

Affinity Water Pension Plan – DC Section Implementation Statement for the year ending 31 December 2023

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 2023.

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

This is the Trustee’s statement prepared in accordance with the requirements of The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018. This statement sets out how the Trustee has complied with the Plan’s Stewardship Policy during the period from 1 January 2023 to 31 December 2023 and other policies and practices within the Statement of Investment Principles (“SIP”).

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 investment principles and practices the Trustee follows when governing the Plan’s investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don’t make a choice), explains the risks and expected returns of the funds used and the Trustee’s approach to responsible investing (including climate change).

Overall, the Trustee is satisfied that:

- **The Plan’s DC investments have been managed in accordance with the SIP during the period; and**
- **The provisions in the SIP remain suitable for the Plan’s DC members.**

The last review of the Plan’s SIP was completed in July 2023 to reflect changes made to the DC investment strategy in April 2023. The next review will take place by 1 October 2024.

If you want to find out more, you can find the SIP and the Chair’s Statement at

www.affinitywaterpensions.co.uk

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 and defined contribution 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 will meet at least three times a year at appropriate times in the reporting and audit cycle. Over 2023, 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. Note that the concept of risk changes throughout a member's career;
- 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;
- Deliver cost efficient implementation of new strategies as required;
- Provide relevant and timely advice;
- Develop Trustee knowledge and understanding of investment matters;
- Their services to support the ongoing governance shall be proportionate and competitive in terms of costs relative to their peer group; and
- Ensure their advice complies with relevant pensions regulations, legislation and supporting guidance.
- Ensure their advice takes into consideration the potential impact of climate risks and opportunities on outcomes for different cohorts of members and support the Trustee where opportunities to improve outcomes have been identified.

The DCC carried out an evidence-based review of the Advisor's performance against these objectives and was satisfied that they had been achieved for the year. This involved rating the Advisor against the different objectives.

To facilitate meeting those objectives, 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
January 2023	Diversity, Equity and Inclusion (DEI)	A training session on the importance of DEI was delivered to the full Trustee Board. The session covered a background to DEI, including the importance of DEI for the Trustee Board and Plan operations. This improved the board's awareness of DEI matters and improved the integration of DEI into the board's decision making processes.	Eversheds
March 2023	Discretions	A training session on Trustee discretions was delivered to the full Trustee Board. The session covered discretionary powers, ways to exercise discretion, reasonable enquiries and the decision-making process.	Eversheds
May 2023	At retirement overview	A training session delivered to the DC Committee covering the post-retirement landscape for DC savers. This expanded the Trustee's knowledge of possible solutions to improve member outcomes at retirement.	Hymans Robertson LLP
May 2023	Introduction Trustee Training - DC	A Trustee induction training session was delivered to new Trustee Directors. The session covered the basics of defined contribution pensions, details of the Plan's DC section including the investment strategy design and the regulatory requirements for DC schemes which improved trustee understanding of DC Pension Schemes.	Hymans Robertson LLP
June 2023	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 reporting, compliance of Plan website on environmental, social and governance ("ESG") disclosures, TPR funding code consultation and pensions dashboard.	KPMG
July 2023	Personal Data Breaches	A training session on Data Breaches was delivered to the full Trustee Board. The session included an overview of what a data breach is, procedures for a data breach and case studies. This improved the Trustee's awareness and responsiveness in the event of a data breach.	Internal
September 2023	Illiquid Assets	A training session on illiquid assets was delivered to the DC Committee. The session introduced illiquid assets for DC schemes, covering the various asset classes, the potential role of illiquid assets in a DC portfolio, regulatory policy development and market developments. This improved the Trustee's knowledge of alternative asset classes in DC investment and how they can be used to improve member outcomes.	Hymans Robertson LLP

Date	Topic	Aim	Trainer
September 2023	Responsible Investment	A training session on Responsible Investment was delivered to the full Trustee Board. The session included an overview of Responsible Investment, ESG and Climate Risk, compliance with regulatory requirements, the Plan's progress to-date on RI matters and an illustrative plan for the next 12-18 months. This expanded the Trustee's knowledge on RI, how to implement RI within the Plan and the benefits to members of doing so.	Hymans Robertson LLP
September 2023	Conversance	A training session on Conversance was delivered to the full Trustee Board. The session included an overview of TKU requirements, navigating the Trust Deed and rules and balance of powers. This gave clarity to the Trustee on what powers it holds and when it is appropriate to use them.	Eversheds
December 2023	Conflicts of Interest	A training session on Conflicts of Interest was delivered to the full Trustee Board. The session included an introduction to types of conflicts, the problem of conflicts, the Regulator's guidance, managing conflicts and a case study example. This refreshed the Trustee's awareness of conflicts of interest to ensure issues are properly handled as and when they arise.	Eversheds

