

Annual Implementation Statement

Defined Contribution (“DC”) Section

1 April 2022 to 31 March 2023 (the “Plan Year”)

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) produced by the Trustees, has been followed during the year to 31 March 2023 (the “Plan Year”). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the guidance published by the Pensions Regulator.

The table later in the document sets out how, and the extent to which, the policies in the Toyota (GB) Retirement Benefits Plan (1979) – Money Purchase Section (the “Plan”) SIP have been followed.

The Statement flows directly from and should be read in conjunction with the Plan’s SIP (in place at the Plan Year end and dated September 2020) which is available online.

Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIP are summarised as follows:

- The Trustees aim to provide suitable investment options that are aligned to the needs of their members. They also aim for these options to enable members to achieve good outcomes at retirement as well as ensuring that members receive value for money.
- The Trustees are mindful of their responsibility to provide members with an appropriate range of investment funds and a suitable default strategy.
- The Trustees will review the investment approach from time to time, and make changes as and when it is considered to be appropriate.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Plan. Detail on the Trustees’ objectives with respect to the default investment strategy and the self-select fund range are contained in the SIP.

Review of the SIP

The SIP was not reviewed during the Plan year. A copy of the latest SIP can be reviewed at <https://www.toyota.co.uk/footer/legal>. A copy of the latest SIP signed on 16 September 2020 is also appended to this Statement. A review of the SIP is due in the Plan year ending 31 March 2024.

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Investment Strategy Review

The Plan's triennial investment strategy review was carried over two Trustees' Meetings, on 6 December 2022 and 24 January 2023. The review covered the suitability of the benefit targeted by the default investment strategy, along with the default's growth phase and the de-risking phase allocations. The review also considered the addition of alternative lifestyle strategies and the self-select fund range. The Trustees agreed, in principle, to the following changes:

- Introduce a Passive Global Equity Blend, within the Growth phase, replacing all existing investments in the LGIM 60:40 Fund to:
 - Remove the UK home bias in favour of a broadly global market capitalization (including emerging markets) approach
 - Introduce explicit ESG tilts
 - Introduce a balanced level of currency hedging on overseas developed market currencies.
- Within the lifestyle de-risking phase, replacing the current allocation to the Nordea Diversified Fund with a blend of two underlying funds (Nordea Diversified Fund alongside the ESG-titled LGIM Future World Multi-Asset Fund)
- Introduce seven new self-select fund options within the fund range: the HSBC Islamic Global Equity Index Fund, LGIM Retirement Income Multi-Asset (RIMA), LGIM Future World Multi-Asset, LGIM Future World Developed Global Equity Index (Ex UK), LGIM Future World GBP Corporate Bond Index, LGIM Future World Annuity Aware and LGIM Sterling Liquidity.

The changes mentioned above are under consideration to be implemented in the next Plan year and the next triennial review will be undertaken in Q4 2025. Once these changes are implemented, the SIP will be updated to incorporate the changes for the arrangement in place.

Assessment of how the policies in the SIP have been followed for the year to 31 March 2023

The information provided in the following table highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the Plan as a whole. The Trustees believe they have adhered to all of their policies as set out in the SIP over the course of the Plan year.

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	Requirement	Summary of Trustee Policy	Summary of the Plan Year to 31 March 2023
1	Securing compliance with the legal requirements about choosing investments	<p><i>This Statement of Investment Principles (“the Statement”) has been prepared by the Trustees of the Toyota (GB) Retirement Benefits Plan (1979) – Money Purchase Section (“the Plan”) in accordance with Section 35 of the Pensions Act 1995, as amended, and its attendant Regulations.</i></p> <p><i>In preparing the Statement, the Trustees have obtained and considered written advice from a suitably qualified individual, employed by its investment consultants, Mercer, whom they believe to have a degree of knowledge and experience that is appropriate for the management of the Plan’s investments.</i></p>	<p>The last triennial investment strategy was carried over two Trustee meetings on 6 December 2022 and 24 January 2023.</p> <p>The Plan’s last triennial investment strategy review was carried over two Trustee Meetings, on 6 December 2022 and 24 January 2023. The review covered the suitability of the benefit targeted by the default, along with the default’s growth phase and the de-risking phase allocations. The review also considered the addition of alternative lifestyle strategies and the self-select fund range.</p> <p>Any changes that are agreed, in principle, for implementation will be made following formal written advice in line with Section 36 of the Pensions Act.</p> <p>No new investments were implemented over the reporting period covered by this Statement.</p>
2	Types of investments to be held	<p><i>SIP Section 1</i></p> <p><i>The Trustees are permitted to invest across a wide range of asset classes including developed market equities, index-linked gilts, gilts and money market instruments.</i></p> <p><i>All of the funds in which the Plan invests are pooled and unitised.</i></p> <p><i>SIP Section 3.3</i></p>	<p>As noted, the Trustees last reviewed the investment strategy in December 2022 and January 2023. The Trustees agreed, in principle, to implement the following changes:</p> <ul style="list-style-type: none"> • Introduce a Passive Global Equity Blend, within the Growth phase, replacing all existing investments in the LGIM 60:40 Fund to: <ul style="list-style-type: none"> ○ Remove the UK home bias in favour of a broadly global market capitalization (including emerging markets) approach ○ Introduce explicit ESG tilts ○ Introduce a balanced level of currency hedging on overseas developed market currencies. • Within the lifestyle de-risking phase, replacing the current allocation to the Nordea Diversified Fund with a Blend of two underlying funds (Nordea Diversified Fund alongside the ESG-tilted LGIM Future World Multi-Asset Fund)

