

## Piramal Healthcare UK Pension Fund

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### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

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## Implementation Statement for the year ending 31 December 2024 (DC Section)

### Introduction

This implementation statement has been prepared by the Trustee of the Piramal Healthcare UK Pension Fund (the "Fund"). The statement:

- sets out how, and the extent to which, in the opinion of the Trustee, the DC policies (which also cover AVCs) set out in the Statement of Investment Principles (SIP) have been followed during the year,
- describes any review of the SIP, including an explanation of any DC-related changes made, and
- describes the DC-related voting behaviour by, or on behalf of, the Trustee over the same period.

### Trustee's overall assessment

In the opinion of the Trustee, the DC policies as set out in the SIP have been followed during the year ending 31 December 2024.

### Review of the SIP

The Trustee's DC policies have been developed over time by the Trustee in conjunction with their investment consultant and are reviewed and updated at least every three years.

The SIP was updated in December 2023 and finalised in January 2024. The existing DC policies were reviewed as part of this to confirm they remained appropriate, and a new policy was added concerning the Trustee's approach to illiquid assets, as required by regulation. Other changes made concerned the DB Section, and hence are described elsewhere.

### Investment strategy

The Trustee's DC policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking advice from its advisors. In choosing the Fund's DC investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification of asset classes.
- An appropriate size of fund range, bearing in mind both member needs and governance requirements.
- ESG considerations.

The Trustee also provides a default strategy to provide a balanced investment strategy for members who do not make an active investment choice. The current default investment strategy was implemented in August 2020 through the introduction of a new platform provider, Mobius Life.

The investment strategy was not reviewed during the year. The last review of the default investment strategy and objectives was carried out in 2023 and this also included a review of the wider fund range.

## Piramal Healthcare UK Pension Fund

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### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

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### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Investment strategy (continued)

The next strategy review will be undertaken during 2026.

The Trustee believes it has complied with the SIP regarding investment strategy considerations.

#### Policies in relation to the kinds of investments to be held, the balance between various kinds of investments and the realisation of investments

To assist members who do not wish to make an active decision about where to invest their account, the Fund offers a lifestyle strategy which manages risks when saving for retirement. This strategy consists of an accumulation phase, a consolidation phase (running from ten years to five years before a member's planned retirement age) and a pre-retirement phase (beginning five years from a member's planned retirement age).

The primary aim of the accumulation phase is to grow a member's assets, while maintaining a suitable level of diversification and taking an appropriate level of risk. The primary aim of the consolidation phase is to introduce a higher level of diversification, providing a more stable asset value, while still maintaining growth potential.

The pre-retirement phase then switches to funds suitable for members approaching retirement. The assets used here are intended to be suitable for use for a range of different purposes (such as annuity purchase at fixed or market-related rates, cash withdrawal or drawdown), with the asset mix chosen to take into account the most likely ways in which members may choose to withdraw their benefits, bearing in mind the characteristics of the membership and the options available to members within the Fund.

The lifestyle strategy is designed to be appropriate for a member with a predictable retirement date, however, the lifestyle strategy is not necessarily suitable for members who unexpectedly retire early or retire later than planned.

Under normal market conditions, the Trustee expects to be able to realise investments within a reasonable timescale although there remains the risk that certain assets may become less liquid in times of market stress.

The Trustee is comfortable that the investments it held and the balance between these was in line with its policy, throughout the year. Further, the funds in which the Fund invests did not experience any liquidity issues that had any impact on members during the year.

#### Policy in relation to the expected return on investments

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. Multi-asset funds are also expected to have long-term returns that exceed price inflation and general salary growth, however these funds also have wider aims, such as increasing diversification, reducing volatility, or facilitating the move to a drawdown arrangement, post-retirement.

The long-term returns on bond and cash options are expected to be lower than returns on equity options. However, bond fund volatility and price movements (particularly of longer-dated bonds) are expected to broadly match those of annuities, giving some protection in the amount of secured pension for members closer to retirement, and who are likely to take all or part of their retirement benefits in the form of an annuity. Cash funds aim to provide protection against changes in short-term capital values and may be appropriate for members choosing to take all or part of their retirement benefits in the form of cash.

## Piramal Healthcare UK Pension Fund

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### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

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### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Policy in relation to the expected return on investments (continued)

The Trustee has an insurance contract with Mobius Life Limited, which in turn invests the Fund's assets in a range of pooled funds. Members have a choice of one "lifestyle" strategy or seven "self-select" funds.