- The Trustee noted its Advisor's DC Hot Topics every quarter. During the year, the following topics were presented:
 - DC Investment Outlook 2023
 - Private Equity Investments in DC Schemes
 - Concentration in the US Equity Market
 - Private Debt Investments in DC Schemes
- The Trustee noted its Advisor's DC Quarterly Updates. During the year, the following topics were presented:
 - Mansion House Speech: consideration of how proposed reforms will affect the DC pension market with regards to VFM frameworks and illiquid investing.
 - Changes to auto-enrolment: Understanding how the Pensions Act 2023 expands governments power to extend provision of auto-enrolment and how this affects the trustee board.
 - The Autumn Statement: considering the 22 November Autumn Statement and the pension related elements therein.

The Trustee is satisfied that during the last year:

- **The Plan's DC governance structure was appropriate;**
- **The Trustee has 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 on pages 5 to 6 and for the other investment options 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.

The Trustee in conjunction with its Advisor agreed to make changes to the default strategy, which was completed in 2023. Details of the changes to the default are set out below.

Following the investment strategy review in 2021, the Trustee agreed to make the following changes. These changes were made in April 2023.

It was agreed that the new growth phase of the Plan's default investment strategy would initially invest in the following funds:

- 50% Legal and General Investment Management ("LGIM") Future World Global Equity Index Fund (Currency Hedged)
- 50% LGIM Future World Fund.

Over time the assets allocated to the LGIM Future World Global Equity Index Fund Currency Hedged will be reduced, with transition into the LGIM Future World Global Equity Index Fund unhedged version. Therefore, by the end of the transition the growth phase will have the following allocation:

- 50% LGIM Future World Global Index fund (Unhedged)
- 50% LGIM Future World Fund.

The Trustee believes that the changes being made will increase environmental, social and governance (“ESG”) integration by investing in funds that take into account ESG considerations and help protect members’ assets against key ESG risks. These funds will be held in a blended fund, named the Affinity Water Growth Fund.

The Trustee’s investment beliefs

The Trustee has developed a set of investment beliefs which it uses as a guide when making investment decisions. 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.

There have been no changes to these beliefs in the last year.

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

The investment risks relating to members’ DC benefits are described in the SIP on pages 1 to 5 with the expected returns from each type of investment used by the Plan set out in the SIP on page 3.

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 2021.

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 platform provider used by the DC section of the Plan by:

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

The Trustee is satisfied that the platform provider used by the Plan remain 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's views on the long-term mix of investments for the Plan's lifestyle options including the default arrangement did not change during the last 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 2023 is provided in the below table.

Annual portfolio turnover for the Plan's funds over the year to 31 December 2023

Fund	Annual portfolio turnover (%)
L&G Future World Fund	17.6
L&G Future World Global Equity Index Fund	10.1
L&G World Equity Index Fund	13.3
L&G Future World Global Equity Index (GBP Ccy Hedged) Fund	35.4
L&G Dynamic Diversified Fund	13.6
L&G Retirement Income Multi Asset Fund	28.7
L&G UK Equity Fund	23.8
L&G AAA-AA-A Corporate bond all stocks index fund	7.5
L&G Pre-Retirement Fund	25.1
L&G Managed Property Fund	13.8
L&G Cash Fund	181.0
AVC funds	
Prudential Discretionary Fund	80.4
Prudential Global Equity Fund	43.5
Prudential UK Equity Fund (active)	48.5
Prudential With Profits Fund	N/A
Prudential Cash Fund	102.4

Source: Legal & General & Prudential

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

As described on pages 7 and 10 of the SIP, 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. As the funds used by the Plan are held at arms-length from the Trustee via an investment platform, the Trustee asks the platform provider to report on its own investment governance of the funds.

Going forward, the Trustee will formally ask managers to confirm any conflicts of interest when managers meet with the Trustee.

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 on pages 11 and 12 of the SIP, 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 is currently reviewing the Plan's approach to responsible investing which includes formalising a set of Responsible Investment beliefs. Once agreed, a Responsible Investment Policy will be created which will be reviewed periodically. Furthermore, the Trustee is considering setting the Plan a net-zero alignment objective.

The Trustee's approach to responsible investing has not changed during the last year but is currently being reviewed.

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. The Trustee has requested information from Legal & General on how they have handled these risks and will consider this going forward.

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 is satisfied that the rights and responsibilities that are delegated to asset managers are being acted upon in a satisfactory manner. There has been no change to the Responsible Investment ratings over the year.

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.

Investment stewardship

As described on page 10 of the SIP, 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 Trustee is making arrangements to receive quarterly reports from the fund managers on how the fund managers have voted at shareholder meetings and what topics fund managers have discussed with the companies in which they invest.