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3	The balance between different kinds of investments	<p><i>The Trustees have explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments.</i></p> <p><i>When self-selecting, the balance between funds and asset classes is the member's decision. This balance will determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerance.</i></p> <p><i>SIP Sections 3.2 and 4.1</i></p>
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- Introduce seven new self-select fund options within the fund range: the HSBC Islamic Global Equity Index Fund, LGIM Retirement Income Multi-Asset (RIMA), LGIM Future World Multi-Asset, LGIM Future World Developed Global Equity Index (Ex UK), LGIM Future World GBP Corporate Bond Index, LGIM Future World Annuity Aware and LGIM Sterling Liquidity.

The investment advice received from the Plan's investment advisor was consistent with the policies in the SIP. The Trustees believe that the currently available investment options continue to be appropriate and provide members with options across the risk/return spectrum to implement the policy. The Trustees recognise that the default strategy will not meet the needs of all members and as such, alternative investment options are available for members to choose from.

Implementation of the agreed changes are currently under consideration for completion in in the next Plan Year.

The Trustees will review the investment approach from time to time (at least triennially), and make changes as and when it is considered appropriate basis.

The Trustees receive quarterly investment performance reports, which monitors returns of the default strategy.

The asset allocation of the default strategy is reviewed on a triennial basis (or more frequently if required). The Trustees last review the default strategy review in 2022 and January 2023 and asset allocation was considered, with a number of changes agreed, in principle, for implementation. As part of the last strategy review, the range of self-select options was also considered. These were determined to be broadly appropriate for members, albeit it was agreed that a number of new fund options should be added to the self-select fund range to broaden the choices available to members going forwards.

The Plan continues to provide a facility for members to pay additional voluntary contributions to enhance their benefits at retirement. Members are offered the opportunity to invest

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4	Risks, including the ways in which risks are to be measured and managed	<p><i>The Trustees recognise that in a defined contribution arrangement, members assume the investment risks themselves. The Trustees further recognise that members are exposed to different types of risk at different stages of their working lifetimes. The main types of investment risks are:</i></p> <p><i>Market Risk, Environmental, social and governance (ESG) Risks, Manager Risk, Liquidity Risk and Pension Conversion Risk.</i></p> <p><i>SIP Section 6</i></p>	<p>additional contributions in the same way as the main plan investments.</p> <p>The Trustees provide a range of investment options, which enable members to reflect in their selection of funds the level of risk they wish to take in light of their own individual circumstances.</p> <p>The Plan maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.</p>
5	Expected return on investments	<p><i>When deciding on the investment options available to members, the Trustees took into account the expected return on such investments and were mindful to offer a range of funds with varying levels of expected returns for members to choose from.</i></p> <p><i>The Trustees have explicitly considered the trade-off between risk and expected returns when establishing the balance between different kinds of investments</i></p> <p><i>SIP Sections 3.1 and 4.1</i></p>	<p>The investment performance report is reviewed by the Trustees on a quarterly basis; this includes performance figures for the default investment strategy and additional self-select fund choices. The investment performance report includes how each investment manager is delivering against their specific benchmark and target.</p> <p>The trade-off between risk and return was considered at the last triennial investment strategy review, undertaken in December 2022 and January 2023. The trade-off will continue to be considered in any future strategy reviews.</p> <p>The investment managers set performance objectives and risk tolerances for the Plan. The Trustees consider these investment performance objectives to be appropriate to assess each fund's performance against. The investment objectives will be treated as a target only and will not be considered as an assurance or guarantee of the performance or risk of the Plan or any part of it. All the funds used by the DC Section of the Plan continue to be daily dealt pooled investment vehicles. The Trustees are therefore confident that these assets can be realised at short notice as required and do not have any major concerns surrounding the liquidity of the Plan's investments. There were no concerns about the liquidity of the Plan's investments during the year covered by this Statement.</p>
6	Realisation of investments	<p><i>The funds are daily-dealt pooled investment arrangements, with assets mainly invested in regulated markets, and therefore should be realisable at short notice, based on either Trustees' or member demand. The selection, retention and realisation of investments within the pooled arrangements are the responsibility of the relevant investment manager.</i></p>	

