

Annual Statement of Investment Principles Implementation Statement

Keysight Technologies UK Limited Pension Scheme ('the Scheme')

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 30 November 2022. This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended, and the guidance published by the Pensions Regulator.

Investment Objectives of the Scheme

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 Scheme included in the SIP are as follows:

- The Trustees recognise that members have differing investment needs and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances. The Trustees' primary objective is therefore to make available a range of investment options for this purpose.
- The Trustees undertake to review the Scheme's fund choices offered to members and the investment manager arrangements on a regular basis.
- The Trustees also recognise that, despite encouragement, many members may not believe themselves qualified to make their own investment decision. Therefore, the Trustees have made a default option available for members.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Scheme.

Review of the SIP

The SIP was reviewed and changed twice by the Trustees during the year. The first review took place in April 2022 with the revised SIP formally adopted on 24 May 2022. The second review took place in November 2022 with the revised SIP formally adopted on 24 November 2022.

The SIP revised in April 2022 captured the following change:

- Adding a default SIP for the Schroders Diversified Growth Fund as affected members' savings had been redirected to this fund automatically following the closure of the M&G UK Property Fund during the year.

The SIP revised in November 2022 had been updated to reflect the investment changes implemented in August 2022 for the Scheme. The revised SIP captured the following key updates:

- The change in the default investment strategy from a lifestyle targeting annuity purchase at retirement to a lifestyle suitable for members targeting income drawdown.
- Adding a default SIP for the previous default investment strategy, the lifestyle targeting annuity purchase, given members close to retirement were 'ring-fenced' from the default target change unless they chose to opt-in. This resulted in this investment strategy remaining a default arrangement.
- The change of the equity fund used in the growth phase of all lifestyle investment to the Keysight Sustainable Global Equity Fund.

Assessment of how the policies in the SIP have been followed for the year to 30 November 2022

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. The latest SIP is attached as an Appendix and sets out the policies referenced below.

In summary, it is the Trustees' view that the policies in the SIP have been followed during the Scheme year to 30 November 2022.

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
1	Securing compliance with the legal requirements about choosing investments	<i>As required by legislation, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited (Section 1.2 of the SIP).</i>	<p>The Scheme's investment advisors attended all Trustee meetings during the year and provided updates on fund performance and, where required, appropriateness of the funds used. The changes to the investment strategy were implemented in August 2022 and were done after obtaining formal written advice from Mercer Limited in June 2022, in accordance with section 36 of the Pensions Act 1995.</p> <p>Formal advice was also provided by Mercer Limited in December 2021 in relation to the closure of the M&G UK Property Fund and the automatic transfer of assets to the Schroders Diversified Growth Fund as funds were received from M&G.</p>
2	Kinds of investments to be held	<i>Currently the funds available to members' new contributions include equity and bond funds, a cash fund and a diversified</i>	The investments (fund type, management style and asset allocations) used in the default investment option and wider fund