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 Future World Global Equity Index (GBP Ccy Hedged) 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 LGIM 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
Legal & General	LGIM's Investment Stewardship team uses Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.
Prudential	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 table below summaries the voting statistics for the funds with voting rights in the default arrangement.

	L&G Future World Global Equity Index Fund	L&G Future World Global Equity Index Fund – GBP currency hedged	L&G Dynamic Diversified Fund	L&G Retirement Income Multi Asset Fund	L&G Future World Fund
No. of resolutions eligible to vote	52,639	52,639	101,334	106,089	22,642
% resolutions voted	99.9%	99.9%	99.8%	99.8%	99.9%
Of the resolutions voted, the % voted for management	80.3%	80.3%	76.6%	77.3%	79.9%
Of the resolutions voted, the % against management	19.3%	19.3%	23.1%	22.4%	19.9%
Of the resolutions voted, the % abstained	0.4%	0.4%	0.3%	0.3%	0.2%

Source: Legal and General

The below funds available in the self-select range have voting rights summarised as follows:

	L&G UK Equity Fund	L&G World Equity Fund / L&G World Equity Fund – GBP hedged
No. of resolutions eligible to vote	10,517	37,828
% resolutions voted	99.8%	99.9%
Of the resolutions voted, the % voted for management	94.2%	78.9%
Of the resolutions voted, the % against management	5.8%	21.0%
Of the resolutions voted, the % abstained	0%	0.1%

Source: Legal and 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.

- 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
No. of resolutions eligible to vote	20,761	20,509	12,584	67,518
% resolutions voted	97.7%	97.7%	98.9%	98.5%
Of the resolutions voted, the % voted for management	94.6%	94.6%	97.3%	92.1%
Of the resolutions	4.8%	4.8%	2.4%	6.8%

	AVC Funds			
	Prudential Discretionary Fund	Prudential Global Equity Fund	Prudential UK Equity Fund	Prudential With Profits Fund
voted, the % against management				
Of the resolutions voted, the % abstained	0.6%	0.6%	0.3%	1.1%

Source: Prudential

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.

More information regarding these key votes is provided in the Appendix.

The following shows the most significant shareholder votes and how the fund managers voted during the last year for the top 10 holdings in the default strategy:

Company	Resolution	Legal & General	Comments
Amazon.com Inc	24 May 2023 Shareholder proposal regarding cost benefit analysis of Diversity, Equity and Inclusion (DEI) Programs.	Against	The resolution is asking for the company to undertake a cost benefit analysis of its diversity, equity, and inclusion efforts. However, the proponent claims that 'racial equity' that underlies diversity, equity and inclusion programmes is itself discriminatory. What the proponent fails to recognise is the systemic and institutional nature of racial inequality that has persisted for decades. Amazon has announced plans to conduct a racial equity audit. LGIM is supportive of how racial equity audits can tackle corporate inequality, but as this resolution appears to weaken the company's diversity and inclusion practice, rather than strengthen it, a vote against this resolution is warranted.
Apple Inc.	10 March 2023 Shareholder proposal regarding median gender and racial pay equity report.	For	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.
AstraZeneca PLC	27 April 2023 Re-elect Marcus Wallenberg as Director.	Against	A vote against is applied because LGIM have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.
HSBC Holdings plc	5 May 2023 Shareholder proposal regarding dividend policy.	Against	A vote against this proposal has been applied as the dividend policy proposed by the dissident of a minimum dividend level in absolute USD terms appears overly restrictive and lacks detailed rationale.
Shell plc	23 May 2023 Shareholder proposal regarding scope 3 GHG Target and alignment with Paris Agreement.	Against	LGIM expects companies to introduce credible energy transition plans, covering their direct and indirect emissions and consistent with the Paris objectives. A successful transition to a net zero emissions economy requires all sectors to align with those objectives and hence LGIM place significant importance in their engagement and voting policies on Scope 3 emissions being integrated into a company's energy transition plan and decarbonisation efforts. Although LGIM support the principles of this proposal, a vote against is applied as in their view, the wording of the proposal imposes inflexibility on the company that is challenging to justify at the present time, and could lead to unintended consequences as we transition to a net-zero emissions economy. For example, the non-linear nature of the energy transition and the importance of achieving real-world progress to cut emissions. LGIM approach to such resolutions will remain dynamic given the need for companies to demonstrate clearly how they will be net zero compliant in a transition.

Source: Diligent Market Intelligence

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 on Responsible Investment via a member survey which has enabled the Trustee to further consider the use of Responsible Investment funds in the default strategy.

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. If you have any questions or feedback, please contact Hymans Robertson on 0207 082 6182 (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 Trustees, and is in the members' best interests.