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		<p><i>When it comes to realisation of investments, the Trustees consider the impact of transaction costs before making any changes.</i></p>	<p>The Trustees receive quarterly administration reports for the reporting year covered by this Statement, which includes a summary of overall service level performance, member movements, contributions, complaints and errors. Likewise, there have been no issues with the realisation of investments related to payments into or out of the Plan.</p>
7	Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments	<p><i>SIP Sections 3.1 and 6</i></p> <p><i>The Trustees believe that Environmental, Social and Corporate Governance (“ESG”) issues may have a material impact on investment risk and return outcomes, thereby affecting the performance of investment portfolios and should therefore be considered as part of the Plan’s investment process.</i></p> <p><i>The Trustees believe that investing with a manager who approaches investments in a responsible way and takes account of ESG-related risks will lead to better risk adjusted performance results as omitting these risks in investment analysis could skew the results and underestimate the level of overall risk being taken.</i></p> <p><i>SIP Section 5.1</i></p>	<p>The majority of funds within the Plan have been assigned an ESG rating by Mercer. These ratings are formally reviewed at least annually and are included in the annual value for members assessment. Where managers were not highly rated from an ESG perspective the Trustees will continue to monitor these managers. When implementing a new manager the Trustees consider the ESG rating of the manager.</p> <p>ESG integration was one of the aspects from the last triennial investment strategy review and following this review the Trustees agreed to some actions that were aimed to increase ESG integration within the Plan. Those proposed actions include:</p> <ul style="list-style-type: none"> • Allocate 50% of the default option’s equity allocation to explicitly ESG-tilted strategies. • Use of an ESG-tilted LGIM Future World Multi-Asset Fund in place of LGIM Diversified Fund in the default de-risking phase. • Make ESG-tilted funds available on a self-select basis.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<p><i>The Trustees have decided not to consider non-financial considerations, such as ethical views, or to take members’ preferences into account when setting the investment strategy.</i></p>	<p>Non-financial matters not explicitly taken into account. However, following the investment strategy review the Trustees agreed to introduce a Sharia Compliant global equity fund, HSBC Islamic Global Equity Index Fund, to increase the potential range of members who can invest in line with their religious and / or moral beliefs.</p>
9	The exercise of the rights (including voting rights) attaching to the investments	<p><i>SIP Section 5.2</i></p> <p><i>As the Plan invests in pooled funds via an investment platform, the Trustees’ scope to vote on the Plan’s shares directly is currently limited. The Trustees’ policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the</i></p>	<p>The Trustees have delegated the exercise of voting rights to the underlying investment managers, on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Trustees expect the investment managers to have produced written guidelines of their process and practice in this regard. Investment</p>

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pooled fund investment managers and expects the investment managers to use their discretion to act in the long term financial interests of investors.

SIP Section 5.3

managers are expected to provide voting summary reporting on a regular basis, at least annually. The reports are reviewed by the Trustee to ensure that they align with the Trustees policy. Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 updated guidance was produced which is effective for all scheme year ends on or after 1 October 2022.

The updated Guidance requires Trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information should also include details explaining why each vote has been categorised as most significant, what the vote was, and why the manager voted in the way it did. The Trustees agreed the below areas of focus for the Plan:

- **Environmental:** Climate change - low-carbon transition & physical damages resilience
- **Social:** Human rights - modern slavery, pay (minimum/living wage etc.) & safety in workforce and supply chains, abuses in conflict zones
- **Governance:** Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making

Voting activity carried out over the last 12 months on behalf of the Trustees is shown in the Appendix of this Statement.

Over the reporting period, the Trustees had equity exposure through the following funds:

- LGIM World Emerging Markets Equity Index Fund
- LGIM Global Equity Fixed Weights (60:40) Index Fund
- LGIM UK Equity Index Fund
- Nordea Diversified Return
- LGIM Asia Pacific (ex Japan) Developed Equity Index Fund - GBP Currency Hedged
- LGIM North America Equity Index Fund - GBP Currency Hedged
- LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged
- LGIM Japan Equity Index Fund - GBP Currency Hedged

