

# Annual Implementation Statement

## Defined Benefit (“DB”) 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 Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the Statutory and Non-Statutory Guidance published by the DWP.

The Trustees of the Plan is required to produce an annual statement to set out:

- how and the extent to which, in the opinion of the Trustees of the Plan, the Statement of Investment Principles (“SIP”) produced by the Trustees has been followed during the Plan year;
- details of any review of the SIP during the Plan year;
- subsequent changes made with the reasons for the change; and
- the dates of the last review of the SIP.

The Implementation Statement is also required to include a description of the voting behaviour during the Plan year by, and on behalf of, the Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is set out in the appendix.

This Implementation Statement reports on the Plan’s DB Section. The statement flows directly from and should be read in conjunction with the Plan’s DB Section SIP (in place at the Plan year end and dated March 2022) which is available here: [Statement of Investment Principles - March 2022 \(toyota.co.uk\)](https://toyota.co.uk/statement-of-investment-principles-march-2022).

### 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. As set out in the SIP, the Trustees’ primary investment objective for the DB Section of the Plan is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustees also aim to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Plan.

The Trustees have also received confirmation from the Plan Actuary during the process of revising the investment strategy that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

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### **Review of the SIP**

The effective date of the SIP following during the year to 31 March 2023 is March 2022.

Following the Plan year end, the SIP has been updated following amendments to the underlying holdings within the LDI portfolio, reflecting an increase to the target hedge ratios for the Plan. These changes to the LDI portfolio were implemented in April 2023.

### **Investment Strategy Review**

The Plan's investment strategy was last reviewed in May 2020 and was implemented with effect from July 2020. The new strategy focused on increasing the level of interest rate and inflation hedging by restructuring the bond portfolio. The Trustees continue to monitor the investment strategy on a periodic basis, and at least every three years, to ensure it remains fit for purpose.

Since the Plan year end, the Trustee has implemented an update to the LDI portfolio in order to rebalance the target interest rate and inflation hedge ratios to 69%. These changes to the LDI portfolio were implemented in April 2023.

### **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.

In summary, it is the Trustee's view that the policies in the SIP have been followed during 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 requirement to obtain and consider proper advice on the question of whether an investment is satisfactory.	An investment consultant has been appointed by the Trustees to provide relevant advice to the Trustees. <i>SIP Introduction</i>	<i>The Trustees last received formal Section 36 advice from their Investment Consultant relating to the strategy work undertaken over the year.</i>
2	The kinds of investments to be held.	The Trustees have adopted investment arrangements to enable benefits to be paid as and when they fall due. <i>SIP section 4.3</i>	<i>The Plan's growth portfolio is comprised of pooled passive equity funds and an actively managed Diversified Growth Fund ("DGF") (a multi-asset fund that invests across a diversified range of assets).  The Trustees also invest in Liability Driven Investment ("LDI") funds, which react in a similar way to the Plan's liabilities in response to movements in interest rates and inflation. LDI reduces the volatility of the Plan's funding level.  The Trustees have set out a policy of the types of investments that the Plan can hold. Additionally, the Trustees also receive a quarterly monitoring report from the investment consultant, in order to assess the Plan's investment performance.  The Trustees monitored the allocations of the Growth and Matching assets, rebalancing these mandates when they were outside of the control ranges.</i>
3	The balance between different kinds of investments	Within the DB investments the Trustees have established a strategic benchmark for the Plan's assets.  The Trustees monitor the asset allocation from time to time and may rebalance the Plan's investments if necessary to bring them in line with the strategic benchmark.  <i>SIP section Appendix 1</i>	<i>As part of the quarterly performance reporting, at each Trustee meeting, the actual allocation has been (and will continue to be) compared to the strategic benchmark allocation. An under or overweight position acts as a trigger for discussion.</i>

