



Engagement Policy Implementation Statement

Scheme Year End — 31 March 2023

Engagement Policy Implementation Statement (“EPIS”)

AA Pension Scheme

Scheme Year End – 31 March 2023

The purpose of the EPIS is for us, the Trustee of the AA Pension Scheme (the “Scheme”), to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

We delegate the management of some of the Scheme’s assets to our fiduciary managers, Aon Investments Limited (“Aon”) and Van Lanschot Kempen (“VLK”). We believe the activities completed by our fiduciary managers to review the underlying managers’ voting and engagement policies, and activities align with our stewardship expectations.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with our policy. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"), Q2 2022 – Q4 2022 and from Barnett Waddingham Q1 2023. We received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Scheme is invested in where available.

During the year, we received training on ESG, stewardship topics and TCFD, and agreed our policies in relation to these.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

In October 2023 the Trustees are to receive training on stewardship priorities with the view to set up stewardship priorities for the Scheme at the following Investment Committee meeting.

The Scheme's stewardship policy can be found in the SIP: here <https://aapensions.com/document-library/financial-information>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our fiduciary managers' engagement activity

We invest some of the Scheme's assets via our fiduciary managers, Aon and VLK. These are fund of funds arrangements, where Aon and VLK selects the underlying investment managers on our behalf.

Aon

The Scheme's assets with Aon are invested in a wide range of asset classes including equities, global fixed income, multi asset credit, diversified alternatives and hedge funds.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code.

VLK

The Scheme's assets with VLK are invested across a range of asset classes including equities, global fixed income and diversified alternatives.

We delegate monitoring of ESG integration and stewardship of the underlying managers to VLK. We have reviewed VLK's latest annual Stewardship Report and we believe it shows that VLK is using its resources to effectively influence positive outcomes in the funds in which it invests.

VLK believes the consideration of material ESG risks and opportunities is part of the delegated duty of institutional investors and helps the clients embed considerations of sustainability into their investment approach. VLK differentiates between the following sections within its ESG report:

- **Engagement for awareness.** By aiming to raise awareness about a certain issue or to get more information on a particular company.
- **Engagement for change.** By having concrete objectives with specific timelines set in advance, specifying what it would like to achieve. Progress of these engagements is measured via an internal milestone framework.
- **Public policy and collaborative engagements.** By aiming to improve the overall landscape of (financial) markets and general level of ESG performance in particular sectors, markets and geographies.

What is fiduciary management?

Fiduciary management is the delegation of some, or all, of the day-to-day investment decisions and implementation to a fiduciary manager. But the trustees still retain responsibility for setting the high-level investment strategy.

In fiduciary management arrangements, the trustees will often delegate monitoring ESG integration and asset stewardship to its fiduciary manager.

VLK has committed to becoming a net zero wealth manager by 2050, with a 50% reduction by 2030. In 2022 VLK began to directly select equities for the portfolio and only select companies which have low carbon intensity and targets which align with the Paris Agreement and Dutch National Climate Agreement.

VLK also successfully renewed its signatory status to the 2020 UK Stewardship Code.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
In Aon's Active Global Equity Strategy (AIL fiduciary mandate)				
• GQG - Global Equity Fund	816	99.8%	10.3%	4.7%
• Harris - Global All Cap Equity Strategy	889	100.0%	8.0%	0.0%
In Aon's Emerging Market Equity Strategy (AIL fiduciary mandate)				
• GQG - Emerging Markets Equity Fund	1,073	96.5%	8.8%	5.4%
• TT International - Emerging Markets Unconstrained Strategy	1,005	99.0%	10.4%	1.8%
In Aon's Global Multi-Factor Equity Strategy (AIL fiduciary mandate)				
• LGIM - Multi-Factor Equity Fund	11,712	99.8%	20.2%	0.1%
In Aon's Global Impact Strategy (AIL fiduciary mandate)				
• Nordea - Global Climate and Environmental Fund	824	99.2%	5.6%	1.6%
• Mirova - Global Sustainable Equity Fund	703	100.0%	43.0%	0.0%
Underlying manager in VLK's fiduciary mandate				
• SSGA - World TPI Climate Transition Index Equity Sub-Fund*	16,588	99.1%	8.4%	0.5%

Source: Managers

*The voting statistics provided by SSGA suggests that abstained votes are being counted as votes against management resulting in double counting within the voting statistics.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Description of use of proxy voting advisers