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10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, Trustees would monitor and engage with relevant persons about relevant matters)	<p><i>The Trustees believe that choosing the right managers who fully engage with issuers of equity or debt instruments in their portfolios will lead to better financial results for members. The Trustees review the investment managers' policies and engagement activities (where applicable) on an annual basis.</i></p> <p><i>SIP Sections 5.3</i></p>	<p>Over the period covered by this Statement, the Trustees have not directly challenged managers on voting activity. As the Plan invests solely in pooled funds, the Trustees require their investment managers to engage with the investee companies on their behalf. Over the Plan Year, the Trustees did not directly carry out any engagement activities with investment managers or underlying investee companies.</p> <p>The Trustees wish to encourage best practice in terms of active engagement with entities in which they invest. The Trustees, while giving the investment managers full discretion when undertaking engagement activities, encourage the Plan's investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings. The Trustees will review the investment managers' policies and engagement activities (where applicable) on an annual basis.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005	<p><i>Investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.</i></p> <p><i>SIP Section 2.3</i></p>	<p>Apart from those exercised by the Plan's investment managers, no additional engagement activities were undertaken in the year to 31 March 2023. The Trustees believe that the appointments with their investment managers are consistent with their long-term objectives which was concluded based on quarterly reports received, annual Value for Members assessment and investment strategy review undertaken during the Plan year.</p> <p>ESG integration was one of the aspects from the triennial investment strategy review undertaken during the Plan year.</p> <p>Over the year, the Trustees remained satisfied that the arrangement in place with its appointed investment managers (which are accessed via a Life Insurance investment platform). However, following the conclusion of the last triennial investment strategy review, it was agreed in principle that some new managers were to be appointed. Implementation of those changes is due to be considered in the Plan year ending 31 March 2024.</p>

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12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	<p><i>The Trustees are long-term investors and do not look to change the investment arrangements on a frequent basis.</i></p> <p><i>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment strategy or general fund range.</i></p> <p><i>SIP Section 2.3</i></p>	<p>The Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from its platform provider, which presents performance information over 3 months, 1 year, 3 years and 5 years on a net of fees basis including benchmark returns and the manager's stated performance target.</p> <p>Over the Plan year no manager appointments were considered to be terminated.</p>
13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies required under sub-paragraph (b) of Regulation 2(3) of the Occupational Pension Schemes (Investment) Regulations 2005 [concerning the matters described in rows 2-8 of this Statement].	<p><i>The Trustees are long-term investors and do not look to change the investment arrangements on a frequent basis.</i></p> <p><i>Investment managers are remunerated by ad valorem charges based on the value of the assets that they manage on behalf of the Plan.</i></p> <p><i>The Trustees receive quarterly monitoring reports on the performance of the underlying investment managers from Mobius Life Limited, which presents performance information over 3 months, 1 year and 3 years. The reports show the absolute performance (discrete and calendar year, over the relevant time period) on a net of fees basis. It also provides returns of market indices so that these can also be used to help inform the assessment of the underlying managers' performance.</i></p> <p><i>SIP Sections 2.3 and 7.2</i></p>	<p>The Trustees have considered the long-term investment performance of the investment managers on a quarterly basis, as well as their Investment Consultant's views of the investment manager, and is comfortable that the longer term performance and forward-looking capabilities remained suitable.</p> <p>The remuneration for investment managers used by the Plan is based on assets under management; the levels of these fees are reviewed annually as part of the annual value for money assessment, the last one undertaken in October 2022, to ensure they continue to represent value for members. The latest Value for Members Assessment for the Plan year concluded that funds have met long term objectives, with the majority of funds also remaining highly rated.</p> <p>The Trustees are satisfied that the investment fund managers' short-term performance will not impact long-term goals. In particular, none of the funds have performance fees in place, which could encourage managers to make short term investment decisions to hit their short term profit targets at the expense of longer term performance.</p> <p>The Trustees ask investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees.</p> <p>Transaction costs were reviewed by the Trustee and were disclosed in the annual Chair's Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager.</p>
14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>The Trustees consider portfolio turnover costs as part of the annual value for members assessment and asks investment managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustees.</i></p>	

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		<p><i>The Trustees are also aware of the requirement to define and monitor targeted portfolio turnover and turnover range.</i></p> <p><i>Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan.</i></p> <p><i>SIP Section 7.3</i></p>	<p>Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustees do not have an overall portfolio turnover target for the Plan. However, the Trustees will engage with managers if turnover is higher than expected.</p> <p>The Trustees note the challenges in assessing transaction costs due to the lack of an industry-wide benchmarks for transaction costs. Also, there is currently no agreed framework for assessing transaction costs as part of the value for money assessment, just requirements on the information shown in the Chair's Statement. The investment performance of all funds is reviewed by the Trustees on a quarterly basis; this includes how each investment fund manager is delivering against their specific targets.</p>
15	The duration of the arrangement with the asset manager.	<p><i>The Trustees are long-term investors and do not look to change the investment arrangements on a frequent basis.</i></p> <p><i>All the funds are open-ended with no set end date for the arrangement.</i></p> <p><i>SIP Section 2.3</i></p>	<p>No manager appointments were terminated over the year covered by this statement however following the triennial investment strategy review carried out during the Plan year, the Trustees agreed, in principle, to make a number of changes to the existing manager line-up.</p>

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Appendix: Investment Manager Voting Summary

The Trustees' voting rights are managed by the underlying investment managers. The Trustees do not use the direct services of a proxy voter. The following funds available to members of the Plan (either as self-select funds or within the default) hold equities:

- LGIM World Emerging Markets Equity Index Fund
- LGIM Global Equity Fixed Weights (60:40) Index Fund
- LGIM UK Equity Index Fund
- Nordea Diversified Return
- LGIM Asia Pacific (ex-Japan) Developed Equity Index Fund - GBP Currency Hedged
- LGIM North America Equity Index Fund - GBP Currency Hedged
- LGIM Europe (ex UK) Equity Index Fund - GBP Currency Hedged
- LGIM Japan Equity Index Fund - GBP Currency Hedged

Stewardship Priorities

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022, updated Statutory Guidance was produced which is effective for all plan year ends on or after 1 October 2022.