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4	Risks, including the ways in which risks are to be measured and managed	<p>The Trustees recognise risk from a number of perspectives. Detail on the risks considered and the approach taken to risk management and measurement is set out in section 5 of the SIP.</p> <p><i>SIP section 5</i></p>	<p><i>As detailed in Section 5 of the SIP, the Trustees consider both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</i></p>
5	Expected return on investments	<p>The Plan's assets are expected to provide an investment return commensurate with the level of risk being taken.</p> <p><i>SIP section 2</i></p>	<p><i>The investment monitoring report is reviewed by the Trustees on a quarterly basis. The monitoring report includes how each investment manager is delivering against their specific mandates.</i></p>
6	Realisation of investments	<p>Ad hoc cashflow requirements are taken from the Plan's assets in a manner consistent with the strategic asset allocation.</p> <p>The Trustees consider the liquidity of the investment in the context of the likely needs of members.</p> <p><i>SIP section Appendix 3</i></p>	<p><i>The Plan's assets are a combination of daily and weekly dealt pooled investment vehicles.</i></p> <p><i>The disinvestment policy for meeting benefit payments consists of disinvesting in a structured approach to rebalance the actual allocation with the strategic allocation.</i></p>

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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>The Trustees consider financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.</p> <p>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</p> <p><i>SIP section 4.6</i></p>	<p><i>The majority of funds within the Plan have been assigned an ESG rating by Mercer. These ratings are formally reviewed at least within the quarterly investment report. Where managers were not highly rated from an ESG perspective the Trustees continue to monitor these managers. When implementing a new manager the Trustees consider the ESG rating of the manager.</i></p> <p><i>The Trustees have not set any investment restrictions on the appointed investment manager in relation to particular products or activities, but may consider this in future.</i></p> <p><i>The SIP includes the Trustees' policy on ESG factors, stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. The Trustees keep their policies under regular review with the SIP subject to review at least triennially.</i></p>
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><i>SIP section 4.5</i></p>	<i>Not applicable.</i>

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9	The exercise of the rights (including voting rights) attaching to the investments	<p><i>As the Plan invests in pooled funds 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 pooled fund investment managers and expects the investment managers to use their discretion to act in the long term financial interests of investors.</i></p> <p><i>SIP section 4.4</i></p>	<p><i>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.</i></p> <p><i>The Trustees have requested key voting activities from the managers during the Plan year in order to consider this, and the information received is summarised in the Voting and Engagement Policy Statement that follows. Over the period covered by this Statement, the Trustees have not directly challenged managers on voting activity.</i></p> <p><i>The Trustees do not use the direct services of a proxy voter.</i></p>
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>The Trustees consider how ESG, climate change and stewardship is integrated within investment processes, in appointing new investment managers and monitoring existing investment managers. This includes the investment managers' policy on voting and engagement.</p> <p>Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.</p> <p><i>SIP section 4.4</i></p>	<p><i>As the Plan invests solely in pooled funds, the Trustees require their investment managers to engage with the investee companies on their behalf.</i></p> <p><i>The Trustees wish to encourage best practice in terms of corporate activism. They therefore encourage their investment managers to discharge their responsibilities in respect of investee companies in accordance with relevant legislation and codes.</i></p> <p><i>Over the Plan year, the Trustees did not directly carry out any engagement activities with investment managers or underlying investee companies.</i></p>

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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 to manage.</i></p> <p><i>SIP section 3.3</i></p>	<p><i>Over the period the Trustees believe that the appointments with its investment managers were consistent with its long-term objectives and no changes were made.</i></p>
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>The investment manager is aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage.</p> <p><i>SIP sections 3.3 &amp; 6.2</i></p>	<p><i>The Trustees review the performance of each manager with a long-term perspective.</i></p> <p><i>The Trustees are content that the current investment managers maintain a long-term perspective when managing the underlying investments, and are consistent with the Plan's primary objective; particularly with regard to ESG factors that are considered in the investment processes of the underlying managers.</i></p> <p><i>ESG policies are made available from the investment managers, and are reviewed from time to time by the Trustees.</i></p>

