

Implementation Statement, covering the Fund Year from 31 December 2021 to 31 December 2022

The Trustee of the Ahli United Bank (UK) Pension Fund (the “Fund”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (“SIP”) during the Fund Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, Trustees (including the most significant votes cast by Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement](#), issued by the Department for Work and Pensions (“DWP’s guidance”) in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Fund Year in July 2022 to reflect DWP’s new guidance on Reporting on Stewardship and Other Topics. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Fund’s voting and engagement policies during the Fund Year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Fund’s stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Fund’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the March 2023 meeting, the Trustee discussed and agreed stewardship priorities for the Fund which were: Climate change and Biodiversity loss.

These priorities were selected because the trustees feel they are important and financially material and are also in line with the Banks’ priorities.

3. Description of voting behaviour during the Fund Year

During the Fund year the Trustee fully disinvested from LGIM equities and therefore the Trustees had limited opportunities to engage with managers. All of the Trustee’s holdings in listed equities during the period were within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Fund Year. However, the Trustee monitors managers’ voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee’s expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP’s guidance, on the Fund’s funds that held equities during the reporting period as follows:

- L&G UK Equity Index Fund
- L&G North America Equity Index Fund
- L&G Europe (ex UK) Equity Index Fund
- L&G Japan Equity Index Fund
- L&G Asia Pacific exJapan Equity Index Fund

- L&G Low Carbon Transition Global Equity Index Fund

The Trustees have sought to obtain the relevant voting data for all of the investment mandates listed above for the period of this Statement.

In addition to the above, the Trustees contacted L&G and JP Morgan (the Fund's infrastructure manager) with respect to the Fund's mandates that do not hold listed equities, to ask if any of the assets held by the Fund had voting opportunities over the period. Both L&G and JP Morgan confirmed that no voting is carried out with respect of these mandates.

The Fund fully disinvested from all equities in June 2022, so no longer has any voting rights. The below details the voting statistics during the whole Fund year. The Trustees invested in LGIM's Low Carbon Transition Global Equity Index in April 2022 therefore the investment period in this fund was very short due to the decision to disinvest from equities.

9.1 Description of the voting processes

All decisions were made by L&G's Investment Stewardship team and in accordance with L&G's 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 that L&G's stewardship approach flows smoothly throughout the integrated engagement and voting process, therefore sending consistent messaging to companies.

L&G's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by L&G. Use of ISS recommendations is purely to augment L&G's own research and tools. L&G's Investment Stewardship team also uses the research reports of Institutional Voting Information Services ("IVIS") for UK companies when making specific voting decisions.

To ensure that the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G considers are minimum best practice standards which all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its 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 LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

L&G believes that it is vital that the proxy voting service is regularly monitored. This is done through quarterly due diligence meetings with ISS. The standing agenda includes setting out L&G's expectations, an analysis of any issues L&G has experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics.

L&G has its own internal Risk Management System ("RMS") to provide effective oversight of key processes. This includes L&G's voting activities and related client reporting.

9.2 Summary of voting behaviour over the Fund Year

A summary of voting behaviour over the Fund Year is provided in the table below (*these figures are for the whole Fund year, note the Fund fully disinvested from its equity holdings in June 2022*).

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 7
Manager name	L&G	L&G	L&G	L&G	L&G	L&G
Fund name	UK Equity Index Fund	North America Equity Index Fund	Europe (ex UK) Equity Index Fund	Japan Equity Index Fund	Asia Pacific exJapan Equity Index Fund	Low Carbon Transition Global Equity Index Fund

Total size of fund at end of the Fund Year (£m)	13,896	21,966	7,533	4,051	357	2,759
Value of Fund assets at end of the Fund Year (£ / % of total assets)	0	0	0	0	0	0
Number of equity holdings at end of the Fund Year	541	638	502	508	553	2,798
Number of meetings eligible to vote	733	688	605	503	675	4,733
Number of resolutions eligible to vote	10,870	8416	10296	6,255	5,145	49,470
% of resolutions voted	99.94%	99.41%	99.77%	100.00%	99.94%	99.83%
Of the resolutions on which voted, % voted with management	94.46%	65.15%	81.43%	88.49%	76.27%	78.62%
Of the resolutions on which voted, % voted against management	5.54%	34.78%	18.10%	11.49%	23.71%	20.22%
Of the resolutions on which voted, % abstained from voting	0.00%	0.06%	0.48%	0.02%	0.02%	1.16%
Of the meetings in which the manager voted, % with at least one vote against management	37.89%	97.75%	79.67%	72.76%	68.25%	66.49%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.23%	26.60%	9.49%	9.19%	14.16%	11.17%

9.3 Most significant votes over the Fund Year

Commentary on the most significant votes over the Fund Year, from the Fund's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of one significant vote from each fund, and suggested the managers could use the PLSA's criteria² for creating this shortlist.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance; and/or

- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager’s engagement priorities or key themes.