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
3	The balance between different kinds of investments	<p><i>growth fund. Legal & General funds are managed predominately on a passive basis; in contrast Schroder manage the funds on an active basis.</i></p> <p><i>Members can choose fund(s), and the balance between different kinds of investments, which they deem appropriate to their needs. Members should consider the trade-off between risk and expected return. The balance of investments will determine the expected return on member's assets and should be related to their own risk appetite and tolerances.</i></p> <p><i>In addition, members have the option of having their funds invested in a range of "automatic" lifestyle matrices where members' funds are invested in higher risk type funds such as equities and diversified growth funds when members are younger and as the member nears their target retirement age their assets are switched to funds designed to match how members wish to take their benefits (fixed annuity, income drawdown or cash).</i></p>	<p>range were reviewed as part of the triennial investment strategy review conducted at various Trustee meetings in 2020 and 2021. A number of changes were ultimately implemented in August 2022 and are summarised on page 2 of this Statement.</p> <p>Following the changes being made, the SIP was updated in November 2022 to reflect the kinds of investment held by the Scheme and the balance between different kinds of investments.</p> <p>As at year end, the Scheme no longer held assets in the M&G UK Property Fund and any references to a property fund were also removed from the SIP in November 2022.</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
4	Risks, including the ways in which risks are to be measured and managed	<i>The Trustees have considered investment risk from a number of perspectives in relation to the self-select funds/strategies and default investment option. These are set out in Sections 4 and 5 of the SIP.</i>	<p>As detailed in the risk table in the SIP, the Trustees consider both quantitative and qualitative measures for risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. The Trustees reviewed these risks on a quarterly basis during the year as part of their regularly investment performance monitoring. These reviews were provided by the Scheme's investment advisor.</p> <p>In addition, the Trustees maintain a risk register of the key risks relevant to the Scheme, including relevant investment risks, and this was a standing item considered at Trustee meetings during the year. The risk register rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.</p>
5	Expected return on investments	<i>The Trustees make available a range of funds which they believe provide appropriate strategic choices for members' different saving objectives, risk profiles and time horizons. Each fund used in the Scheme has an associated benchmark or target return which the Trustee views as the expected return. Information on the benchmarks and/or targets for the investment options available is noted in the IIPD. The Trustees have regard for the relative</i>	<p>The investment performance was reviewed by the Trustees on a quarterly basis – this included the risk and return characteristics of the default and additional investment fund choices.</p> <p>The investment performance reports provided during the Scheme year to 30 November 2022 included an assessment of how each investment manager was delivering against their specific mandates. In addition, the performance of the default growth phase against inflation was</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
		<i>investment return, net of fees, and risks that each fund is expected to provide.</i>	assessed on a quarterly basis while the performance of the LGIM Future World Annuity Aware Fund (previously named LGIM Pre-Retirement Fund) was measured against changes in annuity prices.
6	Realisation of investments	<i>The assets are invested in daily dealing pooled funds and the investment managers have discretion over the management of assets to ensure sufficient liquidity. These pooled funds are themselves regulated and underlying investments are mainly traded on regulated markets, and therefore should be realisable at short notice, when required. Where the pooled funds do not invest in assets traded on regulated markets these are not expected to account for a material proportion of fund assets.</i>	<p>Following a redemption deferral that has been in place since 2019, the M&G UK Property Fund closed with effect from 31 October 2021. As underlying property assets are sold, funds were paid on a pro-rata basis to all investors. The first payment was received by the Scheme in December 2021.</p> <p>The Trustees, following advice from the investment advisers, decided that the funds received from M&G would be reinvested automatically in the Schroders Diversified Growth Fund.</p> <p>The assets were fully transferred by July 2022 and the M&G Property fund is now closed.</p> <p>There were no changes to the liquidity of the other funds used by the Scheme during the year, which remain in line with the liquidity policy in the SIP.</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
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>The risks identified in the Section 4 of the SIP are considered by the Trustees to be 'financially material considerations'. The Trustees believe the appropriate time horizon for which to assess these considerations within should be viewed at a member level. This will be dependent on the member's age and their selected retirement age. It is for this reason that a number of lifestyle options have been made available for members.</i></p> <p><i>The Trustees' policy on ESG, Stewardship and Climate Change is set out in Section 9 of the SIP.</i></p>	<p>A number of the key investment risks identified in the SIP were measured and managed, as part of reviewing investment performance at Trustee meetings.</p> <p>A more strategically focused assessment of the default investment option formed part of investment strategy review in 2020 and 2021, the outcome of which was implemented during this Scheme year.</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>Non-financial matters, including member views, are not taken into account in the selection, retention and realisation of investments. However, the Trustees have made available a sustainable global equity fund and UK Ethical Equity fund as self-select options for members. The underlying investments of these funds exclude companies involved in business activities that do not comply with a range of ethical and environmental guidelines.</i></p>	<p>No changes were made during the year to this policy, which reflects the Trustees' current practice. However, a new fund, the Keysight Sustainable Global Equity Fund, which takes environmental, social and governance factors into consideration was added as part of the Scheme's lifestyle and self-select investment options. The UK Ethical Equity fund remains a self-select investment option for members.</p>