The lifestyle strategy arrangement reflects the above policies in terms of achieving the intended balance of return and risk reduction.

During the year, the Trustee received advice around return expectations for the funds it offers as part of performing SMPI calculations for member statements. It also received two monitoring reports (dated March 2024 and September 2024) which contained information on the actual returns achieved by the funds offered to members over various reporting periods and the Trustee was comfortable that the returns achieved were in line with expectations. Having considered these items, the Trustee remains comfortable that it is acting in line with its policy around expected investment returns.

#### Policy in relation to risks

The Trustee recognises the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Fund, accepting that overall annual contribution rate – a major factor in the accumulation of members' funds – is outside of the Trustee's control. The Trustee also recognises that the extent to which members are able to rely in retirement on other savings, which sit outside of the Fund, is outside of the Trustee's visibility and control.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to periodically review the range of funds offered and the suitability of the lifestyle strategy. These risks are considered as part of each normal strategy review, the last of which took place during the year and is next is scheduled for 2026.

In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a regular basis, along with monitoring any significant issues with the asset managers that may impact their ability to meet the performance targets in place.

During 2024, the Trustee:

- Received performance monitoring information from its investment consultant in reports dated March 2024 and September 2024, which were discussed at subsequent Trustee meetings.
- Sent out member newsletters and annual benefit statements, informing members of fund performance and projected growth rates (respectively), allowing members to determine whether the fund(s) they are invested in remain appropriate for their personal circumstances.

## Piramal Healthcare UK Pension Fund

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### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

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### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Policies in relation to their investment manager arrangements

The Trustee will monitor the Fund's investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee's policies, including those on non-financial matters, at least annually. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee has not been made aware of any significant changes to its investment managers' investment approaches over the course of the year and hence remains comfortable with these.

As part of preparing this statement, the Trustee also reviewed the investment managers' voting and engagement activities and found them to be acceptable.

#### Investment manager monitoring and charges

The Trustee gathers information on charges and transaction costs for the DC Section as part of its annual work in preparing the Chair's Statement. The Trustee works with its investment consultant and asset managers to understand these costs in more detail where required.

There were no changes to the top-level charges for funds used by the Fund during the year and fluctuations in transaction cost figures were within reasonable expectations.

#### Stewardship of investments

The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Trustee recognises that ultimately this protects the financial interests of the Fund and its beneficiaries.

#### Stewardship - monitoring and engagement

- The Trustee delegates all stewardship activities, including voting and engagement, to its appointed asset managers. The Trustee accepts responsibility for how the asset managers steward assets on its behalf, including the casting of votes in line with each manager's individual voting policies.
- The Trustee expects the Fund's asset managers to use their influence as major institutional investors to carry out the rights and duties as a shareholder, including exercising voting rights along with – where relevant and appropriate – engaging with underlying investee companies on ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Stewardship - monitoring and engagement (continued)

- The Trustee reviews its managers' voting and engagement policies and activities on an annual basis. The Trustee reviews these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests. The Trustee expects that their asset managers will provide details of their stewardship activities on at least an annual basis and will monitor this with input from its investment advisers. The Trustee will engage with its asset managers where necessary for more information. Prospective managers are required to provide this information in advance of their appointment.
- The Trustee expects its managers to be transparent in its reporting of their stewardship activities. Reporting on engagements should include methods of engagement, progress and perspectives around shortcomings as well as escalation procedures for unsuccessful engagements.
- Reporting for voting activity should include how the manager voted (for/against etc.) and the rationale with relevance to the Fund. In particular, where votes were cast against management; votes against management were significant, votes were abstained, or the voting differed from the voting policy of the manager.
- If the Trustee's monitoring reveals that an asset manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager.
- From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.
- The Trustee has identified the following stewardship priorities:
  - climate change risk; and
  - poor corporate governance.
- These themes have been identified as financially material ESG issues that have the potential to significantly impact the value of the Fund's investments, and so the Trustee believes it is in members' best interests to consider these risks.
- The Trustee keeps its asset managers informed of its stewardship priorities and expectations, and levels scrutiny on its asset managers accordingly. It is the expectation of the Trustee that the Fund's asset managers will prioritise and actively monitor for these risks within their investment portfolios, providing transparency on engagement and voting actions with respect to mitigating these risks.
- The Trustee recognises that collaborative behaviours can further work to mitigate the risks identified above, for the Fund. To this end, the Trustee expects the Fund's asset managers to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed.