The updated Guidance requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information is also expected to include details explaining why each vote was categorised as most significant, what the vote was, and why the manager voted in the way it did.

The Plan invests solely in pooled funds. As such, voting rights are delegated to the investment managers and the Trustees expect their investment managers to engage with the investee companies on their behalf. However, the Trustees have also considered what the Plan's stewardship priorities should be as a result of the new requirements introduced last year. Based on this, the Trustees designated stewardship priorities in each of Environmental, Social and Governance areas, which are summarised as below:

- **Environment:** Climate change related to low-carbon transition and physical damages resilience;
- **Social:** Human rights related to modern slavery, pay (minimum/living wage etc.) & safety in workforce and supply chains, abuses in conflict zones;
- **Governance:** Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making

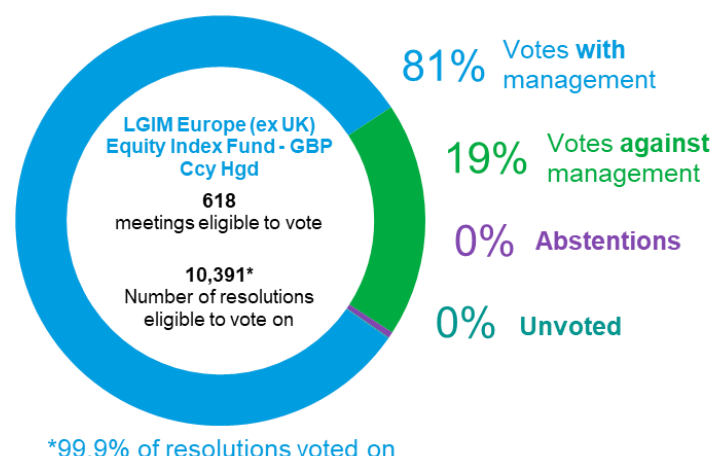
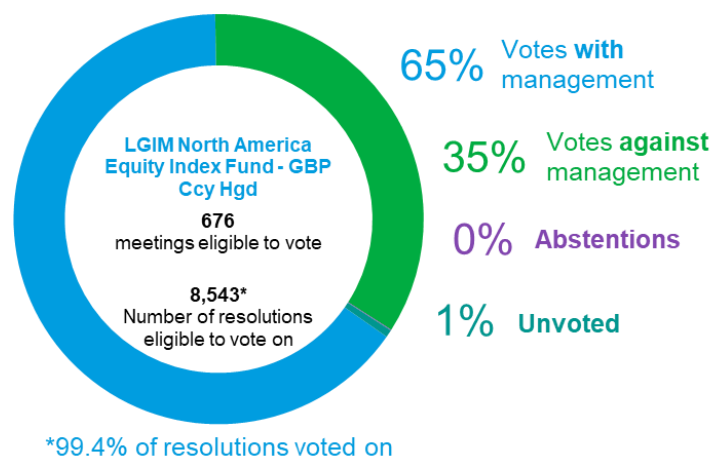
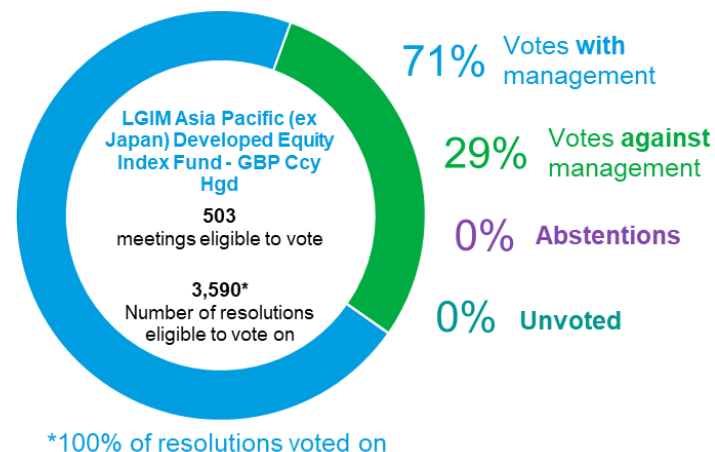
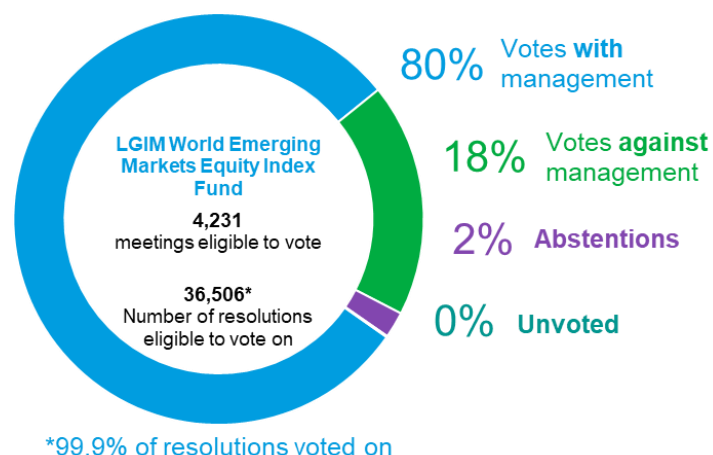
Also, where possible, a screen related to size is included, specifically that the stock in question is one of the largest holdings in a particular portfolio, to ensure that the votes being classified as significant represent a meaningful portion of the relevant portfolio. Although, the Trustees have not made the investment managers' aware of their stewardship priorities, they note that these priorities are broadly aligned with the areas the Plan's investment managers are currently focusing on in terms of voting and engagement.