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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>The Trustees are a long term investor and is not looking to change the investment arrangements on a frequent basis.</p> <p>The Trustees receive performance reports from Mercer on a quarterly basis, which present performance over a variety of periods.</p> <p><i>SIP sections 3.3 &amp; 6.2</i></p>	<i>The Trustees have considered the long term investment performance of the manager as part of the quarterly monitoring, 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.</i>
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>For the DB Section, the Trustees have not historically monitored the investment manager's ongoing transaction costs explicitly but measure these implicitly through ongoing performance assessments which are net of these costs. The Trustees seek explicit reporting on ongoing costs for the appointed investment manager.</p> <p><i>SIP section 6.3</i></p>	<i>At present, the Trustees do not monitor portfolio turnover costs in any detail, although that the performance monitoring which they receive is net of all charges, including such costs.</i>
15	The duration of the arrangement with the asset manager.	<p>There is typically no set duration for the manager appointment. However, appointments typically can be terminated at short notice.</p> <p><i>SIP sections 3.3</i></p>	<i>No action was taken in relation to investment manager appointments during the year.</i>



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### **Engagement**

The Trustees recognise that by investing in pooled funds, their investment managers have full discretion when evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the Plan's investments. This includes undertaking engagement activities, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

- The Trustees have reviewed their investment managers' compliance with the principles of the UK Stewardship Code as part of this statement and will continue to do so annually. All the Plan's investment managers confirmed that they are signatories of the current UK Stewardship Code. The Trustees will continue to engage with all of their managers on the UK Stewardship Code and its relevance. All of the Plan's investment managers confirmed that they are signatories of UN Principles for Responsible Investment.
- The Plan's investment performance report is reviewed by the Trustees on a quarterly basis – this includes ratings (both general and specific to ESG) from the investment consultant. All of the managers remained highly rated during the year. The investment performance report includes how each investment manager is delivering against their specific mandates. Where a manager is not performing in line with expectations, the Trustees invite the manager to present to the Trustees in order to understand the performance and outlook for the mandate.
- The Trustees also requested details of relevant engagement activity for the year from each of the Plan's investment managers. The Plan's managers provided examples of instances if they had engaged with companies they were invested in/about to invest in which resulted in a positive outcome. These engagement initiatives were driven mainly through regular engagement meetings with the companies that the managers invest in, or by voting on ESG-related resolutions at companies' Annual General Meetings.
  - o LGIM: over the year, LGIM engaged with companies, regulators and policymakers, to generate sustainable outcomes. They see constructive engagement as the best way to deliver long-term and systemic change.
    - Across the funds the Plan invest in, LGIM had 1,005 engagements with underlying Companies across Environmental, Social and Governance issues over the year within the Funds held by the Plan. Environmental and governance causes formed the majority of these engagements, with 36% and 31% of engagements respectively falling into these categories.
  - o Nordea: over the year, Nordea engaged with companies and other stakeholders, combining the perspectives of portfolio managers, financial analysts and ESG specialists to form a holistic opinion and establish coherent engagement objectives. Engagements typically run over several years and are carried out either by Nordea Asset Management alone or in collaboration with other institutional investors.
    - During the Plan year, Nordea had 100 engagements across 65 entities across a wide range of topics. The most common engagement themes were environmental issues (with climate change-related engagement accounting for c39% of all engagements over the year) and social issues (with human and labour rights accounting for c33% of all engagements).

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### **Appendix: Investment Manager Voting Summary**

The Trustees have delegated its voting rights to the investment managers. The SIP states “The Trustees’ policy is to delegate responsibility for engaging with, monitoring investee companies and exercising voting rights to the pooled fund investment managers and expects the investment managers to use their discretion to act in the long term financial interests of investors.” This includes giving appointed investment managers full discretion in evaluating ESG factors, including climate change considerations.

### **Significant Votes**

DWP released a set of Implementation Statement requirements on 17 June 2022, “Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance” to be adopted in all Implementation Statements for plans with years on or after 1 October 2022. The most material change was that the Statutory Guidance provides an update on what constitutes a “significant vote”.

- A significant vote is defined as one that is linked to the Plan’s stewardship priorities/themes;
- A vote could also be significant for other reasons, e.g. due to the size of holding;
- Trustees are to include details on why a vote is considered significant and rationale for voting decision.

The Trustees have agreed that its definition of a significant vote is any vote relating to material holdings (a company that represented at least 0.5% of the year-end market capitalisation of any fund in which the Plan was invested during the majority of the year), in 3 key stewardship priorities for the Plan relating to:

- Climate Change: including low-carbon transition and physical damages resilience;
- Human Rights: including modern slavery, pay & safety in the workforce and supply chains; and,
- Diversity, Equity and Inclusion: including inclusive & diverse decision-making.