Wording provided directly by managers

GQG Partners LLC (“GQG”) (Aon fiduciary mandate)	<p>Portfolio management is responsible for proxy voting decisions. While the majority of portfolio company proxy votes are company-management-initiated, routine in nature, and voted in accordance with GQG’s proxy voting policy, some proxy categories warrant an escalated review by GQG. The categories warranting a review generally represent proxies that are strategic to the company. Therefore, GQG escalates certain categories of proxy votes to a designated GQG investment analyst with the responsibility to ensure that those proxies are being voted in the best interests of GQG’s clients given the potential significance of the proxy vote to the company’s shareholders.</p> <p>To augment our independent research, we use Institutional Shareholder Services Inc. (“ISS”) as an additional source of information to guide our voting. While we find ourselves voting with ISS on the majority of issues, we do not blindly follow their lead and will vote against their recommendations when we deem it necessary.</p>
Harris Associates (“Harris”) (Aon fiduciary mandate)	<p>Harris Associates uses ISS for proxy voting advisory services. We follow our Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, final decision rests with our Proxy Voting Committee.</p>
TT International (Aon fiduciary mandate)	<p>We use ISS for our proxy voting requirements. ISS provides us the proxy research, which is then reviewed by TT. Whilst we are guided by ISS, we will always vote in what we believe is our clients' best interests. We specifically discuss meetings where ISS issues a recommendation against management and hold internal discussions. The voting decisions are ultimately the portfolio managers' responsibility. We internally record our rationale where we diverge from ISS recommendations. We recently also added Glass Lewis as a provider of proxy research to have a second opinion in cases where ISS recommends voting against management, or where we may want to do further analysis on management and shareholder proposals. We use ISS' standard voting policy. We believe that their principles-based voting policy is often more stringent than custom-made policies.</p>
Legal and General Investment Management (“LGIM”) (Aon fiduciary mandate)	<p>LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.</p>
Nordea Asset Management (“Nordea”) (Aon fiduciary mandate)	<p>In general, every vote we cast is considered individually on the background of our bespoke voting policy, which we have developed in-house based on our own principles.</p> <p>Our proxy voting is supported by two external vendors (ISS and Nordic Investor Services) to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.</p>
Mirova (Aon fiduciary mandate)	<p>Mirova utilizes ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation are not prescriptive or determinative to our voting decision.</p>

State Street Global Advisors (“SSGA”)
(Aon fiduciary mandate)

We use a variety of third-party service providers to support our stewardship activities. Data and analysis from service providers are used as inputs to help inform our position and assist with prioritisation. However, all voting decisions and engagement activities are undertaken in accordance with our in-house policies and views, ensuring the interests of our clients remain the sole consideration when discharging our stewardship responsibilities. We have contracted ISS to assist us with managing the voting process at shareholder meetings. We use ISS to: (1) act as our proxy voting agent (providing SSGA with vote execution and administration services), (2) assist in applying our voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances. In addition, we also have access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complement our in-house analysis of companies and individual ballot items. All final voting decisions are based on our proxy voting policies and in-house operational guidelines.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme’s investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme’s funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the fund invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Underlying managers in Aon's fiduciary mandate:			
GQG - Global Equity Fund	36	80	Environment - Climate change, Pollution and waste Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety) Strategy, Financial and Reporting - Risk management (e.g., operational risks, cyber/information security, product risks)
Harris - Global All Cap Equity Strategy			<i>Not provided</i>
GQG - Emerging Markets Equity Fund	35	80	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety) Strategy, Financial and Reporting - Risk management (e.g., operational risks, cyber/information security, product risks)
TT International - Emerging Markets Unconstrained Strategy	25	91	Environment - Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste Social - Human and labour rights (e.g. supply chain rights, community relations) Governance - Remuneration Strategy, Financial and Reporting - Risk management (e.g. operational risks, cyber/information security, product risks)
LGIM - Multi-Factor Equity Fund	279	1,224	Environment - Climate change Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health Governance - Remuneration
Nordea - Global Climate and Environmental Fund	36	994	Environment - Pollution, Waste, Climate change Social - Human and labour rights (e.g. supply chain rights, community relations) Governance - Board effectiveness – Diversity Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
Mirova - Global Sustainable Equity Fund	33	115	Environment - Climate change, Pollution, Waste Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity, Remuneration
Aegon Asset Management ("Aegon") - European Asset Backed Securities (ABS) Fund	132	441	Environment - Climate change Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Board effectiveness – Diversity Other - Proprietary ESG assessment