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Voting Activity during the Plan year

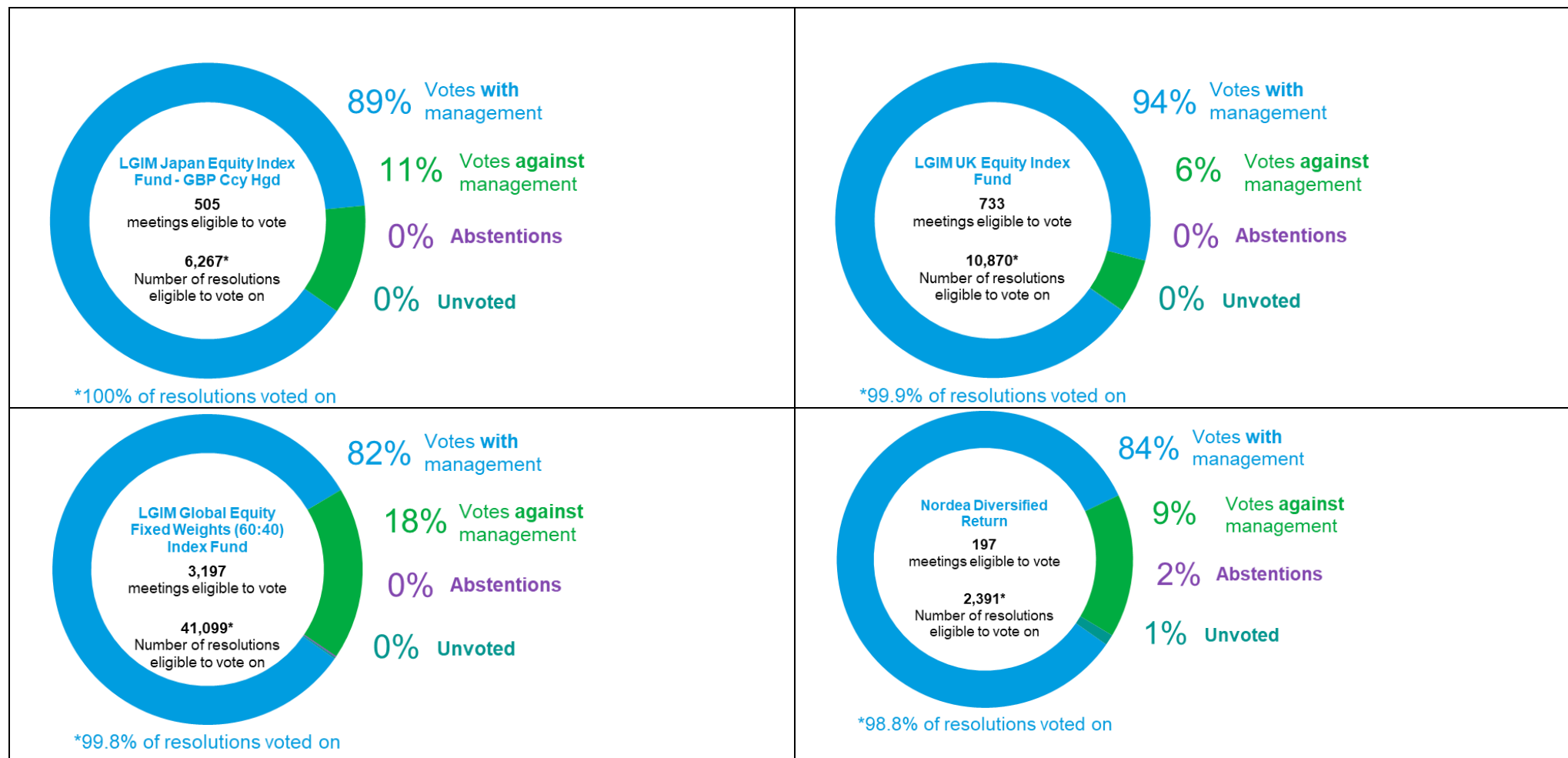
A summary of the voting activity, provided by LGIM, for the Plan's equity investments is set out below. The Trustees do not use the direct services of a proxy voter. [Votes "for / against management"](#) assess how active managers are in voting against management and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur.