9	The exercise of the rights (including voting rights) attaching to the investments	<p><i>Set out in Section 9 of the SIP. In summary, the Trustees have given appointed investment managers full discretion in evaluating ESG factors,</i></p>	<p>The Scheme invests solely in pooled funds.</p> <p>The Trustees have delegated their voting rights to the investment managers and also expect their investment managers to</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	<p><i>including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.</i></p> <p><i>Managers' engagement policies are expected to include all relevant matters including performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance</i></p>	<p>engage with the investee companies on their behalf. There has been no significant change in this policy during the year, which continues to reflect the Trustees' current practice.</p> <p>However, the Trustees have requested key voting activities for both LGIM and Schroders during the Scheme year and the information received is summarised in the Engagement Policy Statement that follows.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies.	<p><i>The Trustees appoint investment managers based on their capabilities and, therefore the perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. The Trustees look to their investment advisers for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the advisor's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Scheme invests in. The advisor's manager research ratings assist with due</i></p>	<p>This policy reflects current practice. The Trustees appoint investment managers to align with their investment strategy and policies.</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
		<p><i>diligence and questioning managers during presentations to the Trustees and are used in decisions around selection, retention and realisation of manager appointments.</i></p> <p><i>As the Trustees invest in pooled investment vehicles they accept that they have no ability to influence investment managers to align their decisions with the Trustees' policies set out in this Statement. However, appropriate mandates can be selected to align with the Trustees' overall investment strategy.</i></p>	
12	<p>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>	<p><i>The Trustees expect investment managers to incorporate the consideration of longer term factors, such as ESG factors, into their decision making process where appropriate. Voting and engagement activity should be used by investment managers to discuss the performance of an issuer of debt or equity. The Trustees also consider the investment advisers' assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustees' responsible investment policy. The Trustees will use this assessment in decisions around</i></p>	<p>This policy reflects current practice. The investment advisers' assessment of how the investment managers embed ESG into their investment process was included in each quarterly investment performance report during the year.</p> <p>In addition, the investment strategy review conducted during 2020 and 2021 had a strong focus on ESG with a new ESG focused equity fund ultimately added to the default investment option (with changes made in August 2022).</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
		<i>selection, retention and realisation of manager appointments.</i>	
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.	<i>The Trustees' focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustees review both absolute and relative performance against a portfolio or underlying investment manager's benchmark on a quarterly basis, including assessments of both shorter and longer time horizons. The Trustees also rely upon Mercer's manager research capabilities. The remuneration for investment managers used by the Scheme is based on assets under management; the levels of these fees are reviewed annually to ensure they continue to represent value for members. If performance is not satisfactory, the Trustees may request further action be taken, including a review of fees.</i>	<p>The Trustees have reviewed both short term and longer term investment performance on a quarterly basis at Trustee meetings during the year. The extent to which the aims and objectives of the default arrangement were being met was also assessed as part of the investment review undertaken in the previous Scheme years.</p> <p>The Scheme investment advisors benchmark the investment management fees paid by members of the Scheme on an annual basis. This annual benchmarking was undertaken and discussed at the Trustee meeting held in November 2022. No issues were identified.</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
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.	<i>Portfolio turnover costs for each of the funds are reviewed on an annual basis as part of the annual value for members assessment. The ability to assess the appropriateness of these costs is currently limited by the availability of data and the lack of industry-wide benchmarks. The Trustees will monitor industry developments in how to assess these costs and incorporate this in future value for members assessments. Importantly, performance is reviewed net of portfolio turnover costs.</i>	<p>No changes during the year to this policy.</p> <p>Transaction costs, where available, were included in the value for members assessment for the year to 30 November 2022.</p> <p>The Trustees do note a number of challenges in assessing these costs:</p> <ul style="list-style-type: none"> • No industry-wide benchmarks for transaction costs exist. • The methodology can lead to some unexpected results, most notably “negative” transaction costs. • Explicit elements of the overall transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the fact that these explicit elements have been factored into investment returns. <p>However, the Trustees will continue to monitor transaction costs on an annual basis and developments on effective ways to assess these costs.</p> <p>In the year to 30 November 2022, the Trustees have not queried portfolio turnover costs with the managers.</p>