Piramal Healthcare UK Pension Fund

TRUSTEE’S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

Implementation Statement for the year ending 31 December 2024 (DC Section)  
(continued)

Stewardship - monitoring and engagement (continued)

During the year, the Trustee received information from its investment consultants on developments the Directors should be aware of concerning ESG. They also asked their platform provider, Mobius, a series of questions regarding Mobius’s approach to ESG matters and responsible investment, to ensure the Trustee remained comfortable with the approach being taken.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and is supportive of its investment managers being signatories to the United Nations’ Principles for Responsible Investment and the Financial Reporting Council’s UK Stewardship Code 2020. Details of the signatory status of each underlying investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
BlackRock Investment Management	Yes	Yes
Legal & General Investment Management	Yes	Yes
State Street Global Advisors	Yes	Yes

As part of preparing this statement, the Trustee reviewed the investment managers’ voting and engagement activities and found them to be acceptable.

Investment manager voting and engagement policies

The Fund’s investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental, and corporate governance aspects.

Links to each investment manager’s engagement policy or suitable alternative are shown in the appendix. Note these are provided for the underlying investment managers, for whom voting is typically ultimately delegated to, as opposed to for the platform provider.

These policies are publicly available on each of the investment managers’ websites.

The Trustee is comfortable that these policies are broadly in line with the Fund’s chosen stewardship approach and that they do not diverge significantly from the key stewardship priorities identified for the Fund.

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Investment manager voting and engagement policies (continued)

The latest available information provided by the investment managers (with mandates that contain public equities or bonds) is as follows:

Engagement	LGIM Future World Fund	LGIM Retirement Income Multi- Asset Fund	LGIM Infrastructur e Equity MFG - GBP Hedged	LGIM Global Real Estate Equity Index Fund	LGIM Investment Grade Corporate Bond All Stocks	SSgA Emerging Markets Index Fund*
Period	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024- 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.					
Number of companies engaged with over the period	701	2639	69	215	168	40
Number of engagement s over the period	1250	3533	122	250	410	41

- The Trustee has been provided with details of what each investment manager considers to be the most significant votes. The Trustee has not influenced the manager's definitions of significant votes but has reviewed these and is satisfied that they are all reasonable and appropriate.
- The Trustee has selected the three votes affecting the largest asset holdings for inclusion in this statement (see appendix). The Trustee did not communicate with the manager in advance about the votes it considered to be the most significant.
- The investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights.
- The Trustee does not carry out a detailed review of all votes cast by or on behalf of each investment manager but relies on the requirement for the investment manager to provide a high-level analysis of their voting behaviour.
- The Trustee considers the proportion of votes cast, and the proportion of votes against management and believes this to be an important (but not the only) consideration of investor behaviour.



## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Investment manager voting and engagement policies (continued)

- The latest available information provided by each investment manager (for mandates that contain public equities) is as follows:

Voting behaviour					
	LGIM Future World Fund	LGIM Retirement Income Multi- Asset Fund	LGIM Infrastructure Equity MFG - GBP Hedged	LGIM Global Real Estate Equity Index Fund	SSgA Emerging Markets Index Fund
Period	01/01/2024- 31/12/2024	01/01/2024- 31/12/2024	01/01/2024- 31/12/2024	01/01/2024- 31/12/2024	01/01/2024- 31/12/2024
Number of meetings eligible to vote at	1,715	10,528	94	403	4,495
Number of resolutions eligible to vote on	22,041	107,034	1,174	4,142	35,744
Proportion of votes cast	99.5%	99.8%	98.6%	100.0%	100.0%
Proportion of votes for management	80.1%	77.3%	72.6%	79.1%	85.2%
Proportion of votes against management	19.6%	22.1%	26.5%	20.8%	14.8%
Proportion of resolutions abstained from voting on	0.3%	0.7%	0.9%	0.1%	2.8%

#### Trustee engagement

The Trustee has previously reviewed the investment managers' policies relating to engagement and voting (including their policies in relation to financially material considerations) and how they have been implemented and found them to be acceptable.

Although no further specific reviews were undertaken during the scheme year, the Trustee is not aware of any changes to the policies of their investment managers with regards to these areas and so believes these to remain acceptable. The Trustee also queried the policy of their platform provider, Mobius, during the year and no specific issues were raised.

The Trustee recognises that engagement and voting policies, practices and reporting, will continue to evolve over time and is supportive of its investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.