T. Rowe Price - Dynamic Global Bond Fund	16	778	Environment - Pollution, Waste, Climate change Social - Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose, Capital allocation
M&G - Sustainable Total Return Credit Investment Fund	7	157	Environment - Climate change, Net Zero Social - Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Remuneration, Leadership – Chair/CEO
Aberdeen (“Abrdn”) – Climate Transition Bond Fund	44	2,484	Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) Other - Climate, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Governance
LGIM - Global Diversified Credit SDG Fund	79	1,224	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
Leadenhall Capital Partners (“Leadenhall”) - Insurance Linked Securities	309	321	Environment - Climate change Governance - Board effectiveness – Diversity, Remuneration, Shareholder rights Strategy, Financial and Reporting - Capital allocation, Strategy/purpose
Invesco - Real Estate Finance Fund¹	<i>Not applicable</i>	183	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) Social - Human and labour rights (e.g. supply chain rights, community relations), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance - Leadership – Chair/CEO, Remuneration Strategy, Financial and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
Warburg Pincus - Global Growth Fund¹	<i>Not provided</i>	>45	Social - Diversity, equity, and inclusion (DE&I), Corporate social responsibility Governance - Cybersecurity Strategy, Financial and Reporting - Sustainability strategy/ESG reporting
BV Partners – BVIP Fund X	<i>Not provided</i>	15	<i>Not provided</i>
VLK¹	39 ²	196	UN SDGs Environment - Affordable and clean energy, Life below water, Life on land Social - Good health and well-being, Decent work and economic growth

Source: Managers

¹Invesco, Warburg Pincus and VLK did not provide fund level themes; themes provided are at a firm-level.

²Engagement with Investment Managers.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Harris (AIL fiduciary mandate) did not provide any engagement data requested.
- LGIM and M&G did provide fund level engagement information but not in the industry standard ICSWG guide.
- Invesco, Warburg Pincus and BV Partners did not provide fund level engagement data. Warburg Pincus and BV Partners provided limited engagement information, including a detailed illustrative example of their engagement activity at a firm level and provided details of their ESG policies.
- No engagement/voting data is reported for Diversified Alternatives Strategy and Opportunities Strategy within the Aon fiduciary mandate as these strategies includes investing in currencies, gold, ILS etc., where engagement is not relevant.
- VLK could not provide the engagement data for its underlying fund but did provide firm-level engagement data.

This report does not include commentary on the Scheme's liability driven investments/gilts or cash because of the limited materiality of stewardship to these asset classes.

Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Scheme's assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below

GQG - Global Equity Fund (Aon fiduciary mandate)	Company name	Petroleo Brasileiro SA
	Date of vote	Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Approve Remuneration of Company's Management and Fiscal Council
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	A vote AGAINST this proposal is warranted the company's disclosure lacks transparency regarding key remuneration figures.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be "most significant"?	Vote against management, potential impact on financial and/or stewardship outcomes, and size of the holding in the mandate.
Harris - Global All Cap Equity Strategy (Aon fiduciary mandate)	Company name	Alphabet Inc.
	Date of vote	01-Jun-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	6.2%
	Summary of the resolution	Approve Recapitalization Plan for all Stock to Have One-vote per Share
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	We agree with the proponent that a one-vote-per-share capital structure would further align economic interest and voting power. We therefore voted FOR this resolution.
	Outcome of the vote	Failed
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>

	On which criteria have you assessed this vote to be "most significant"?	Vote against management
GQG - Emerging Markets Equity Fund (Aon fiduciary mandate)	Company name	America Movil SAB de CV
	Date of vote	20-Dec-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Approve/Amend Conversion of Securities
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Although the proposal to convert different share classes into a single share class would represent an improvement in the company's corporate governance structure, a vote AGAINST this item is warranted because: * The company has not disclosed the full text of the proposed bylaw amendments, related to the shares' conversions, which, according to the company, will be disclosed after the shareholder meeting; and * The full impact of the article amendments on shareholders' rights is unclear, in a context in which current holders of the L shares would lose the right to appoint two board members as well as certain economic rights.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be "most significant"?	Vote against management, potential impact on financial and/or stewardship outcomes, and size of the holding in the mandate.
TT International - Emerging Markets Unconstrained Strategy (Aon fiduciary mandate)	Company name	OCI NV
	Date of vote	24-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.3%
	Summary of the resolution	Amend Remuneration Policy
	How you voted	Against Management
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We communicated our voting decision to the company on a call, our third engagement on this topic. OCI's remuneration policy change got 74.73% approval, and they needed 75%, so they cannot institutionalise the special awards and delink pay further from financial elements (which they arguably did already last year by lowering the % of pay that is linked to financials to 40%). They did get enough support for the one-off special awards for this year, which we had also supported. Our 2.5m shares are about a quarter of the