The votes outlined below have been provided to the investment advisor by the Plan’s investment managers and have been tailored to prioritise those in which the underlying theme / topic is one that the Trustees has identified as being significant based on the above definition.

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### Voting Summary:

	How many resolutions over the year on which the manager voted	How many votes in favour of management	How many votes against management	How many votes abstained.
Nordea Diversified Return Fund*	2,391	84.6%	8.7%	1.7%
L&G UK Equity Index Fund	10,870	94.5%	5.5%	0.0%
L&G North American Equity Index Fund	8,543	65.4%	34.6%	0.1%
L&G Europe (ex UK) Equity Index Fund	10,391	81.0%	18.5%	0.5%
L&G Japan Equity Index Fund	6,267	88.8%	11.2%	0.0%
L&G Asia & Pacific (ex Japan) Equity Index Fund	3,590	70.8%	29.2%	0.0%
L&G World Emerging Market Equity Index Fund	36,506	79.5%	18.4%	2.1%

Figures may not sum due to rounding

\*The remaining votes were management say-on-pay (MSOP) votes (5%)

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**Proxy voting services and Key Votes:**

	LGIM – Passive Equity Mandates	Nordea
Do you conduct your own votes?	All decisions are made by LGIM's Investment Stewardship team and in accordance with LGIMs 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 LGIMs 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.	Nordea conducts its own votes but employs the use of two external vendors to facilitate proxy voting per Nordea's bespoke voting policy. In general, every vote Nordea cast is considered individually on the background of our bespoke voting policy, which they have developed in-house based on Nordea's own principles.
Do you use a third party to vote on your behalf?	No – recommendations only.	Nordea's 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.

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### Significant vote examples

#### L&G UK Equity Index Fund

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
24 <sup>th</sup> May 2022	Royal Dutch Shell Plc	6.7%	Approve the Shell Energy Transition Progress Update	Against	Pass	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, LGIM remains 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.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
12 <sup>th</sup> May 2022	BP Plc	3.0%	Approve Net Zero - From Ambition to Action Report	For	Pass	Climate change: A vote for is applied, though not without reservations. While LGIM note 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 LGIMs 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	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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						strengthened. Nevertheless, LGIM remain 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.	
8 <sup>th</sup> April 2022	Rio Tinto Plc	2.7%	Approve Climate Action Plan	Against	Pass	Climate change: 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 acknowledges the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, LGIM remains 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.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
28 <sup>th</sup> April 2022	Glencore Plc	2.7%	Approve Climate Progress Report	Against	Pass	Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While LGIM notes the progress the company has made in strengthening its medium-term emissions reduction targets to 50% by 2035, LGIM remains concerned over the company's activities around thermal coal and lobbying, which LGIM deems inconsistent with the required	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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						ambition to stay within the 1.5°C trajectory.	
19 <sup>th</sup> April 2022	Anglo American Plc	2.0%	Approve Climate Change Report	Against	Pass	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, LGIM remains concerned that the company's interim operational emissions targets (to 2030) are insufficiently ambitious to be considered aligned with the 1.5C trajectory.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
4 <sup>th</sup> May 2022	Barclays Plc	1.0%	Approve Barclays' Climate Strategy, Targets and Progress 2022	Against	Pass	Climate change: While LGIM positively notes the Company's use of absolute emissions targets for its exposure in the Energy sector, as well as the inclusion of capital markets financed emissions within its methodology, LGIM has concerns that the ranges used for interim emissions reduction targets and the exclusion of US clients from the 2030 thermal coal exit falls short of the actions needed for long-term 1.5C temperature alignment. A vote Against is therefore applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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4 <sup>th</sup> May 2022	Standard Chartered Plc	0.6%	Approve Net Zero Pathway	Against	Pass	Climate change: While LGIM notes the company's strengthened sector policies and the disclosure of some interim targets for its financed emissions, LGIM is discouraged that these targets only cover the activity of lending related to three sectors, and are therefore concerned about the ability to achieve 1.5C temperature alignment on the proposed pathway. A vote Against is therefore applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
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### L&G North American Equity Index Fund

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
25 <sup>th</sup> May 2022	Amazon.com, Inc.	2.8%	Elect Director Daniel P. Huttenlocher	Against	Pass	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	The social nature of this resolution is aligned with the Trustees' key priority theme of "Human rights".
1 <sup>st</sup> June 2022	Alphabet Inc.	1.7%	Report on Physical Risks of Climate Change	For	Fail	Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".