Appendix – LGIM, M&G and BlackRock voting policy

Legal & General Investment Management

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-uk-corporate-governance-and-responsible-investment-policy.pdf

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

Prudential / M&G

https://www.mandg.com/~/_media/Files/M/MandG-Plc/documents/responsible-investing/stewardship/voting-policy-2023.pdf

BlackRock

<https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

<https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf>

<https://www.blackrock.com/corporate/insights/investment-stewardship>

Appendix - LGIM significant votes for the year to 31 December 2023

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
07/12/2023	Microsoft Corporation	5.4%	Resolution 1.06 - Elect Director Satya Nadella (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO.	93.6% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
02/06/2023	Alphabet Inc.	2.9%	Resolution 18 - Approve recapitalization plan for all Stock to have one-vote per share. (Corporate Structure)	LGIM voted for the resolution which was against management recommendation. LGIM expects companies to apply a one-share-one-vote standard.	This shareholder resolution is considered significant due to the relatively high level of support received.	30.7% of the vote in favour of the resolution.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

Date	Company	% of LGIM Future World Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
06/12/2023	Cisco Systems, Inc.	2.2%	Resolution 1g - Elect Director Charles H. Robbins. (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO.	92.0% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
27/04/2023	Johnson & Johnson	1.3%	Resolution 1j - Elect Director Anne M. Mulcahy (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO. (escalation of engagement by vote)	94.2% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
09/05/2023	Cummins Inc.	0.7%	Resolution 8 - Elect Director Thomas J. Lynch (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO. (escalation of engagement by vote)	96.6% of the vote in favour of the resolution.	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
07/12/2023	Microsoft Corporation	5.7%	Resolution 1.06 - Elect Director Satya Nadella (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO.	93.6% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
22/06/2023	NVIDIA Corporation	2.1%	Resolution 1i - Elect Director Stephen C. Neal (Board of Directors)	LGIM voted against the resolution which was against management recommendation. LGIM expects a company to have at least one-third women on the board. They also expect a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	89.2% of the vote in favour of the resolution.	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
24/05/2023	Amazon.com, Inc.	1.3%	Resolution 13 – Report on median and adjusted gender/racial pay gaps (Social)	<p>LGIM voted for the resolution which was against management.</p> <p>A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p>	<p>LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.</p>	<p>29.0% of the vote in favour of the resolution.</p>	<p>LGIM will continue to engage with the company and monitor progress.</p>

