



Implementation Statement

The Aon MasterTrust (“the MasterTrust”)

Implementation Statement for the period covering 1 January 2023 to 31 December 2023.

Background on the disclosure requirements

Regulations that came into effect from 1 October 2020 have set out requirements for the Trustee regarding the production of an Implementation Statement. The regulations were further clarified with updated guidance issued by the Department for Work and Pensions, in June 2022, setting out how trustees should approach stewardship and ESG matters and how these should be reported in the annual Implementation Statement.

An Implementation Statement must set out information on how the Trustee has put its policies contained in the Statement of Investment Principles into practice.

This must cover all policies included in the Statement of Investment Principles and not just those in relation to stewardship and engagement.

- The Implementation Statement must set out the extent to which the Statement of Investment Principles has been followed during the year, any changes or reviews carried out in relation to the Statement of Investment Principles and explain the reasons;
- Set out how, and to what extent, the Trustee’s policy in relation to exercising shareholder rights including voting rights and undertaking engagement activities in respect of the investments has been followed during the year, in the opinion of the Trustee; and
- Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year.
- The Trustee must publish the Implementation Statement as a standalone document online as well as within the Trustee’s annual report and accounts.

Requirements

As was done last year, the Implementation Statement must cover all policies included in the Statement of Investment Principles.

Next Steps

- The Trustee needs to review and approve the Implementation Statement.
- The finalised Implementation Statement must be included in the MasterTrust’s Annual Report and Accounts.
- The Implementation Statement will also have to be published as a standalone document on a publicly accessible website.

Prepared for: The Aon MasterTrustee Ltd

Prepared by: Aon

Date: 11 July 2024



For professional clients only.

Purpose and data

This document sets out the proposed content for the Implementation Statement for the MasterTrust for the year ending 31 December 2023. The Implementation Statement has been prepared for inclusion in the MasterTrust's annual report and accounts, which is expected to be signed at the end of July 2024.

We have gathered information from the underlying investment managers to support the production of this document. We are working with these managers to improve the data they provide, but we believe it is reasonable to use the information provided for the purpose of this year's Implementation Statement.

Proposed content

This section sets out the proposed content for the Implementation Statement for the year ending 31 December 2023. The Implementation Statement is split into several parts:

- Changes to the Statement of Investment Principles over the year;
- Meeting objectives and policies as set out in the Statement of Investment Principles;
- Manager voting and engagement.

The Trustee describes in the Statement of Investment Principles several key objectives and policies. These are noted in *blue* below together with an explanation of how these objectives and policies have been met and adhered to over the course of the year.

The Implementation Statement has been prepared for inclusion in the MasterTrust's annual report and accounts. The Implementation Statement will also have to be posted on a publicly accessible website.

Implementation Statement

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (“the Regulations”). The Regulations, amongst other things, require that the Trustee describes how it has ensured that the policies and objectives set out in the Statement of Investment Principles have been adhered to over the course of the year.

This Implementation Statement covers the period 1 January 2023 to 31 December 2023, and sets out the actions undertaken by the Trustee, the service providers and the investment managers to implement the policies as set out in the Statement of Investment Principles. The Implementation Statement also includes voting and engagement information that has been gathered from the investment managers.

1. Changes to the Statement of Investment Principles over the year to 31 December 2023

The Trustees have a policy to review the Statement of Investment Principles at least every three years, or without delay after any significant change in investment policy or member demographics.

The Statement of Investment Principles was last reviewed and updated in November 2023 to incorporate the Department for Work and Pensions’ (DWP) requirement for trustees of defined contribution schemes to state their policy on investing in illiquid investments in the Statement of Investment Principles for their default arrangement(s).

The Trustee receives written advice from Aon Investments Limited, the Trustee's investment advisor, when making any changes to the Statement of Investment Principles.

The most recent Statement of Investment Principles can be found online at www.aonmt.tbs.aon.com/publicdisclosures.

2. Meeting the objectives and policies as set out in the Statement of Investment Principles

The Trustee has considered the broad themes these objectives and policies fit into and noted these below, together with an explanation of how these objectives have been met and policies adhered to over the course of the year.