	Requirement	Policy/section of the SIP where policy can be found	In the year to 30 November 2022
15	The duration of the arrangement with the asset manager	<i>The Trustees are long term investors. All funds are open-ended and therefore there is no set duration for manager appointments. The Trustees are responsible for the selection, appointment, monitoring and removal of the investment managers. The available fund range and Default Investment Option are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default investment option or self-select fund range.</i>	There remains no set duration for the investment manager appointments.

Engagement policy statement

Section 9 of the SIP sets out 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.

In order to establish these beliefs and produce this policy, the Trustees undertook investment training provided by their investment advisors on responsible investment which covered ESG factors, stewardship, climate change and non-financially driven, beliefs-based investing (which can be referred to as "ethical" investment). This training was provided in March 2019 with the Trustees undertaking an ESG and responsible investment beliefs survey in May 2019. The results of this survey were tabled at the 11 June 2019 Trustee meeting and assisted the Trustees in producing their policies in this area. There were no material changes to the beliefs or the policies during the Scheme year covered by this statement.

The Scheme's Stewardship Priorities

The Scheme 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 Scheme's stewardship priorities should be as a result of the new requirements introduced this year for the SIP Implementation Statement in relation to 'significant votes'. The Trustees plan to undertake further work in this area in the coming Scheme year (alongside updating the SIP in this area, as required) but at this stage have decided the following ESG factors should have most focus:

- Environmental: Climate change with a focus on low carbon transition.
- Social: Human Rights with a focus on modern slavery and pay and safety in the workforce and supply chains.
- Governance: Diversity, equity and inclusion in terms of governance and decision making.
- Governance: Remuneration, i.e. awarded bonuses to executives despite missing targets.
- Environmental: Impact on biodiversity, deforestation.

These areas have been selected by the Trustees as they believe them to be financially material in terms of both risk and opportunity and/or carry most reputational risk and, as a result, are areas of focus that are in members' best interests. 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 Scheme's investment managers are currently focusing on in terms of voting and engagement.

Later in this Statement, the Trustees have set out the 'most significant votes' in relation to the Scheme's investments. The Trustees have reviewed the information provided by the managers on voting and highlighted the votes that focus on the stewardship priority areas above. The Trustees have weighted this analysis towards the funds holding the largest value of member savings and the companies that represent the largest underlying holdings within those funds.

Voting Activity during the Scheme year

The Trustees have delegated their voting rights to the investment managers. The SIP states *"The Trustees have given appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code"*.

It is the Trustees' view that the policy has been followed during the Scheme year.

Over the prior 12 months, the Trustees have not actively challenged the managers on their voting activity. The Trustees do not use the direct services of a proxy voter.

The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. However, the Trustees have only received information relating to public equity funds this year.

The Scheme invests in the following daily dealt and daily priced pooled funds as detailed below. The funds highlighted in **bold** hold equities:

Investment Manager	Fund name
Legal & General Investment Management ('LGIM')	Ethical UK Equity Index Fund
LGIM	UK Equity Index Fund *
LGIM	World (ex UK) Equity Index *
LGIM	Future World Global Equity Index**
LGIM	Future World Global Equity Index Hedged**
LGIM	Future World Fund**
LGIM	Future World Annuity Aware Fund (previously named Pre-Retirement Fund)
LGIM	Over 5 Year Index Linked Gilts Fund
LGIM	Cash Fund
Schroders	Diversified Growth Fund

*LGIM Global Equity 30:70 Index Fund is composed of: World (ex UK) Equity Index (70%) and UK Equity Index Fund (30%)

**Keysight Sustainable Global Equity is composed of: Future World Global Equity Index (40%), Future World Global Equity Index Hedged (40%) and Future World Fund (20%).

Overview of LGIM's approach to voting and engagement

LGIM'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.

LGIM'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. LGIM's 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 LGIM 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 LGIM consider are minimum best practice standards which LGIM 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. LGIM 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.

LGIM will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provides the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Source: LGIM

Overview of voting activity, on behalf of the Trustees, for the LGIM funds containing equity for the 12 months to 31 December 2022

The Trustees have been provided with the voting disclosures relating to the Ethical UK Equity Index Fund, UK Equity Index Fund, World (ex UK) Equity Index Fund, Future World Global Equity Index, Future World Global Equity Index Hedged and Future World Fund. LGIM provide voting disclosures on a quarter end basis so the Trustees have only been able to obtain information relating to the year end 31 December 2022 rather than the Scheme year to 30 November 2022. Note that the disclosures below relate to the year to 31 December 2022. However, it should be noted that the Scheme has only invested in the Future World Global Equity Index, Future World Global Equity Index Hedged and Future World Fund since August 2022.

Fund	Ethical UK Equity Index	UK Equity Index	World (ex UK) Equity Index	Future World Global Equity Index	Future World Global Equity Index Hedged	Future World Fund
Number of meetings eligible to vote at over year to 31 December 2022	283	759	2,973	4,942	4,684	1,952
Number of resolutions eligible to vote on over year to 31 December 2022	4,566	10,854	35,672	53,097	51,271	25,193
Percentage of resolutions voted on where eligible	100.00%	99.93%	99.78%	99.85%	99.85%	99.76%
Of the resolutions voted on, percentage voted with management	94.59%	94.52%	77.61%	80.42%	80.35%	80.59%
Of the resolutions voted on, percentage voted against management	5.41%	5.48%	21.59%	18.57%	18.60%	18.84%
Of the resolutions voted on, percentage abstained	0.00%	0.00%	0.80%	1.01%	1.05%	0.57%

Source: LGIM. Some figures may not sum due to rounding.