Piramal Healthcare UK Pension Fund

TRUSTEE’S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

Implementation Statement for the year ending 31 December 2024 (DC Section)  
(continued)

Appendix

Links to the Engagement Policies for each of the investment managers can be found here:

Investment manager	Engagement Policy
BlackRock Investment Management	<a href="https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf">https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf</a>
Legal & General Investment Management	<a href="https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf">https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf</a>
State Street Global Advisors	<a href="https://www.ssga.com/library-content/assets/pdf/global/asset-stewardship/proxy-voting-and-engagement-policy.pdf">https://www.ssga.com/library-content/assets/pdf/global/asset-stewardship/proxy-voting-and-engagement-policy.pdf</a>

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

Information on the most significant votes for each of the funds containing public equities is shown below.

<b>LGIM Future World Fund</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Apple Inc.	Alphabet Inc.	Microsoft Corporation
Date of Vote	28/02/2024	07/06/2024	10/12/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.6	3.0	2.6
Summary of the resolution	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Resolution 1d: Elect Director John L. Hennessy	Resolution 9: Report on AI Data Sourcing Accountability
How the fund manager voted	Against	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.	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. Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board.	Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.

Piramal Healthcare UK Pension Fund

TRUSTEE’S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

Implementation Statement for the year ending 31 December 2024 (DC Section)  
(continued)

Appendix (continued)

LGIM Future World Fund (continued)	Vote 1	Vote 2	Vote 3
		Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. LGIM expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.	
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be “most significant”	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf. Thematic - One Share One Vote: LGIM considers this vote to be significant as LGIM supports the principle of one share one vote.	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

<b>LGIM Retirement Income Multi-Asset Fund</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Microsoft Corporation	Toyota Motor Corp.	Apple Inc.
Date of Vote	10/12/2024	18/06/2024	28/02/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.3	0.3	0.2
Summary of the resolution	Resolution 9: Report on AI Data Sourcing Accountability	Resolution 1.1: Elect Director Toyoda, Akio	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy
How the fund manager voted	For	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	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. Diversity: A vote against is applied due to the lack of meaningful diversity on the board.	Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.

Piramal Healthcare UK Pension Fund

TRUSTEE’S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

Implementation Statement for the year ending 31 December 2024 (DC Section)  
(continued)

Appendix (continued)

LGIM Retirement Income Multi-Asset Fund (continued)	Vote 1	Vote 2	Vote 3
		<p>Climate Impact Pledge: A vote against is warranted as LGIM believe there is still a disconnect in Toyota's stated climate ambitions and its current multi-pathway strategy. LGIM encourage Toyota to further develop disclosures that more clearly articulate how it intends to support a global transition to zero emission vehicles and net zero emissions.</p> <p>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. Additionally, a vote AGAINST Mr. Toyoda is warranted because, as a long-time top executive, Mr. Toyoda should be considered ultimately accountable for a spate of certification irregularities within the Toyota Motor group. LGIM are concerned that previous and current issues concerning legal certifications processes and safety requirements are indicative of a corporate culture that is not being amended to meet stakeholder expectations and legal requirements. For this reason, Mr. Toyoda must be held accountable until appropriate remediation measures are taken.</p>	

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

<b>LGIM Retirement Income Multi-Asset Fund (continued)</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Outcome of the vote	Fail	Pass	Fail
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf. Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement program targeting companies in climate-critical sectors.	Thematic - Diversity: LGIM views diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.

<b>LGIM Infrastructure Equity MFG - GBP Hedged</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	National Grid Plc	Ferrovial SE	Dominion Energy, Inc.
Date of Vote	10/07/2024	11/04/2024	07/05/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.0	3.0	1.8
Summary of the resolution	Resolution 17: Approve Climate Transition Plan	Resolution 3: Approve Climate Strategy Report	Resolution 1H: Elect Director Pamela J. Royal
How the fund manager voted	For	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

<b>LGIM Infrastructure Equity MFG - GBP Hedged (continued)</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Rationale for the voting decision	Climate Change: LGIM is voting in favour of the National Grid Climate Transition plan. LGIM commend the company's efforts in committing to net-zero emissions across all scopes by 2050 and setting 1.5C-aligned near term science based targets. LGIM also appreciate the clarity provided in the 'Delivering for 2035 report' and look forward to seeing the results of National Grid's engagement with SBTi regarding the decarbonisation of heating.	Climate Change: LGIM commend the company's early-move to seek third-party assurance and put their climate strategy to a vote. A vote against is applied as LGIM expects net zero commitments, rather than carbon neutrality commitments; LGIM expect further clarity and ambition on short, medium and long-term targets. LGIM look forward to the release of Ferrovial's updated climate plan.	Joint Chair/CEO: A vote against is applied as LGIM expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. LGIM expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.		Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.



## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

<b>LGIM Global Real Estate Equity Index Fund</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Prologis, Inc.	Simon Property Group, Inc.	Realty Income Corporation
Date of Vote	09/05/2024	08/05/2024	30/05/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.0	2.9	2.8
Summary of the resolution	Resolution 1a: Elect Director Hamid R. Moghadam	Resolution 1A: Elect Director Glyn F. Aeppel	Resolution 1i: Elect Director Michael D. McKee
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. 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.	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Independence: A vote against is applied as LGIM expects the Chair of the Board to have served on the board for no more than 15 years and the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

<b>LGIM Global Real Estate Equity Index Fund (continued)</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Criteria on which the vote is assessed to be "most significant"	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for their clients, with implications for the assets LGIM manage on their behalf.	Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement program targeting companies in climate-critical sectors.

  

<b>SSgA Emerging Markets Index Fund</b>	<b>Vote 1</b>	<b>Vote 2</b>	<b>Vote 3</b>
Company name	Naspers Ltd.	Saudi National Bank	Saudi Arabian Mining Co.
Date of Vote	22/08/2024	01/05/2024	13/05/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.6	0.4	0.2
Summary of the resolution	Approve Remuneration Policy	Approve Remuneration Policy	Approve Remuneration Policy
How the fund manager voted	Against	Against	Against
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	SSgA do not publicly communicate their vote in advance.		

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

SSgA Emerging Markets Index Fund (continued)	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	<p>The company proposed a FY2025 award for the CEO with a fair value of \$54m over the CEO's four-year term. In addition, in 2024, the company granted an extraordinary, one-off 'moonshot' award of USD 100 million to the CEO. Hence, SSgA had concerns with the total maximum pay opportunity for the CEO. SSgA engaged the company, but did not find the rationale provided by the issuer compelling enough.</p> <p>SSgA generally have reservations about awards granted outside of the standard incentive scheme, such as special executive transformational awards. SSgA observe these awards often reward executives for actions widely considered to be within the scope of their responsibilities. When used, SSgA expect a convincing explanation of their necessity and why the current remuneration policy does not, in the board's view, adequately motivate the executive team. Finally, SSgA consider it good governance that special awards be submitted to a shareholder vote.</p>	<p>Some of the proposed changes to the remuneration policy were considered problematic in particular an 80% increase in caps on directors' annual fees without any rationale and removal of caps on directors' travel-related expenses.</p> <p>Although the remaining changes were either positive or neutral in nature, all proposed amendments were presented under one voting item, which SSgA feel made it impossible for them to vote against only the ones deemed problematic.</p>	<p>The company proposed a 270% increase in caps on directors' annual fees without any rationale. Although the remaining changes to the remuneration policy were either positive or neutral in nature, all proposed amendments were presented under one voting item, which SSgA believe made it impossible for them to vote against only the ones deemed problematic.</p>
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	Where appropriate SSgA will contact the company to explain their voting rationale and conduct further engagement.		
Criteria on which the vote is assessed to be "most significant"	Compensation	Compensation	Compensation

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

Information on the most significant engagement case studies for LGIM as a company for the funds containing public equities or bonds as at 31 December 2023 (latest available) is shown below:

LGIM - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Aegon Ltd	Sainsbury's	Exxon Mobil
Topic	Governance	Social: Income inequality - living wage (diversity, equity and inclusion)	Environment: Climate change (Climate Impact Pledge)
Rationale	<p>Following the disposal of Aegon Netherlands to ASR, Aegon no longer had insurance activities in the Netherlands. This transaction had transformed Aegon into an international insurance and asset management company. Since now over 99.5% of Aegon's insurance businesses are not located in jurisdictions where Solvency II is the governing capital framework, Aegon made the decision to redomicile in Bermuda under the supervision of the Bermuda Supervision Authority (BMA). This required a vote by shareholders at an Extraordinary General Meeting (EGM) on 30 September.</p> <p>While the business rationale was sound, the main concerns with this proposal for LGIM were that the new regulatory framework would adversely impact shareholders rights, and potentially its capital position.</p>	<p>With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is the second largest supermarket in the UK. Although Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to become living-wage accredited.</p> <p>Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of LGIM's stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, their work on income inequality and LGIM's expectations of companies regarding the living wage have acquired a new level of urgency.</p>	<p>As one of the world's largest public oil and gas companies, LGIM believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for significant influence across the industry as a whole, and particularly in the US.</p> <p>At LGIM, they believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under LGIM's Climate Impact Pledge, they publish their minimum expectations for companies in 20 climate-critical sectors. LGIM select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in LGIM's view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains.</p>