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2 <sup>nd</sup> June 2022	NVIDIA Corporation	1.1%	Elect Director Harvey C. Jones	Against	Pass	<p>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. LGIM is targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.</p> <p>Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>	The Social nature of this resolution is aligned with the Trustees' key priority theme of "Diversity".
25 <sup>th</sup> May 2022	Exxon Mobil Corporation	0.9%	Set GHG Emissions Reduction targets Consistent With Paris Agreement Goal	For	Fail	<p>A vote for is applied in the absence of reductions targets for emissions associated with the company's sold products and insufficiently ambitious interim operational targets. LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5 C goal.</p>	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
19 <sup>th</sup> January 2023	Costco Wholesale Corporation	0.5%	Elect Director Jeffrey S. Raikes	Against	Outcome not provided by LGIM	<p>Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.</p> <p>Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>	The Social nature of this resolution is aligned with the Trustees' key priority theme of "Diversity".

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						Diversity: A vote against is applied as the company has an all-male Executive Committee.	
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**L&G Europe (ex UK) Equity Index Fund**

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
7 <sup>th</sup> March 2023	Novartis AG	1.9%	Reelect Joerg Reinhardt as Director and Board Chair	Against	Outcome not provided by LGIM	Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM expects companies to increase female participation both on the board and in leadership positions over time.	The Social nature of this resolution is aligned with the Trustees' key priority theme of "Diversity".
25 <sup>th</sup> May 2022	TotalEnergies SE	1.5%	Approve Company's Sustainability and Climate Transition Plan	Against	Pass	Climate change: A vote against is applied. 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, LGIM remains 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.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
6 <sup>th</sup> April 2022	UBS Group AG	0.8%	Approve Climate Action Plan	Against	Pass	A vote against this proposal is applied following internal discussion. While LGIM positively notes the company's progress over the last year, as well as its recent commitment to net zero by 2050 across its portfolio, LGIM has 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. Gaining approval and	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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						verification by SBTi (or other external independent parties as they develop) can help demonstrate the credibility and accountability of plans.	
23 <sup>rd</sup> March 2022	ABB Ltd.	0.6%	Reelect Peter Voser as Director and Board Chair	Against	Outcome not provided by LGIM	Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM expects companies to increase female participation both on the board and in leadership positions over time.	The Social nature of this resolution is aligned with the Trustees' key priority themes of "Diversity".

### L&G Japan Equity Index Fund

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
29 <sup>th</sup> June 2022	Shin-Etsu Chemical Co., Ltd.	1.4%	Elect Director Kanagawa, Chihiro	Against	Outcome not provided by LGIM	Diversity: A vote against is applied due to the lack of meaningful diversity on the board. Accountability: A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board. Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors.	The Social nature of this resolution is aligned with the Trustees' key priority themes of "Diversity".
24 <sup>th</sup> June 2022	Mitsubishi Corp.	1.0%	Amend Articles to Disclose Greenhouse Gas Emission	For	Fail	Climate change: A vote in favour is applied as LGIM expects companies to	

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			Reduction Targets Aligned with Goals of Paris Agreement			be taking sufficient action on the key issue of climate change.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
29 <sup>th</sup> June 2022	Sumitomo Mitsui Financial Group, Inc.	1.0%	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	For	Fail	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.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