Date	Company	% of LGIM Future World Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
02/06/2023	Alphabet Inc.	1.0%	Resolution 18 - Approve recapitalization plan for all Stock to have one-vote per share. (Corporate Structure)	LGIM voted for the resolution which was against management recommendation. LGIM expects companies to apply a one-share-one-vote standard.	This shareholder resolution is considered significant due to the relatively high level of support received.	30.7% of the vote in favour of the resolution.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
31/05/2023	Meta Platforms, Inc.	1.0%	Resolution 1.9 - Elect Director Mark Zuckerberg (Board of Directors)	LGIM withheld their vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of one-share one-vote and their support for equality of voting rights.	91.1% of the vote in favour of the resolution.	LGIM will continue to engage with their 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
07/12/2023	Microsoft Corporation	0.5%	Resolution 1.06 - Elect Director Satya Nadella (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO.	93.6% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
04/05/2023	Prologis, Inc.	0.3%	Resolution 1j - Elect Director Jeffrey L. Skelton (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. LGIM expects a company to have at least one-third women on the board. They expect the Chair of the Committee to have served on the board for no more than 15 years to maintain independence and a balance of relevant skills, experience, tenure, and background. This company has an all-male Executive Committee.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	86.0% of the vote in favour of the resolution.	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
23/05/2023	Shell Plc	0.3%	Resolution 25 - Approve the Shell Energy Transition Progress (Corporate Structure)	<p>LGIM voted against the resolution, which was against management recommendation.</p> <p>LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p>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>	80.0% of the vote in favour of the resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
10/05/2023	American Water Works Company, Inc.	0.2%	Resolution 5 - Oversee and Report a Racial Equity Audit (Social)	<p>LGIM voted for this resolution, which was against management recommendation.</p> <p>LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.</p>	<p>LGIM considers this shareholder proposal significant as they view gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</p>	40.0% of the vote in favour of the resolution.	LGIM will continue to engage with their 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
17/05/2023	Tencent Holdings Limited	0.2%	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director (Board of Directors)	<p>LGIM voted against this resolution, which was against management recommendation.</p> <p>The company is deemed to not meet minimum standards regarding climate risk management and LGIM expects the Committee to comprise independent directors.</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here:</p> <p>https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/</p>	88.4% of the vote in favour of the resolution.	LGIM will continue to engage with the company and monitor 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
04/05/2023	Prologis, Inc.	0.3%	Resolution 1j - Elect Director Jeffrey L. Skelton (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. LGIM expects a company to have at least one-third women on the board. They expect the Chair of the Committee to have served on the board for no more than 15 years to maintain independence and a balance of relevant skills, experience, tenure, and background. This company has an all-male Executive Committee.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	86.0% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
07/12/2023	Microsoft Corporation	0.3%	Resolution 1.06 - Elect Director Satya Nadella (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO.	93.6% of the vote in favour of the resolution.	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
14/06/2023	Toyota Motor Corp.	0.2%	Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement (Environmental)	<p>LGIM voted for this resolution, which was against management recommendation. LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. LGIM acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. LGIM believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.</p>	<p>LGIM believes that companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, LGIM expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.</p>	15.1% of the vote in favour of this resolution.	LGIM will continue to engage with the company and monitor 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
23/05/2023	Shell Plc	0.2%	Resolution 25 - Approve the Shell Energy Transition Progress (Corporate Structure)	<p>LGIM voted against the resolution, which was against management recommendation.</p> <p>LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p>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>	80.0% of the vote in favour of the resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
17/05/2023	Tencent Holdings Limited	0.2%	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director (Board of Directors)	<p>LGIM voted against this resolution, which was against management recommendation.</p> <p>The company is deemed to not meet minimum standards regarding climate risk management and LGIM expects the Committee to comprise independent directors.</p>	<p>LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/</p>	88.4% of the vote in favour of the resolution.	LGIM will continue to engage with the company and monitor 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
23/05/2023	Shell Plc	7.0%	Resolution 25 - Approve the Shell Energy Transition Progress (Corporate Structure)	<p>LGIM voted against the resolution, which was against management recommendation.</p> <p>LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>	<p>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>	80.0% of the vote in favour of the resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
27/04/2023	AstraZeneca PLC	6.7%	Re-elect Marcus Wallenberg as Director. (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. A vote against is applied because LGIM have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.	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 (escalation of engagement by vote).	80.9% of the vote in favour of the resolution.	LGIM will continue to engage with their 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
05/05/2023	HSBC Holdings	5.0%	Shareholder proposal regarding dividend policy. (Financial Services)	LGIM voted against the resolution. A vote against this proposal has been applied as the dividend policy proposed by the dissident of a minimum dividend level in absolute USD terms appears overly restrictive and lacks detailed rationale.	LGIM considers this vote to be significant as it is in application of an escalation of our engagement activity.	19.2% of the vote in favour of the resolution.	No comments were provided by the manager.

Date	Company	% of LGIM UK Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
27/04/2023	BP Plc	3.8%	Resolution 4 - Re-elect Helge Lund as Director (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM note concerns around the governance processes leading to the decision to implement such amendments.	They consider this vote to be significant given our long-standing engagement with the company on the issue of climate.	90.4% of the vote in favour of the resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
26/05/2023	Glencore Plc	2.4%	Resolution 19: Shareholder resolution "Resolution in Respect of the Next Climate Action Transition Plan" (Environmental)	LGIM voted for the resolution, which was against management recommendation. In 2021, Glencore made a public commitment to align its targets and ambition with the goals of the Paris Agreement. However, it remains unclear how the company's planned thermal coal production aligns with global demand for thermal coal under a 1.5°C scenario. Therefore, LGIM has co-filed this shareholder proposal	LGIM considers this vote to be significant as LGIM co-filed this shareholder resolution as an escalation of their engagement activity, targeting some of the world's largest companies on their strategic management of climate change.	29.2% of the vote in favour of the resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

				(alongside Ethos Foundation) at Glencore's 2023 AGM, calling for disclosure on how the company's thermal coal production plans and capital allocation decisions are aligned with the Paris objectives. This proposal was filed as an organic escalation following their multi-year discussions with the company since 2016 on its approach to the energy transition.			
19/07/2023	Experian Plc	1.2%	Resolution 14: Re-elect Mike Rogers as Director (Board of Directors)	LGIM voted against the resolution. A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives' officers to include at least one female.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	8.0% of the vote in favour of the resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
27/04/2023	Flutter Entertainment Plc	1.1%	Resolution 5H - Re-elect Gary McGann as Director (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executive officers to include at least one female.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	93.4% of the vote in favour of the resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

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
07/12/2023	Microsoft Corporation	4.5%	Resolution 1.06 - Elect Director Satya Nadella (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO.	93.6% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
24/05/2023	Amazon.com, Inc.	1.6%	Resolution 13 – Report on median and adjusted gender/racial pay gaps (Social)	LGIM voted for the resolution which was against management. A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.	29.0% of the vote in favour of the resolution.	LGIM will continue to engage with the company and monitor progress.