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

LGIM - Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
	<p>The key issues included: 1) No pre-emptive rights for existing shareholders on the issuance of common shares; (2) No shareholder approval would be required for share buybacks; and (3) No shareholder approval would be required for annual final dividend payments, amongst other issues.</p> <p>Consequently, LGIM decided to engage with Aegon management team ahead of the EGM in order to highlight their concerns on the weakening of shareholder rights under the proposed redomicile and amendments to the Company's Articles of Incorporation. Given concerns amongst investors and third-party service providers, such as ISS, LGIM sought to lend their voice to influence the proposals and push for enhanced shareholders rights ahead of the vote. Additionally, LGIM wanted to better understand the impact of the new supervisory environment on the business to ensure that it would not adversely impact both creditors and shareholders.</p>	<p>As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business across their Tier 1 and ideally Tier 2, supply chains.</p> <p>LGIM expect the company board to challenge decisions to pay employees less than the living wage.</p> <p>LGIM ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.</p> <p>In the midst of the pandemic, LGIM went a step further by tightening their criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern.</p>	<p>LGIM's in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag LGIM's minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).</p> <p>LGIM's Climate Impact Pledge 'red lines' for the oil &amp; gas sector are:</p> <ul style="list-style-type: none"> <li>- Has the company committed to net-zero operational emissions?</li> <li>- Does the company have time-bound methane reduction/zero flaring targets?</li> <li>- Does the company disclose its climate-related lobbying activities, including trade association memberships, and explain the action it will take if these are not aligned with a 1.5°C scenario?</li> </ul>

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

LGIM - Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
What the investment manager has done	<p>LGIM were in touch with Aegon's Investor Relations team in early September 2023 ahead of a planned meeting with the CEO and management team at a roadshow in the US. LGIM noted their initial concerns with some of the proposed changes to the Company's Articles of Incorporation following the redomicile to a lower shareholder rights jurisdiction. This concern was also picked up by the main proxy advisory firms, ISS and Glass Lewis, who recommended negatively in respect of the proposed move. Following engagement on 14 September, Aegon announced amended proposals on 15 September, that now provided for enhanced shareholder rights to more closely align with provisions previously in place, especially around capital management authorities.</p> <p>LGIM also met with Aegon's CEO on 18 September 2023. Given the importance of the vote on the Company's business performance, but potential negative effects on shareholder and creditor rights, the meeting was attended by the investment stewardship team as well as credit analysts both in London and the US.</p>	<p>LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London.</p> <p>LGIM joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, LGIM then joined ShareAction in co-filing a shareholder resolution in Q1 2022, asking the company to become a living wage accredited employer. This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees to the real living wage. LGIM welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, contractors, i.e. cleaners and security guards, operating within Sainsbury's operations were excluded from the uplift.</p>	<p>LGIM have been engaging with Exxon Mobil since 2016 and they have, over time, participated willingly in discussions and meetings. Under their Climate Impact Pledge, LGIM identified a number of initial areas for concern, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities. Levels of individual typically engaged with include the Head of Sustainability, Lead Independent Director, the Company Secretary and Investors Relations.</p> <p>LGIM's regular engagements with Exxon Mobil have focused on their expectations under the Climate Impact Pledge, as well as several other material issues for the company, including capital allocation and business resiliency. The improvements made have not so far been sufficient in their opinion, which has resulted in escalations.</p>