Investment strategy and reporting

Policies in relation to investment strategy

The Trustee has continued to provide members with a broad range of investment choices over the year, which includes access to:

- Target Date Funds (i.e. the Aon Managed Core Retirement Pathway Fund and the Aon Managed Retirement Pathway Fund series, used as default arrangements), which automatically adjust the investment strategy as a member progresses towards their selected retirement date. Members

are able to select a pathway that targets different benefits at retirement, namely drawdown (flexible retirement), annuity purchase and cash;

- A range of 'objective based' funds; and,
- A range of 'asset class based' funds.

Further details about the investment choices available to members can be found within the MasterTrust's Chair's Statement and Statement of Investment Principles.

The Trustee regularly monitored the strategies and funds available to members to ascertain whether they are performing in line with their objectives and that their inclusion in the fund range continued to be in members' best interests.

During the year the MasterTrust's investment manager, Aon Investments Limited ('AIL'), replaced the BlackRock Emerging Market Index Fund allocation in the Aon Managed Global Equity Fund, with the newly launched UBS Global Emerging Market Equity Climate Transition Fund. As a result of this change, 100% of the Aon Managed Initial Growth Phase Fund is now invested in funds with a climate / ESG focus.

On 25 October 2023, Aon joined the Mansion House Compact, committing to the objective of allocating at least 5% of default funds to unlisted equities (private equity) by 2030. The Mansion House Compact supports AIL's view that allocating to private assets should lead to improved returns and better outcomes for members such as

- Access to potential illiquidity premium in exchange for reduced liquidity.
- Access to a wider range of investment opportunities.
- Inflation linked returns.
- Lower correlation with public markets, offering increased diversification.
- Potential to create positive impact through investment in assets with a strong sustainability focus.

At the time of writing this report, no additional changes have been made outside of the reporting period.

Policies in relation to monitoring the MasterTrust investments

The Trustee receives quarterly investment monitoring reports from Aon. The investment reports include performance reporting on all of the default arrangements and investment funds relative to their respective benchmarks or targets, as well as performance commentary which highlights key factors affecting the performance of the funds over the quarter. Any concerns with the manager's investment strategy, including the ESG assessment, are flagged.

Fund performance is evaluated based on Aon's 'Planwatch' methodology. This assigns 'Red', 'Amber' or 'Green' ratings to fund performance over the short and long terms. Any funds that are assigned a 'Red' rating are monitored closely by the investment advisor and discussed with the Trustee and AIL at quarterly meetings.

The quarterly investment monitoring reports also highlight any changes that were made by AIL to the Aon Managed Retirement Pathway Funds, Aon Managed Core Retirement Pathway Funds and other Funds available to members over the quarter.

An ESG rating for each underlying investment manager is also reported by Aon in the quarterly monitoring reports. These ratings take into account the fund management team's awareness of all known and potentially financially material ESG risks in the investment strategy, and the steps that have been taken by the manager to identify, evaluate and potentially mitigate these risks across the portfolio.

The Trustee also receives member outcome reports on a six-monthly basis, which sets out how members' retirement outcomes are being affected by the performance of the default arrangements and changes in the future market outlook.

Policies in relation to appointing new managers

AIL will only appoint underlying asset managers who are 'Buy' rated and achieve at least a minimum standard rating for ESG from Aon's manager research team. Aon's ESG ratings are designed to assess whether asset managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process and ongoing stewardship. The ESG ratings are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. The ESG ratings of the underlying managers are reported in the quarterly monitoring reports.

Additionally, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG. These ESG focused sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity.

As part of Aon's investment manager research process, the governing documentation of investments is reviewed for appropriateness before a 'Buy' rating is given.

Policies in relation to engagement with investment managers

AIL considers the suitability of the MasterTrust's underlying investment managers on an ongoing basis, on behalf of the Trustee.

Aon's investment manager research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.

Awareness regarding potential ESG risks within the investment strategy is also considered as part of the ongoing monitoring and assigning the overall rating to each fund. Specifically, and as noted above, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG.

Risks and how they are managed

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in both a qualitative and quantitative manner.

