company	% of Prudential With Profits Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
27/06/2024	Mitsubishi UFJ Financial Group, Inc.	0.1%	Amend articles to add provision on assessment of Clients' Climate Change Transition Plans  (Environmental)	M&G voted against the resolution.  There is concern that the resolution is not justified	Shareholder rights and Governance	Fail	N/A
24/05/2024	TotalEnergies SE	0.1%	Approve Report on Progress of Company's Sustainability and Climate Transition Plan (Advisory)  (Environmental)	M&G voted against the resolution.  There is concern over the transition plan.	Environmental and social	Pass	N/A
25/04/2024	Yangzijiang Shipbuilding (Holdings) Ltd.	0.1%	Elect Yee Kee Shian, Leon as Director  (Board of Directors)	M&G voted against the resolution.  There is concern over board independence.	Shareholder rights and Governance	Pass	N/A

## Prudential Discretionary Fund

The Prudential Discretionary Fund invests in funds that are managed by M&G and BlackRock.

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
21/05/2024	Shell Plc	0.3%	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement. (Environmental)	M&G voted for the resolution.  While the company has made progress towards its medium-term Scope 3 ambitions, a vote FOR this proposal is warranted as the alignment of the existing medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement would aid shareholders in understanding the company's	Significant Vote Proposal	Fail	N/A



Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				assessment of how it could reduce its carbon footprint to limit global warming well below 2 degrees Celsius above pre-industrial levels and to limit the temperature increase to 1.5 degrees Celsius.			
21/05/2024	Shell Plc	0.3%	Approve the Shell Energy Transition Strategy  (Environmental)	M&G voted against the resolution.  There is concern over the company's transition plan not being aligned to 1.5 degrees, the lack of a scope 3 target and the withdrawal of the 2035 target.	Environmental and social	Pass	N/A

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
10/07/2024	National Grid Plc	0.1%	Approve Climate Transition Plan  (Environmental)	M&G voted for the resolution.  M&G are supportive as the company meets their expectations.	Environmental and social	Pass	N/A
04/06/2024	Taiwan Semiconductor Manufacturing Co., Ltd.	0.1%	Elect Director(s)  (Board of Directors)	M&G voted against the resolution.  A vote against this nominee is warranted as the nominee did not meet the attendance requirements of their proxy voting policy.	For Sustainable Finance Disclosure Regulation ("SFDR") purposes, the criteria of votes M&G believe are most significant is based on: (i) the market value of the shareholding and (ii) where they have voted against management company recommendations on the election of directors.	Pass	M&G seek to vote in the best interests of shareholders. They review their proxy voting policies annually and may seek to enhance their expectations of companies over time. M&G may also reflect observations or lessons learned from our proxy voting activities into our engagement program.

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
25/04/2024	Yangzijiang Shipbuilding (Holdings) Ltd.	0.1%	Approve Issuance of Equity or Equity-Linked Securities with or without Pre-emptive Rights  (Corporate Structure)	M&G voted against the resolution.  M&G are concerned due to excessive issuance without pre-emption rights.	Corporate structure	Pass	N/A

## Prudential Global Equity Fund

The Prudential Global Equity Fund invests in funds that are managed by M&G and BlackRock

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
21/05/2024	Shell Plc	0.9%	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement.  (Environmental)	M&G voted for the resolution.  While the company has made progress towards its medium-term Scope 3 ambitions, a vote FOR this proposal is warranted as the alignment of the existing medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement would aid shareholders in understanding the company's assessment of how it could reduce its carbon footprint to limit global warming well below 2	Significant Vote Proposal	Fail	N/A

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				degrees Celsius above pre-industrial levels and to limit the temperature increase to 1.5 degrees Celsius.			
21/05/2024	Shell Plc	0.9%	Approve the Shell Energy Transition Strategy  (Environmental)	M&G voted against the resolution.  There is concern over the company's transition plan not being aligned to 1.5 degrees, the lack of a scope 3 target and the withdrawal of the 2035 target.	Environmental and social	Pass	N/A
10/07/2024	National Grid Plc	0.4%	Approve Climate Transition Plan  (Environmental)	M&G voted for the resolution.  M&G are supportive as the company meets their expectations.	Environmental and social	Pass	N/A
18/07/2024	SSE Plc	0.2%	Approve Net Zero Transition Report  (Environmental)	M&G voted for the resolution.  M&G are supportive as the Company's climate	Environmental and social	Pass	N/A

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				commitments and reporting meet expectations.			
25/04/2024	Yangzijiang Shipbuilding (Holdings) Ltd.	0.2%	Approve Issuance of Equity or Equity-Linked Securities with or without Pre-emptive Rights  (Corporate Structure)	M&G voted against the resolution.  M&G are concerned due to excessive issuance without pre-emption rights.	Corporate structure	Pass	N/A

## Prudential UK Equity Fund

The Prudential UK Equity Fund invests in funds that are managed by M&G and BlackRock

Date	Company	% of Prudential UK Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
21/05/2024	Shell Plc	1.7%	Approve the Shell Energy Transition Strategy  (Environmental)	M&G voted against the resolution.  There is concern over the company's transition plan not being aligned to 1.5 degrees, the lack of a scope 3 target and the withdrawal of the 2035 target.	Environmental and social	Pass	N/A
01/05/2024	Unilever Plc	1.4%	Approve Climate Transition Action Plan  (Environmental)	M&G voted for the resolution.  M&G are supportive as company meets their expectations.	Environmental and social	Pass	N/A
21/05/2024	Shell Plc	1.7%	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the	M&G voted for the resolution.  While the company has made progress towards its medium-term Scope 3 ambitions, a vote FOR this proposal is warranted as the alignment of the	Significant Vote Proposal	Fail	N/A

Date	Company	% of Prudential UK Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
			Goal of the Paris Climate Agreement.  (Environmental)	existing medium-term reduction target covering the greenhouse gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement would aid shareholders in understanding the company's assessment of how it could reduce its carbon footprint to limit global warming well below 2 degrees Celsius above pre-industrial levels and to limit the temperature increase to 1.5 degrees Celsius.			
10/07/2024	National Grid Plc	0.8%	Approve Climate Transition Plan  (Environmental)	M&G voted for the resolution.  M&G are supportive as the company	Environmental and social	Pass	N/A



Date	Company	% of Prudential UK Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				meets their expectations.			
02/05/2024	Aviva Plc	0.4%	Approve Climate-Related Financial Disclosure  (Environmental)	M&G voted for the resolution.  M&G are supportive as the company's disclosures include clear climate and environmental targets, a transparent governance structure for climate-related issues, and integration of climate considerations into the pay structure.	Environmental and social	Pass	N/A