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

LGIM - Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
	There was another follow-up meeting with the CEO only two days later, where changes to the proposals were discussed.	<p>In the previous four years LGIM have held eight company meetings with Sainsburys, with the continued main focus on social inequality, whilst also covering broader topics such as capital management and biodiversity. They met with the CEO as well as the Chairman.</p> <p>In 2023, LGIM led its own campaign on income inequality where they targeted the largest global food retailers. Sainsbury's is one of the 15 companies LGIM are targeting. The campaign has as a consequence, a vote against the Chairman if LGIM's minimum requirements are not met by the time of their AGM in 2025.</p>	<p>The first escalation was to vote against the re-election of the Chair, from 2019, in line with their Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, LGIM placed Exxon Mobil on their Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as they considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, LGIM's engagement with the company continues. In terms of further voting activity, in 2022 LGIM supported two climate-related shareholder resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting their continued wish for the company to take sufficient action on climate change in line with LGIM's minimum expectations.</p>
Outcomes and next steps	With pressure applied on the Company by both investors and proxy advisers, LGIM were able to push for improved shareholder rights and amended terms ahead of the vote taking place at the EGM.	Since LGIM co-filed the shareholder resolution in 2022, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. LGIM welcome these actions which demonstrate the value the board places on its workforce.	Since 2021, LGIM have seen notable improvements from Exxon Mobil regarding their key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, improved disclosure of lobbying activities and more recently, the commitment made by the company to join the leading global partnership on methane, OGMP 2.0.



## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

LGIM - Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
	Both ISS and Glass Lewis changed their vote recommendations on the proposal upon the announcement on 15 September by the Company of changed terms and commitments, and LGIM felt comfortable to support all resolutions at the EGM. The redomicile of Aegon was overwhelmingly approved by shareholders with 98.7% of shares voted in favour.	<p>LGIM continue to engage with Sainsburys and have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.</p> <p>While the company may have been in the process of raising salaries, LGIM'S campaigned engagement and shareholder resolution would have fast tracked the end result. It has also made the company aware of how important this topic is to their investors.</p> <p>LGIM are continuing to engage with Sainsbury's, both individually and collaboratively with the ShareAction Good Work Coalition, and have met with them a number of times during 2023 as part of their living wage campaign, directed at 15 large global supermarkets. In addition to setting objectives regarding the living wage for these companies' own operations, LGIM also expect them to take certain actions regarding their Tier 1 and ideally Tier 2 supply chains.</p> <p>LGIM have been engaging with the Chairman, the Chief Executive and investor relations in relation to LGIM's expectations.</p>	<p>However, there are still key areas where LGIM require further improvements, including inclusion of Scope 3 emissions targets, further quantifiable disclosure of business resiliency and asset retirement obligations across relevant scenarios, capital allocation, and improving the level of ambition regarding interim targets. LGIM are also seeking further transparency on their lobbying activities.</p> <p>The company remains on LGIM's divestment list (for relevant funds), but engagement with them continues. In terms of LGIM's next steps, they will continue their direct engagements with the company under their Climate Impact Pledge and separately, to better challenge Exxon on their approach to the energy transition, where financial material issues such as disclosure of the potential costs to retire their long-lived assets and decarbonisation levers being some of the key discussion points. LGIM will also be engaging with proxy advisors and fellow investors to better understand their voting rationale.</p> <p>LGIM were pleased to see progress from the company in terms of joining the Oil and Gas Methane Partnership ('OGMP') 2.0 – the flagship oil and gas reporting and mitigation programme on methane, of which many global oil and gas companies, including BP and Shell, are already members.</p>

Piramal Healthcare UK Pension Fund

TRUSTEE’S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

Implementation Statement for the year ending 31 December 2024 (DC Section)  
(continued)

Appendix (continued)

LGIM - Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
		<p>The milestones set under this campaign relate to expectations that, should they be achieved, they would not only improve wages for significant numbers of low-paid workers around the world but also, given these companies' influence in their respective countries and supply chains, LGIM would expect there to be a knock-on impact as competitors and smaller peers would then be compelled to follow suit. LGIM hope that this would improve the livelihood of thousands of workers and their families and also boost GDP.</p> <p>LGIM may consider co-filing some shareholder resolutions in 2024 at some of the companies targeted under this campaign.</p>	<p>LGIM have been working closely and collaboratively with EDF to raise awareness of the issue (letters, meetings, public statements) and applying pressure on oil and gas companies to join the OGMP initiative since 2021 – Exxon being one of them, through LGIM’s direct engagements with the company under their Climate Impact Pledge. Exxon had demonstrated reluctance, previously, to sign up to the OGMP and LGIM voted in favour of a shareholder resolution tabled at its 2023 AGM, requesting that the company produce a report on methane emission disclosure reliability, which received 36.4% support from shareholders. Public and shareholder pressure, growing membership of the OGMP and Exxon’s recent acquisition of OGMP member Pioneer Natural Resources appear to have swayed the company towards greater transparency.</p> <p>Greater transparency is crucial in terms of enabling markets and investors to accurately price climate-related risks and opportunities which, in turn, is an incentive for companies to make the changes LGIM are seeking.</p>