As set out above, the Trustee receives quarterly investment monitoring reports from Aon, which include reporting on all of the default arrangements and investment funds relative to their respective benchmarks or targets, as well as performance commentary which highlights key factors affecting the performance of the funds over the quarter.

The Trustee also receives member outcome reports from AIL on a six-monthly basis, which sets out how members' retirement outcomes are being affected by the performance of the default arrangements and changes in the future market outlook.

Over the course of the year, the Trustee also reviewed the risk register which considers both investment and non-investment risks.

Responsible investment

Policies relating to Responsible Investment, ESG and Investment Stewardship

As disclosed above, an ESG rating for each underlying investment manager is reported by Aon in the quarterly monitoring reports. These ratings take into account the fund management team's awareness of all known and potentially financially material ESG risks in the investment strategy, and the steps that have been taken by the manager to identify, evaluate and potentially mitigate these risks across the portfolio. AIL also considered the Responsible Investment policies and integration of these policies in the investment processes for all prospective managers over the year through the ESG ratings.

Actions continue to be taken by AIL to further improve the adoption of ESG and Responsible Investing within the MasterTrust's investment portfolio.

The Trustee has also collected the voting and engagement records of each of its underlying investment managers over the year. These are reported in detail later in this Implementation Statement.

To date, no managers have been found to be falling significantly short of the standards expected by the Trustee in this area. On review of the voting statistics and information provided by AIL as part of the production of this Implementation Statement, the Trustee is of the opinion that this policy has been adhered to.

Stewardship priorities

The Trustee has a responsibility to act in members' best interests by protecting and growing the long-term value of members' funds in a sustainable way. The Trustee has set stewardship priorities that align with their beliefs in relation to responsible investment. These beliefs also align with those of its investment manager, AIL.

These stewardship priorities focus on climate change, nature loss and modern slavery, as well as ensuring strong governance. These priorities have been identified as financially material risks that have the potential to impact the value of members' investments. A summary of these priorities is set out below:

Climate change and net zero

Climate change and the progress towards net zero is a key area of focus for the Trustee and its investment manager, recognising the impact of climate-related risks on the value of members' savings. AIL looks for alignment between an investment manager's climate risk policy (or stated ambitions) and its responsible investment approach, including engagement activities and voting decisions around climate. AIL engages with its underlying investment managers to monitor progress in the underlying investee companies towards setting targets and ensuring meaningful action as a result.

Nature loss and biodiversity risk

Biodiversity risk including nature loss is intrinsically linked to climate-change. AIL collaborated with the Cambridge Institute of Sustainability Leadership to create a framework for assessing nature-related risks including a due diligence questionnaire to measure progress on goals. AIL engages with its underlying investment managers to understand the risks in this area and ensure appropriate action is taken as a result.

Combatting modern slavery

AIL is a signature to the 'Find It, Fix It, Prevent It' initiative which aims to combat modern slavery through engagement with investee companies, participation in shaping public policy and in

developing better modern slavery data. Through this initiative AIL aims to raise awareness of the role investors can play in addressing modern slavery in supply chains. AIL engages with its investment managers to understand where any potential exposure exists and ensure appropriate action is taken as a result.

Strong governance

It is important to be clear on our principles and expectations of good investment stewardship across asset classes. Our investment manager does this through its Engagement Programme and is looking for strong alignment between an investment manager's responsible investment policies and its engagement activity and voting decisions. AIL believe that transparency of engagement and voting activity is key and actively engages with its investment managers to promote transparency. AIL also engages with its underlying investment managers to promote the Principles for Responsible Investment and adherence to the UK Stewardship Code, as well as following industry best practice.

The Trustee keeps its investment manager informed of its expectations in relation to these stewardship priorities. The Trustee expects its investment manager to take account of these within its investment process and prioritise these within its engagement activities and provide transparency on engagement and voting activity. It is the Trustee's expectation that its investment manager will disclose, on a regular basis, any engagement or voting activity that might be seen as a breach to these priorities.

To support these priorities, the Trustee's investment manager has an Engagement Programme through which it engages identifies and analyses key areas for focus and engages with the underlying managers. In turn, the investment manager also has a set of expectations for its underlying investment managers.