	<p>difference between vote 6 and vote 7 – in other words we were not the only ones to exercise independent and nuanced thinking on this issue.</p>
Rationale for the voting decision	<p>OCI proposed one-off share awards for the CEO for 2021, as the LTIP did not pay out second year in a row. This is worth \$700k and will vest in three years and will be subject to a holding period of 2 more years afterwards. OCI also proposed to institutionalise these special awards into the policy – up to 100% of salary. This could be for anything, including the non-financial objectives had have already included under the plan changes last year (such as decarbonisation investments). We had voted against that because they did not put this to a shareholder vote last year. They need to put it to a shareholder vote this year because of Dutch regulation and need 75% approval. Both ISS and Glass Lewis recommended voting against both this year's special award and the change in policy to include these going forward. We voted against the policy change but in favour of the one-off awards as TSR was strong.</p>
Outcome of the vote	Failed
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	The company is likely to come back for remuneration policy changes next year - we will engage with them if we are shareholders.
On which criteria have you assessed this vote to be "most significant"?	High dissent (25.3%); priority topic for us with existing engagements (executive remuneration alignment with shareholders).
LGIM - Multi-Factor Equity Fund (Aon fiduciary mandate)	
Company name	Eli Lilly and Company
Date of vote	02-May-2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.9%
Summary of the resolution	Require Independent Board Chair
How you voted	LGIM voted in favour of the shareholder resolution (management recommendation: against).
Where you voted against management, did you communicate your intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an Annual General Meeting ("AGM") as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
Outcome of the vote	Failed
Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
On which criteria have you assessed this vote to be "most significant"?	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).

Nordea - Global Climate and Environmental Fund
(Aon fiduciary mandate)

Company name	Republic Services
Date of vote	16-May-2022
How the manager voted	Against Management
Did the manager communicate its intent to the company ahead of the vote?	No
Summary of the resolution	Report on third-party civil rights audit (shareholder proposal)
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.8%
Outcome of the vote	Failed
Rationale for the voting decision	Given that an independent civil rights audit would aid the shareholders to better assess the effectiveness of the company's efforts to address the issue of any inequality within their operation, this merits shareholder approval.
Implications of the outcome	We will continue to vote for such proposals in this company as well as in other relevant companies.
Criteria on which the vote is considered significant?	Significant votes are those that the manager feels are against its principles, and where it feels it needs to enact change in the company.

Mirova - Global Sustainable Equity Fund
(Aon fiduciary mandate)

Company name	SunRun Inc.
Date of vote	01-Jun-2022
How the manager voted	Against Management
Did the manager communicate its intent to the company ahead of the vote?	Yes - We articulated our preference for the removal of stock options from the compensation structure and provided feedback on potential ESG metrics for the plan.
Summary of the resolution	Executive Compensation and Director Elections (2 resolutions)
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.9%
Outcome of the vote	Pass
Rationale for the voting decision	Prior to executing our vote, members of the sustainability research team engaged with SunRun to discuss the structure of the compensation plan. We advocated for the elimination of stock options and explained our rationale. The company has very responsive and committed to examining this possibility. We further gave insight into possible meaningful sustainability metrics that the plan could incorporate as the company grows.
Implications of the outcome	We found this company to be quite open and eager to receive shareholder feedback. It was helpful to have the ESG analyst that focuses on climate change and the energy sector part of the call to provide detailed insight regarding the various potential sustainability criteria the company could incorporate into the plan.
Criteria on which the vote is considered significant?	Relevant to engagement strategy, core company.

SSGA - World TPI Climate Transition Index Equity Sub- Fund (Aon fiduciary mandate)	Company name	Amazon.com, Inc.
	Date of vote	25-May-2022
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	We do not publicly communicate our vote in advance.
	Summary of the resolution	Report on Climate Change
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.5%
	Outcome of the vote	Failed
	Rationale for the voting decision	This proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable.
	Implications of the outcome	Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.
	Criteria on which the vote is considered significant?	Environmental Proposal

Source: Managers