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

Information on the most significant engagement case studies for SSgA as a company for the funds containing public equities or bonds as at over the third quarter of 2024 (latest available) is shown below:

SSgA - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	Penon Group Plc, Severn Trent Plc and United Utilities Group Plc	Darden Restaurants, Inc.	The Hanover Insurance Company
Topic	Climate risk management and governance	Climate risk management	Governance
Rationale	The Asset Stewardship Team conducted a focused outreach with the three UK listed water utility companies — Penon Group Plc (owner of South West Water), Severn Trent Plc and United Utilities Group Plc. The intention of these engagements was to better understand board oversight of management on environmental matters including their navigation of associated legal, regulatory, reputational, and financial risks. SSgA also sought to understand the impact of this increased scrutiny on the executives, the workforce and relationships with customers and communities.	In 2022, SSgA began taking voting action against directors of companies in major indices where the company fails to provide sufficient disclosure in accordance with the Task Force on Climate related Financial Disclosures (TCFD) framework. As a company in the S&P 500, Darden Restaurants, Inc. (Darden) is subject to this proxy voting policy.	SSgA routinely engages with companies, including The Hanover Insurance Company (Hanover), on corporate governance issues including the structure and refreshment of the Board of Directors.  SSgA believe that the annual election of directors is a corporate governance best practice and a key mechanism to ensure Board and Director accountability over a range of issues.
What the investment manager has done	All companies were responsive to SSgA's request for engagement, and several themes arose consistently throughout each discussion. The first was the impact of extreme weather occurrences and need for climate adaptation and resilience. Company leaders mentioned the need to invest in aging infrastructure to handle more heavy rainfall events and the role of innovation and effective monitoring.	In 2023, SSGA held an engagement with Darden to discuss their proxy voting policy and the company's climate-related disclosures. During the engagement, SSGA shared feedback on the company's climate-related disclosures and encouraged enhanced disclosure in line with their policy on board oversight and disclosure of climate-related risks and opportunities.	At the company's 2024 AGM, Management put forth a proposal to amend the Company's Certificate of Incorporation to "reorganize the Board of Directors into one class, with each director subject to election each year for a one-year term" citing feedback from shareholders as a main driver.

## Piramal Healthcare UK Pension Fund

### TRUSTEE'S REPORT (continued)

YEAR ENDED 31 DECEMBER 2024

### Implementation Statement for the year ending 31 December 2024 (DC Section) (continued)

#### Appendix (continued)

SSgA - Firm-level (continued)	Case Study 1	Case Study 2	Case Study 3
	<p>One company also cited the challenge of keeping customer bills affordable while investing in infrastructure improvements. SSgA also discussed the regulator's role in determining how capital investment is allocated to projects, and how the board was overseeing the companies' responsiveness to and engagement with regulators. SSgA noted varying responses to the question of how much agency companies felt they had to mitigate many of the issues, as well as satisfy the regulatory requirements. Finally, SSgA sought to understand the impact of increased scrutiny on the attraction, retention and motivation of executives and the wider workforce.</p>	<p>SSgA also discussed the company's strategy for managing greenhouse gas (GHG) emissions and efforts to address Scope 3 emissions, which are the largest portion of the company's emissions footprint. At the company's 2023 AGM, SSgA withheld support from the lead independent director for failure to provide sufficient disclosure in alignment with the TCFD framework.</p> <p>In 2024, Darden improved disclosure on board oversight of climate-related risks, Scope 1 and 2 emissions, relevant categories of Scope 3 emissions, and its strategy for decarbonizing its operations. The company reported on efforts to improve energy efficiency and increase its use of renewable energy. SSgA engaged Darden in 2024, and the company discussed its efforts to develop climate targets, gather emissions data from its supply chain, and engage suppliers.</p>	
Outcomes and next steps	<p>The executives acknowledged and demonstrated awareness of the range of risks SSgA raised and their opportunities to address them and boards indicated their active oversight of the management in relation to them. SSgA intend to keep the dialogue open as SSgA follow happenings in this sector that could impact the ability to generate long term value and their license to operate.</p>	<p>As a result of these improvements and the progress demonstrated year-over-year, SSgA supported all board members up for election at the company's 2024 AGM.</p>	<p>SSGA voted for the proposal and, in a recent off-season engagement, confirmed with Hanover their decision to put forth the proposal was in response to shareholder feedback. They shared that they follow how investors vote and their view that the benefits of a classified structure did not outweigh the challenges.</p>