Cost and performance

Policies in relation to MasterTrust charges

The Trustee reviews the costs and charges data on an annual basis.

The Trustee, with assistance from Aon, collated all of the member borne cost and charges data for the MasterTrust's year and these are published in the Annual Chair's Statement.

Having reviewed the member borne costs, Aon has confirmed that they appear appropriate for each fund.

Summary

Overall, the Trustee is of the opinion that it has successfully carried out all of the policies and actions set out in its Statement of Investment Principles. It is also satisfied that its investment manager is exercising its voting rights and engaging with investee companies where appropriate (see following sections for detail). The Trustee will continue to monitor its investment manager's activities in these areas.

Voting & Engagement

Voting and Engagement Data for Implementation Statements covering the period 1 January 2023 to 31 December 2023

As the fiduciary investment manager, Aon Investment Limited ('AIL') has collated the required (and relevant) information on voting behaviour and engagement activity from the underlying asset managers. The details are summarised within this note.

Our conclusion

Based on the activity we have undertaken during the year, we believe our policies have been implemented effectively.

In our view, all of AIL's material DC investment managers were able to disclose good evidence of voting and engagement activity. We conclude that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment manager, Aon Investments Limited ('AIL'). AIL invests the Scheme's assets in a range of funds including the default strategy and wider range of self-select funds. AIL selects the underlying asset managers to achieve the objective of each Fund on behalf of the Trustee.

We reviewed the stewardship activity carried out over the year by the material investment managers and, in our view, all were able to disclose adequate evidence of voting and / or engagement activity. More information on the stewardship activity carried out by AIL and the underlying investment managers can be found in the following sections.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment manager. In particular, we received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Scheme is invested in (where available).

During the year, we received training on ESG and stewardship topics, and agreed our policies in relation to these.

Each year, we review the voting and engagement policies of the Scheme's investment manager to ensure they align with our own policies for the Scheme and help us to achieve them.

Our Action Plan

Based on the work we have done, we have decided to take the following steps over the next 12 months:

Continue to engage with AIL as our investment manager, and their focus on:

1. Transparency and Reporting: providing detailed reporting on AIL's engagement activities.
2. Integration of ESG Factors: consideration of how ESG factors are integrated into AIL's stewardship activities.
3. Active Engagement: we look for a continual increase in active engagement with companies. This includes proactively reaching out to company management, discussing concerns, suggesting improvements and holding companies accountable.
4. Active collaboration: by joining forces, investors can collectively address systemic issues and encourage positive change across industries.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

AIL's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies or asset managers (as owners of companies) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

Over the year, AIL held several engagement meetings with many of the underlying managers on its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to the baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code.

In August 2023, AIL seeded and launched a new passive Global Emerging Market Equity Climate Transition Fund with UBS Asset Management. This is a new fund that AIL designed, working closely with UBS, and combines low carbon (aligned with achieving net zero by 2050), positive impact and an improvement in ESG scores within a single passive equity fund. AIL introduced a c10% allocation to this new fund within the growth phase of the Aon Managed Retirement Pathway Funds, replacing the previous BlackRock Emerging Market Equity Index Fund. AIL also added this new fund to several of the wider fund options.

AIL also launched a "Quantamental" dashboard that integrates ESG data from multiple vendors and platforms to provide in-depth ESG analytics for over 8,000 liquid strategies. AIL intends to make this dashboard available in 2024 to provide the trustees with further ESG analytics in 2024. Furthermore, AIL plans to expand this analysis in future to include advanced metrics for implied temperature rise (subject to data available), Sustainable Financial Disclosure Regulation's (SFDR's) Principal Adverse Indicators (PAIs) and Diversity Equity and Inclusion factors.