The Trustees have not been provided with voting disclosures relating to the LGIM Over 5 Year Index-Linked Gilts Fund, LGIM Cash Fund and LGIM Future World Annuity Aware Fund (previously named Pre-Retirement Fund). However, given the nature of these investments, voting rights on the underlying assets would be unusual.

Overview of Schroders' approach to voting and engagement

Schroders' policy on consulting with clients before voting

Schroders corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instructions from clients. Schroders report on their voting decisions with rationales on their website.

Schroders' process for deciding how to vote

As active owners, Schroders recognise their responsibility to make considered use of voting rights. Schroders therefore vote on all resolutions at all AGMs/EGMs globally unless they are restricted from doing so (e.g. as a result of share blocking).

Schroders aim to take a consistent approach to voting globally, subject to regulatory restrictions, that is in line with their published ESG policy.

The overriding principle governing their voting is to act in the best interests of their clients. Where proposals are not consistent with the interests of shareholders and their clients, Schroders are not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluate voting resolutions arising at their investee companies and, where they have the authority to do so, vote on them in line with their fiduciary responsibilities in what they deem to be the interests of their clients. The Corporate Governance specialists assess each proposal, applying their voting policy and guidelines (as outlined in their Environmental, Social and Governance Policy) to each agenda item. In applying the policy, Schroders consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Their specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Schroders' own research is also integral to their process; this will be conducted by both their financial and Sustainable Investment analysts. For contentious issues, their Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

Proxy voting services

Institutional Shareholder Services (ISS) act as their one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through their Internet-based platform Proxy Exchange. Schroder's receives ISS's research on resolutions. This is complemented with analysis by their in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For our smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy for Schroders, with only a few resolutions referred to Schroders for a final decision.

ISS automatically votes all their holdings of which Schroders own less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in their voting decisions as well as creating a more formalised approach to their voting process.

Source: Schroders

Overview of voting activity, on behalf of the Trustees for the Schroders Diversified Growth Fund for the 12 months to 31 December 2022

The Trustees have been provided with the voting disclosures relating to the equity component of the Schroders Diversified Growth Fund. Schroders provide voting disclosures on a quarter end basis so the Trustees have only been able to obtain information relating to the year end 31 December 2022 rather than the Scheme year to 30 November 2022.

Fund	Schroders Diversified Growth Fund
Number of meetings eligible to vote at over year to 31 December 2022	1,216
Number of resolutions eligible to vote on over year to 31 December 2022	15,081
Percentage of resolutions voted on where eligible	95.73%
Of the resolutions voted on, percentage voted with management	89.97%
Of the resolutions voted on, percentage voted against management	10.13%

Source: Schroders. Some figures may not sum due to rounding.

Significant votes undertaken by the investment managers, on behalf of the Trustees, in relation to the equity holdings in the LGIM funds and in the DGF for the 12 months to 31 December 2022

The information in this section has been provided directly by the investment managers. The managers have provided detailed information on their voting. The Trustees have considered this information and disclosed the votes that they deem to be most significant. A “significant vote” is defined as one that is linked to the Scheme’s stewardship priorities/themes. These priorities were set out earlier in this Statement. The Trustees have weighted this analysis towards the funds with the largest asset value in the Scheme and companies that have the largest holdings within those funds (i.e. significant holdings).

Note that the significant votes presented below for the LGIM funds and the Schrodgers DGF appear in different formats below due to the way information has been provided by the managers.