Date	Company	% of LGIM World Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
22/06/2023	NVIDIA Corporation	1.6%	Resolution 1i - Elect Director Stephen C. Neal (Board of Directors)	LGIM voted against the resolution which was against management recommendation. LGIM expects a company to have at least one-third women on the board. They also expect a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	89.2% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
02/06/2023	Alphabet Inc.	1.3%	Resolution 18 - Approve recapitalization plan for all Stock to have one-vote per share. (Corporate Structure)	LGIM voted for the resolution which was against management recommendation. LGIM expects companies to apply a one-share-one-vote standard.	This shareholder resolution is considered significant due to the relatively high level of support received.	30.7% of the vote in favour of the resolution.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
31/05/2023	Meta Platforms, Inc.	1.0%	Resolution 1.9 - Elect Director Mark Zuckerberg (Board of Directors)	LGIM withheld their vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of one-share one-vote and their support for equality of voting rights.	91.1% of the vote in favour of the resolution.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

L&G World Equity Index Fund - GBP Currency Hedged

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
07/12/2023	Microsoft Corporation	4.1%	Resolution 1.06 - Elect Director Satya Nadella (Board of Directors)	LGIM voted against the 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 our vote policy on the topic of the combination of the board chair and CEO.	93.6% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
24/05/2023	Amazon.com, Inc.	1.5%	Resolution 13 – Report on median and adjusted gender/racial pay gaps (Social)	LGIM voted for the resolution which was against management. A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets we manage on their behalf.	29.0% of the vote in favour of the resolution	LGIM will continue to engage with the company and monitor progress.

Date	Company	% of LGIM World Equity Index Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
22/06/2023	NVIDIA Corporation	1.5%	Resolution 1i - Elect Director Stephen C. Neal (Board of Directors)	LGIM voted against the resolution which was against management recommendation. LGIM expects a company to have at least one-third women on the board. They also expect a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.	89.2% of the vote in favour of the resolution.	LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
02/06/2023	Alphabet Inc.	1.2%	Resolution 18 - Approve recapitalization plan for all Stock to have one-vote per share. (Corporate Structure)	LGIM voted for the resolution which was against management recommendation. LGIM expects companies to apply a one-share-one-vote standard.	This shareholder resolution is considered significant due to the relatively high level of support received.	30.7% of the vote in favour of the resolution.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
31/05/2023	Meta Platforms, Inc.	1.0%	Resolution 1.9 - Elect Director Mark Zuckerberg (Board of Directors)	LGIM withheld their vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of one-share one-vote and their support for equality of voting rights.	91.1% of the vote in favour of the resolution.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

AVCs - Prudential significant votes for the year to 31 December 2023

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
23/05/2023	Shell Plc	0.4%	Request Shell to Align its Existing 2030 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. (Environmental)	BlackRock and M&G voted against the resolution. The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	Significant Vote Proposal	20.2% of the vote in favour of the resolution.	BlackRock did not support this shareholder proposal because in their view, it was overly prescriptive and unduly constraining on management's decision making. The company is addressing the risks and opportunities in their business model stemming from a low carbon transition and has demonstrated that they are delivering against their stated plan.

Date	Company	% of Prudential With Profits Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
07/12/2023	Microsoft Corporation	0.3%	Report on risks of operating in countries with significant human rights concerns (Social)	BlackRock voted against the resolution and M&G voted for. BlackRock believe the company already has policies in place to address these issues. M&G feel given the expansion of data centres, additional disclosures around human rights risks would benefit shareholders.	Environmental and social	33.6% of the vote in favour of the resolution.	No comments were provided by either manager.
10/03/2023	Apple Inc.	0.2%	Adopt a policy establishing an engagement process with proponents to shareholder proposals (Board of Directors)	BlackRock voted against the resolution and M&G voted for. BlackRock believe the company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies. In M&G's view, the board should make themselves available for discussions with proponents of successful shareholder proposal campaigns.	Shareholder rights and Governance	6.5% of the vote in favour of the resolution.	No comments were provided by either manager.

Date	Company	% of Prudential With Profits Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
14/06/2023	Toyota Motor Corp.	0.2%	Amend articles to report on corporate climate lobbying aligned with Paris Agreement. (Environmental)	BlackRock and M&G voted against the resolution. Concern over enshrining requirement in the company's articles.	Environmental and social	15.3% of the vote in favour of the resolution.	No comments were provided by either manager.
09/02/2023	Siemens AG	0.1%	Approve virtual-only shareholder meetings until 2025 (Corporate Structure)	BlackRock voted for. BlackRock supported this management proposal because it is aligned with regulatory requirements and, in its assessment, the company was taking the necessary steps to ensure that shareholder rights were respected.	Significant Vote Proposal	96.6% of the vote in favour of the resolution.	BlackRock are aware of the concerns expressed by some that virtual-only AGMs could potentially impede meaningful exchanges between management and shareholders. However, following their analysis of the proposals and engagement with the company, BlackRock believed that Siemens had proposed an appropriate approach that is not likely to undermine shareholder rights.