The Trustee has reported on one of these significant vote per fund only as the most significant votes.

LGIM – UK Equity Index Fund

- **Royal Dutch Shell Plc, May 2022.**
- **Relevant stewardship priority:** Climate Change
- **Vote cast:** Against resolution.
- **Outcome of the vote:** Passed.
- **Management recommendation:** Against resolution
- **Summary of resolution:** Resolution 20 - Approve the Shell Energy Transition Progress Update
- **Rationale for the voting decision:** Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
- **Approximate size of the Fund’s/ mandate’s holding at the date of the vote:** 6.7%
- **The reason the Trustee considered this vote to be “most significant”:** relates to a stewardship priority
- **Outcome and next steps:** LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

LGIM North America Equity Index Fund

- **Alphabet Inc, June 2022.**
- **Relevant stewardship priority:** Climate change
- **Vote cast:** For resolution
- **Outcome of the vote:** Not passed.
- **Management recommendation:** For resolution
- **Summary of resolution:** Resolution 7 - Report on Physical Risks of Climate Change
- **Rationale for the voting decision:** Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
- **Approximate size of the Fund’s/ mandate’s holding at the date of the vote:** 1.8%
- **The reason the Trustee considered this vote to be “most significant”:** relates to a stewardship priority
- **Outcome and next steps:** LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

LGIM Europe (ex UK) Equity Index Fund

- **TotalEnergies SE, May 2022.**
- **Relevant stewardship priority:** Climate change
- **Vote cast:** Against resolution.
- **Outcome of the vote:** Passed
- **Management recommendation:** For resolution
- **Summary of resolution:** Resolution 16 - Approve Company's Sustainability and Climate Transition Plan
- **Rationale for the voting decision:** Climate change: A vote against is applied. We recognize the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, we remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.
- **Approximate size of the Fund's/ mandate's holding at the date of the vote:** 1.6%
- **The reason the Trustee considered this vote to be "most significant":** relates to a stewardship policy
- **Outcome and next steps:** LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

LGIM Japan Equity Index Fund

- **Mitsubishi Corp, June 2022.**
- **Relevant stewardship priority:** Climate change
- **Vote cast:** For resolution
- **Outcome of the vote:** Not passed.
- **Management recommendation:** For resolution
- **Summary of resolution:** Resolution 5 - Amend Articles to Disclose Greenhouse Gas Emission Reduction Targets Aligned with Goals of Paris Agreement
- **Rationale for the voting decision:** Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
- **Approximate size of the Fund's/ mandate's holding at the date of the vote:** 1.1%
- **The reason the Trustee considered this vote to be "most significant":** relates to a stewardship priority
- **Outcome and next steps:** LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

LGIM Asia Pacific (ex Japan) Equity Index Fund

- **Rio Tinto Limited, May 2022.**
- **Relevant stewardship priority:** Climate change
- **Vote cast:** Against resolution.
- **Outcome of the vote:** Passed.
- **Management recommendation:** For resolution

- **Summary of resolution:** Resolution 17 - Approve Climate Action Plan
- **Rationale for the voting decision:** Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
- **Approximate size of the Fund's/ mandate's holding at the date of the vote:** 0.7%
- **The reason the Trustee considered this vote to be "most significant":** relates to a stewardship priority
- **Outcome and next steps:** LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

LGIM Low Carbon Transition Global Equity Index Fund

- **Alphabet Inc, June 2022.**
- **Relevant stewardship priority:** Climate change
- **Vote cast:** For resolution.
- **Outcome of the vote:** Not passed.
- **Management recommendation:** For resolution
- **Summary of resolution:** Resolution 7 - Report on Physical Risks of Climate Change
- **Rationale for the voting decision:** Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
- **Approximate size of the Fund's/ mandate's holding at the date of the vote:** 1.1%
- **The reason the Trustee considered this vote to be "most significant":** relates to a stewardship priority
- **Outcome and next steps:** LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.