### L&G Asia & Pacific (ex Japan) Equity Index Fund

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
5 <sup>th</sup> May 2022	Rio Tinto Limited	1.0%	Approve Climate Action Plan	Against	Pass	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 acknowledges the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, LGIM remains 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.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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22 <sup>nd</sup> April 2022	Oversea-Chinese Banking Corporation Limited	0.9%	Elect Ooi Sang Kuang as Director	Against	Pass	<p>Climate change: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p> <p>Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors.</p> <p>Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors.</p> <p>Lead Independent Director: A vote against the elections of Sang Kuang Ooi, Kwee Fong Hon (Christina Ong), and Joo Yeow Wee is warranted given that they serve on the nominating committee and the company, under the leadership of a non-independent chairman, is not considered to have appointed an independent lead director (LID). Beng Seng Koh, the company's lead independent director, is not considered independent.</p>	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
3 <sup>rd</sup> May 2022	Santos Limited	0.6%	Approve Advisory Vote on Climate Change	Against	Pass	<p>While LGIM notes the improvement the company has made with regards to its operational emissions reduction targets, a vote AGAINST is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. The absence of tangible scope 3 targets, together with the potential fossil fuels expansion plans, are at odds with the level of ambition required to align with such goals.</p>	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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### World Emerging Markets Equity Index Fund

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
18 <sup>th</sup> May 2022	Meituan	1.3%	Elect Wang Xing as Director	Against	Pass	Diversity: A vote against is applied as LGIM expects a company to have at least one female on the board. Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. A vote against the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfill fiduciary duties in the company.	The Social nature of this resolution is aligned with the Trustees' key priority theme of "Diversity".
23 <sup>rd</sup> June 2022	China Construction Bank Corporation	1.1%	Elect Graeme Wheeler as Director	Against	Pass	Climate Impact Pledge: 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.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
23 <sup>rd</sup> June 2022	Industrial & Commercial Bank of China Limited	0.8%	Elect Chen Siqing as Director	Against	Pass	Climate Impact Pledge: A vote against is applied under LGIM's Climate Impact Pledge. LGIM positively note the Company's increased willingness to engage with LGIM and highlight responsiveness to investor concerns, including ESG-related amendments to strengthen the bank's Articles of Association in this area. However, LGIM continue to note their concern	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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						with the lack of a clear thermal coal policy in place and no disclosure of scope 3 emissions associated with investments. LGIM will continue to monitor the Company's progress in this area.	
8 <sup>th</sup> February 2023	Pinduoduo Inc.	0.6%	Elect Director George Yong-Boon Yeo	Against	Pass	Lead Independent Director: A vote against is applied as LGIM expects companies to elect an independent lead director where there is a combined Board Chair and CEO. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.	The Social nature of this resolution is aligned with the Trustees' key priority theme of "Diversity".

### Nordea Diversified Return Fund

Date of Vote	Company	Size of holding (%)*	Summary of the Resolution	How you voted	Outcome	Rationale for the voting decision	Why Vote is Significant
13 <sup>th</sup> December 2022	Microsoft Corporation	3.6%	Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk	For	Fail	Nordea believes that while the company may not be responsible for its employees' investment decisions, the information requested in the report would not only complement and enhance Microsoft's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".
14 <sup>th</sup> June 2022	Monster Beverage	1.3%	Report on GHG emission reduction targets aligned with the Paris Agreement goal.	For	Fail	Nordea thinks 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.	The environmental nature of this resolution is aligned with the Trustees' key priority theme of "Climate change".

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7 <sup>th</sup> June 2022	The TJX Companies	0.7%	Report on assessing due diligence on human rights in supply chain (shareholder proposal)	For	Fail	Nordea believes that additional information regarding the processes the company uses to assess human rights impacts in its operations and supply chain would allow shareholders to better gauge how well TJX is managing human rights related risks.	The social nature of this resolution is aligned with the Trustees' key priority theme of "Human rights".
1 <sup>st</sup> June 2022	Walmart	0.5%	Report on Alignment of Racial Justice Goals and Starting Wages	For	Fail	Nordea voted for the shareholder proposal since the company has been involved in a number of controversies, scrutiny and investigations surrounding racial discrimination and gender inequality. In addition, the company has admittedly made several increases in recent years, however, the minimum wage still lags in comparison to its competitors. Nordea also voted for four other shareholder proposals such as Report on Impacts of Restrictive Reproduction Healthcare Legislation.	The social nature of this resolution is aligned with the Trustees' key priority theme of "Human rights".