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
27/04/2023	AstraZeneca PLC	1.3%	Re-elect Marcus Wallenberg as Director. (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. A vote against is applied because LGIM have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.	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 (escalation of engagement by vote).	80.9% of the vote in favour of the resolution.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
05/05/2023	HSBC Holdings	1.0%	Shareholder proposal regarding dividend policy. (Financial Services)	LGIM voted against the resolution. A vote against this proposal has been applied as the dividend policy proposed by the dissident of a minimum dividend level in absolute USD terms appears overly	LGIM considers this vote to be significant as it is in application of an escalation of our engagement activity.	19.2% of the vote in favour of the resolution.	No comments were provided by the manager.

				restrictive and lacks detailed rationale.			
05/05/2023	HSBC Holdings Plc	1.0%	Revisit the "State Deduction" Applied to Members of the Post 1974 Section of the Midland Bank Pension Scheme by Introducing a "Safety Net" (Corporate Structure)	BlackRock and M&G voted against the resolution. Concern that proposal is not in management's or shareholders' best interests.	Corporate structure	19.8% of the vote in favour of the resolution.	No comments were provided by either manager.
27/04/2023	BP Plc	0.5%	Approve shareholder resolution on climate change targets. (Environmental)	BlackRock and M&G voted against the resolution. Concern that it is not in shareholders' best interest given current company strategy.	Environmental and social	16.7% of the vote in favour of the resolution.	No comments were provided by either manager.

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
09/02/2023	Siemens AG	0.3%	Approve virtual-only shareholder meetings until 2025 (Corporate Structure)	BlackRock voted for. BlackRock supported this management proposal because it is aligned with regulatory requirements and, in its assessment, the company was taking the necessary steps to ensure that shareholder rights were respected.	Significant Vote Proposal	96.6% of the vote in favour of the resolution.	BlackRock are aware of the concerns expressed by some that virtual-only AGMs could potentially impede meaningful exchanges between management and shareholders. However, following their analysis of the proposals and engagement with the company, BlackRock believed that Siemens had proposed an appropriate approach that is not likely to undermine shareholder rights.
31/05/2023	Chevron Corporation	0.1%	Adopt Medium-Term Scope 3 GHG Reduction Target (Environmental)	BlackRock voted against the resolution. M&G voted for. BlackRock believe the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. M&G is supportive, in order to promote more ambitious transition targets.	Significant Vote Proposal	9.6% of the vote in favour of the resolution.	BlackRock did not support this shareholder proposal because the company has already taken actions that address the proponent's request given that they incorporate scope 3 emissions into their aforementioned PCI metric. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management's ability to set the company's long-term business strategy.

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
18/05/2023	Yum! Brands, Inc.	0.1%	Adopt share retention policy for senior executives (Remuneration)	BlackRock and M&G voted against the resolution. Executive compensation matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors.	Significant Vote Proposal	The resolution was withdrawn.	Yum!'s stock ownership guidelines require the company's CEO and other named executive officers to own, respectively, at least seven- and three-times their base salary. Further, a requirement to hold shares through retirement age is likely to be unenforceable should an individual retire early or leave for a role at another company. The company's retention requirements allow for sufficient alignment of the interests of executives with those of long-term shareholders, and therefore neither manager supported this shareholder proposal.

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
27/04/2023	AstraZeneca PLC	3.9%	Re-elect Marcus Wallenberg as Director. (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. A vote against is applied because LGIM have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.	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 (escalation of engagement by vote).	80.9% of the vote in favour of the resolution.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
05/05/2023	HSBC Holdings	3.4%	Shareholder proposal regarding dividend policy. (Financial Services)	LGIM voted against the resolution. A vote against this proposal has been applied as the dividend policy proposed by the dissident of a minimum dividend level in absolute USD terms appears overly	LGIM considers this vote to be significant as it is in application of an escalation of our	19.2% of the vote in favour of the resolution.	No comments were provided by the manager.