Significant vote #1	
Funds that vote is relevant to (exposure of holdings)	World (ex UK) Equity Index Fund (4.31% of portfolio) Future World Global Equity Index Fund (5.27% of portfolio) Future World Global Equity Index Fund GBP Hedged (5.26% of portfolio) LGIM Future World Fund (3.61% of portfolio)
Company	Apple Inc.
Summary of Resolution	Resolution 9 - Report on Civil Rights Audit
Date	4/3/2022
Criteria for assessing as significant	Diversity is one of the Trustees stewardship priorities and the holding is significant. The Trustees note that LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.
Vote	For
If Against, was intention communicated prior to vote?	N/A
LGIM’s Rationale	A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies
Outcome	53.6% voted for resolution
Next Steps	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Significant vote #2	
Funds that vote is relevant to (exposure of holdings)	World (ex UK) Equity Index Fund (2.20% of portfolio) Future World Global Equity Index Fund (1.70% of portfolio) Future World Global Equity Index Fund GBP Hedged (1.76% of portfolio) LGIM Future World Fund (1.25% of portfolio)
Company	Amazon.com, Inc.
Summary of Resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher
Date	25/5/2022
Criteria for assessing as significant	Human rights is one of the Trustees stewardship priorities and this vote is linked to this priority as set out in the voting rationale below. In addition, the holding is significant. The Trustees note that LGIM pre-declared its vote intention for this resolution, demonstrating its significance.
Vote	Against
If Against, was intention communicated prior to vote?	Yes
LGIM's Rationale	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.
Outcome	93.3% voted for resolution
Next Steps	LGIM will continue to engage with our investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Significant vote #3	
Funds that vote is relevant to (exposure of holdings)	World (ex UK) Equity Index Fund (0.81% of portfolio) Future World Global Equity Index Fund (1.20% of portfolio) Future World Global Equity Index Fund GBP Hedged (1.21% of portfolio) LGIM Future World Fund (0.10% of portfolio)
Company	NVIDIA Corporation
Summary of Resolution	Resolution 1g - Elect Director Harvey C. Jones

Date	2/6/2022
Criteria for assessing as significant	Diversity is one of the Trustees stewardship priorities and the holding is significant. The Trustees note that LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.
Vote	Against
If Against, was intention communicated prior to vote?	Yes
LGIM's Rationale	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 are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue.
Outcome	83.8% voted for resolution
Next Steps	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Significant vote #4	
Funds that vote is relevant to (exposure of holdings)	World (ex UK) Equity Index Fund (1.24% of portfolio) Future World Global Equity Index Fund (0.89% of portfolio) Future World Global Equity Index Fund GBP Hedged (0.89% of portfolio) LGIM Future World Fund (2.20% of portfolio)
Company	Alphabet Inc.
Summary of Resolution	Resolution 7 - Report on Physical Risks of Climate Change
Date	1/6/2022
Criteria for assessing as significant	Climate change is one of the Trustees stewardship priorities and the holding is significant. The Trustees note that LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.
Vote	For
If Against, was intention	N/A

communicated prior to vote?	
LGIM's Rationale	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome	17.7% voted for resolution
Next Steps	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Source: LGIM

Exposure to holding means approximate size of the fund's holding in that Company as at the date of the vote (as % of portfolio)

The significant votes below relate to the Scheme's investment in the Schroders' DGF and focus on the top holdings in the fund. The Trustees have selected a vote on each stewardship priority area, where applicable. Please note, the Trustees have not been provided with the percentage of the holdings, the outcome of the vote, whether votes against management were communicated to the company ahead of the vote and next steps. The Trustees will work with Schroders ahead of next year's Statement to see if this information can be disclosed and included.

Company Name	Date of Meeting	Proposal	Vote and Rationale	Why the vote is significant
Alphabet Inc	1 June 2022	Report on Physical Risks of Climate Change	FOR (against management) - The company is asked to report on the physical risks of climate change. We feel that shareholders would benefit from increased disclosure regarding how the company is assessing and managing its climate change risks	Significant holding. Climate Change is a stewardship priority for the Trustees and this holding is significant.
Apple Inc	4 May 2022	Report on Forced Labor	FOR (against management) - Increased transparency on Apple's supply chain policies and processes could help alleviate growing risks related to manufacturing in certain regions.	Significant holding. Human Rights are a stewardship priority for the Trustees.
Apple Inc	4 May 2022	Report on Median Gender/Racial Pay Gap	FOR (against management) - Shareholders would benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives.	Significant holding. Diversity is a stewardship priority for the Trustees.
Shell PLC	24 May 2022	Approve Remuneration Report	FOR (with management) - While the bonus targets are only 35% financial, the operational targets should drive efficient production and therefore the financials; the Long Term Incentive Plan is 80% financial targets; both long and short-term incentives also have significant climate change elements.	Significant holding. Remuneration is a stewardship priority for the Trustees.

Source: Schroders