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Voting Activity during the Plan year



Source: LGIM and Nordea (data as at 31 March 2023)

*Figures may not sum due to rounding

For Nordea Diversified Return, the remaining votes to add up to 100% were management say-on-pay (MSOP) votes (5.04%).

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Most significant votes

LGIM and Nordea have provided significant votes across the funds previously noted as containing equity. It is not possible to disclose all the information received in this statement, therefore, the Trustees have selected the most significant votes according with their stewardship priorities related to environmental, social and governance issues and size. The final outcome column below represents the result of the Resolution: Passed (✓) or Not-Passed (✗).

below represents the result of the Resolution: Passed (✓) or Not-Passed (✗).

Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
World Emerging Markets Equity Index Fund	Meituan	1.32	2022-05-18	Against	Elect Wang Xing as Director	Governance - Diversity	A vote against is applied as LGIM expects a company to have at least one female on the board.	✓
	China Construction Bank Corporation	1.11	2022-06-23	Against	Elect Graeme Wheeler as Director	Environment - Climate change	A vote against is applied under LGIM's Climate Impact Pledge as the Company has not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.	✓
LGIM North America Equity Index Fund - GBP Ccy Hgd	Alphabet Inc.	1.71	2022-06-01	For	Report on Physical Risks of Climate Change	Environment - Climate change	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	✗

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Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
LGIM North America Equity Index Fund	NVIDIA Corporation	1.11	2022-06-02	Against	Elect Director Harvey C. Jones	Governance - Diversity	A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. They are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.	<input checked="" type="checkbox"/>
LGIM Asia Pacific (ex Japan) Developed Equity Index Fund	Rio Tinto Limited	0.96	2022-05-05	Against	Approve Climate Action Plan	Environment - Pollution and natural resource degradation of air, water and land	LGIM recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while LGIM acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.	<input checked="" type="checkbox"/>
	Oversea-Chinese Banking Corporation Limited	0.94	2022-04-22	Against	Elect Ooi Sang Kuang as Director	Environment - Climate change	A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	<input checked="" type="checkbox"/>

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Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
LGIM Europe (ex UK) Equity Index Fund - GBP Ccy Hgd	UBS Group AG	0.72	2022- 04-06	Against	Approve Climate Action Plan	Environment - Climate change	A vote against is applied following internal discussion. While LGIM positively note the company's progress over the last year, as well as its recent commitment to net zero by 2050 across its portfolio, they have concerns with the strength and coverage of the Climate Action Plan's Scope 3 targets and would ask the company to seek external validation of its targets against credible 1.5°C scenarios.	<input checked="" type="checkbox"/>
	Total Energies SE	1.55	2022- 05-25	Against	Approve Company's Sustainability and Climate Transition Plan	Environment - Climate change	LGIM recognizes the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, they remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.	<input checked="" type="checkbox"/>
LGIM Japan Equity Index Fund - GBP Ccy Hgd	Mitsubishi Corp.	1.03	2022- 06-24	For	Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement	Environment - Climate change	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	<input type="checkbox"/>

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Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
LGIM Japan Equity Index Fund - GBP Ccy Hgd	Sumitomo Mitsui Financial Group, Inc.	0.99	2022- 06-29	For	Amend Articles to Disclose Measures to be Taken to Make Sure that the Company's Lending and Underwriting are not Used for Expansion of Fossil Fuel Supply or Associated Infrastructure	Environment - Pollution and natural resource degradation of air, water and land	A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply.	<input checked="" type="checkbox"/>
LGIM UK Equity Index Fund	Royal Dutch Shell Plc	6.70	2022- 05-24	Against	Approve the Shell Energy Transition Progress Update	Environment - Climate change	A vote against is applied, though not without reservations. LGIM acknowledges the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, they remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	<input checked="" type="checkbox"/>