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				restrictive and lacks detailed rationale.	engagement activity.		
27/04/2023	BP Plc	1.5%	Approve shareholder resolution on climate change targets. (Environmental)	BlackRock and M&G voted against the resolution. Concern that it is not in shareholders' best interest given current company strategy.	Environmental and social	16.7% of the vote in favour of the resolution.	No comments were provided by either manager.
09/02/2023	Siemens AG	0.3%	Approve virtual-only shareholder meetings until 2025. (Corporate Structure)	BlackRock voted for. BlackRock supported this management proposal because it is aligned with regulatory requirements and, in its assessment, the company was taking the necessary steps to ensure that shareholder rights were respected.	Significant Vote Proposal	96.6% of the vote in favour of the resolution.	BlackRock are aware of the concerns expressed by some that virtual-only AGMs could potentially impede meaningful exchanges between management and shareholders. However, following their analysis of the proposals and engagement with the company, BlackRock believed that Siemens had proposed an appropriate approach that is not likely to undermine shareholder rights.

Date	Company	% of Prudential Global Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
16/05/2023	Chesnara Plc	0.2%	Approve remuneration report. (Remuneration)	M&G voted against. Concern over changes to in-flight metrics.	Remuneration related	72.7% of the vote in favour of the resolution.	No comment was provided by either managers.
26/04/2023	ENGIE SA	0.1%	Amend Articles 21 and 24 of Bylaws Re: Climate Strategy (Environmental)	BlackRock and M&G voted against the resolution. Concern that the resolution is not justified in light of company's commitments on climate issues.	Environmental and social	24.4% of the vote in favour of the resolution.	No comment was provided by either managers.
31/05/2023	Chevron Corporation	0.1%	Adopt Medium-Term Scope 3 GHG Reduction Target (Environmental)	BlackRock voted against the resolution. M&G voted for. BlackRock believe the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. M&G is supportive, in order promote more ambitious transition targets.	Significant Vote Proposal	9.6% of the vote in favour of the resolution.	BlackRock did not support this shareholder proposal because the company has already taken actions that address the proponent's request given that they incorporate scope 3 emissions into their aforementioned PCI metric. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management's ability to set the company's long-term business strategy.

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
27/04/2023	AstraZeneca PLC	7.0%	Re-elect Marcus Wallenberg as Director. (Board of Directors)	LGIM voted against the resolution, which was against management recommendation. A vote against is applied because LGIM have concerns regarding the time commitment required to manage all board positions and how this may impact their ability to remain informed and effectively contribute to board discussions.	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 (escalation of engagement by vote).	80.9% of the vote in favour of the resolution.	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
05/05/2023	HSBC Holdings	5.5%	Shareholder proposal regarding dividend policy. (Financial Services)	LGIM voted against the resolution. A vote against this proposal has been applied as the dividend policy proposed by the dissident of a minimum dividend level in absolute	LGIM considers this vote to be significant as it is in application of an escalation of our	19.2% of the vote in favour of the resolution.	No comments were provided by the manager.

Date	Company	% of Prudential UK Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
				USD terms appears overly restrictive and lacks detailed rationale.	engagement activity.		
05/05/2023	HSBC Holdings Plc	5.5%	Revisit the "State Deduction" Applied to Members of the Post 1974 Section of the Midland Bank Pension Scheme by Introducing a "Safety Net" (Corporate Structure)	BlackRock and M&G voted against the resolution. Concern that proposal is not in management's or shareholders' best interests.	Corporate structure	19.8% of the vote in favour of the resolution.	No comments were provided by either manager.
23/05/2023	Shell Plc	3.8%	Request Shell to Align its Existing 2030 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. (Environmental)	BlackRock and M&G voted against the resolution. The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	Significant Vote Proposal	20.2% of the vote in favour of the resolution.	BlackRock did not support this shareholder proposal because in their view, it was overly prescriptive and unduly constraining on management's decision making. The company is addressing the risks and opportunities in their business model stemming from a low carbon transition and has demonstrated that they are delivering against their stated plan.

Date	Company	% of Prudential UK Equity Fund	Subject (theme and summary)	Manager's vote and rationale	Why considered significant	Outcome	Lessons Learnt
27/04/2023	BP Plc	2.8%	Approve shareholder resolution on climate change targets. (Environmental)	BlackRock and M&G voted against the resolution. Concern that it is not in shareholders' best interest given current company strategy.	Environmental and social	16.7% of the vote in favour of the resolution.	No comments were provided by either manager.
16/05/2023	Chesnara Plc	0.2%	Approve remuneration report. (Remuneration)	M&G voted against. Concern over changes to in-flight metrics.	Remuneration related	72.7% of the vote in favour of the resolution.	No comments were provided by either manager.
23/05/2023	Wikes Group Plc	0.1%	Re-elect Christopher Rogers as Director (Board of Directors)	BlackRock voted for. M&G abstained their vote. M&G have concerns due to low gender diversity on the board.	Diversity	87.6% of the vote in favour of the resolution.	No comments were provided by either manager.