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Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
LGIM UK Equity Index Fund	BP Plc	3.03	2022- 05-12	For	Approve Net Zero - From Ambition to Action Report	Environment - Pollution and natural resource degradation of air, water and land	While LGIM notes the inherent challenges in the decarbonisation efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is their view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remains committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.	<input checked="" type="checkbox"/>
Nordea Diversified Return	Monster Beverage	1.27	2022- 06-14	For	Report on GHG emission reduction targets aligned with the Paris Agreement goal.	Environment – Climate Change	Nordea think that additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks.	<input checked="" type="checkbox"/>
	Microsoft Corporation	3.61	2022- 12-13	For	Report on tax transparency	Social	Nordea voted for the shareholder proposal as the proposed GRI Tax Standard would enhance the company's transparency in communicating its tax practices to investors globally.	<input checked="" type="checkbox"/>

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Fund	Company	Approx. Size of Holding at date of vote (% of fund)	Date	How the manager voted	Summary of the Resolution	Criteria for assessing as significant	Rationale for the Manager vote	Final outcome
LGIM Global Equity Fixed Weights (60:40) Index Fund	Glencore Plc	1.61	2022- 04-28	Against	Approve Climate Progress Report	Environment - Climate change	LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While they note the progress the company has made in strengthening its medium-term emissions reduction targets to 50% by 2035, they remain concerned over the company's activities around thermal coal and lobbying, which they deem inconsistent with the required ambition to stay within the 1.5°C trajectory.	<input checked="" type="checkbox"/>
	Anglo American Plc	1.19	2022- 04-19	Against	Approve Climate Change Report	Environment - Climate change	LGIM recognises the substantial progress the company has made in climate reporting, primarily on transparency and the expansion of GHG emissions reduction targets (including the ambition to work to decarbonise its value chain), as well as the importance of the company's products in enabling the low-carbon transition. However, they remain concerned that the company's interim operational emissions targets (to 2030) are insufficiently ambitious to be considered aligned with the 1.5C trajectory.	<input checked="" type="checkbox"/>

Source: LGIM and Nordea (data as at 31 March 2023)

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Overview of Legal & General's (L&G) approach to voting and engagement (provided by the manager)

L&G's policy on consulting with clients before voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

L&G's process for deciding how to vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

Proxy voting services

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 they do not outsource any part of the strategic decisions. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting 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. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. They have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

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LGIM regularly monitor the proxy voting service through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out their expectations, an analysis of any issues they have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

Processes for determining the most significant votes

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure that it continues to help its clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for its clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM is evolving its approach in line with the new regulation and are committed to provide clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation ("PLSA"). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Risk Management

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of their formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

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Process for when voting against management

LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with its investee companies in the three weeks prior to an AGM as LGIM engagement is not limited to shareholder meeting topics.

Source: LGIM

Overview of Nordea approach to voting and engagement (provided by the manager)

Nordea's policy on consulting with clients before voting

Nordea is a fund company with unit holders as clients and they vote based on their policy in the best interest of their unitholders. In all its activities, Nordea's funds shall act in the best interests of the customer, and act honestly, fairly and professionally.

Nordea's process for deciding how to vote

Nordea has an aggregated voting strategy, meaning that they strive to vote for as large part of their total holdings in any given company as possible.

Nordea's Corporate Governance Principles define how they act in corporate governance-related matters and set the rules for which strategies apply and how the voting of the shares owned by the funds shall take place. A Corporate Governance Committee has been set up in order to ensure appropriate handling of the corporate-governance matters, and the operational responsibility rests with the Corporate Governance Function (outside the investment organization). The Corporate Governance Function cooperates very closely with Nordea Asset Management's Responsible Investment Team, which oversees their work on responsible investment together with the investment organisation.

Assessment of shareholder ESG proposals is made on a case-by-case basis. This assessment analyzes the relevance and adequacy of the requests - i.e., whether approval of the resolution supports better company's practices or shareholder value, whether the company's current stance on the topic is likely to have negative effects in terms of litigation and reputational damage and whether the company has already put appropriate action in place to respond to the issue contained in the resolution.

Generally, their line is to support proposals aiming to protect or enhance long-term shareholder value creation, to improve transparency on material ESG issues and to address material ESG risks that have emerged. On climate proposals that require companies to disclose information about its governance, strategy, risk management and targets related to climate-related risks, we will generally be positive. Nordea voting power will be used in cases of company's failure to appropriately manage or mitigate ESG risks or when there is a lack of sustainability reporting in the company's public documents.

Proxy voting services

In general, every vote Nordea cast is considered individually on the background of their bespoke voting policy, which they have developed in-house based on their own principles.

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Their proxy voting is supported by two external vendors (Institutional Shareholder Services and Nordic Investor Services – henceforth, “ISS” and “NIS”) to facilitate proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.

Processes for determining the most significant votes

Significant votes are those that are severely against Nordea’s principles, and where they feel they need to enact change in the company. The process stems from first identifying the most important holdings, based on size of ownership, size of holding, ESG reasons, or any other special reason. From there, they benchmark the proposals versus their policy.

Source: Nordea