Underlying managers' voting activity – Equity, real asset and multi-asset funds

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the arrangement.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights. Over the year, the material equity, real asset and multi-asset investments held by the Scheme within the default strategies and wider self-select fund range were:

Aon Managed Retirement Pathway Funds (default strategy used by some employer sections)

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: BlackRock, LGIM, UBS Listed real assets: BlackRock, LGIM
Aon Managed Diversified Asset Fund	BlackRock, LGIM, UBS

Source: Aon Investments Limited

Self-select fund range

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Equity Fund	BlackRock, LGIM, UBS
Aon Managed Active Global Equity Fund	Baillie Gifford, BNY Mellon, BlackRock, Harris
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: BlackRock, LGIM, UBS Listed real assets: BlackRock, LGIM
Aon Managed Core Initial Growth Phase Fund	BlackRock, LGIM, UBS
Aon Managed Property and Infrastructure	BlackRock, LGIM (listed real assets)
Aon Managed Diversified Asset Fund	BlackRock, LGIM, UBS
Aon Managed Core Diversified Asset Fund	BlackRock, LGIM, UBS
BlackRock UK Equity Index Fund	BlackRock
BlackRock World (ex UK) Equity Index Fund	BlackRock
BlackRock Emerging Market Equity Index Fund	BlackRock
HSBC Islamic Equity Index Fund	HSBC
LGIM Global Ethical Equity Index Fund	LGIM

Source: Aon Investments Limited

Voting statistics: Aon Managed Retirement Pathway Funds

The table below shows the voting statistics for each of the material funds held within the default strategy, the Aon Managed Retirement Pathway Funds, for the year to 31 December 2023. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Aon Managed Retirement Pathway Funds

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Initial Growth Phase Fund ^{1,2}	97.3%	17.2%	0.5%
Aon Managed Global Impact Fund	99.1%	21.1%	2.9%
Aon Managed Diversified Asset Fund ¹	98.4%	18.6%	0.5%
Aon Managed Retirement Pathway Funds			
<i>Member 30 years from retirement¹</i>	97.4%	17.6%	0.7%
<i>Member at retirement¹</i>	97.8%	18.0%	0.6%

Source: Aon Investments Limited, Underlying investment managers: BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea.

¹Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

²Invests 90% in the Aon Managed Global Equity Fund and 10% in property and infrastructure.

Voting statistics: self-select funds

The table below shows the voting statistics for each of the material funds offered within the wider self-select fund range available for the year to 31 December 2023.

Self-select fund range

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Global Equity Fund	98.2%	18.3%	0.5%
Aon Managed Active Global Equity Fund	97.4%	2.8%	0.4%
Aon Managed Global Impact Fund	99.1%	21.1%	2.9%
Aon Managed Initial Growth Phase Fund ¹	97.3%	17.2%	0.5%
Aon Managed Core Initial Growth Phase Fund	97.0%	12.1%	0.2%
Aon Managed Property and Infrastructure Fund ¹	88.5%	7.6%	0.0%
Aon Managed Diversified Asset Fund ¹	98.4%	18.6%	0.5%
Aon Managed Core Diversified Asset Fund	97.0%	12.1%	0.2%
BlackRock UK Equity Index Fund	99.0%	2.0%	0.0%
BlackRock World ex-UK Equity Index Fund	98.0%	6.0%	0.0%
BlackRock Emerging Market Index Fund	98.0%	12.0%	2.0%
HSBC Islamic Global Equity Index Fund	95.0%	23.0%	0.0%
LGIM Ethical Global Equity Index Fund	99.9%	18.5%	0.2%

Source: Aon Investments Limited, underlying investment managers (BlackRock, LGIM, UBS, Nordea, Mirova, Baillie Gifford, BNY Mellon, Harris, HSBC).

¹Please note figures shown only reflect the proportion of the portfolio with equity-voting right

Use of proxy voting advisors

Many investment managers use proxy voting advisors to help them fulfil their stewardship duties. Proxy voting advisors provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations. The table below describes how the Scheme's underlying investment managers use proxy voting advisors.

Manager	Description of the use of proxy voting
Baillie Gifford	Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (Institutional Shareholder Services (ISS) and Glass Lewis), they do not delegate or outsource any of their stewardship activities or follow or rely upon recommendations when deciding how to vote on clients' shares. All client voting decisions are made in-house. Baillie Gifford voted in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide more nuanced market specific information.
BlackRock	BlackRock uses ISS' electronic platform to execute vote instructions, manage client accounts related to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms that apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform the voting decision.
BNY Mellon	Walter Scott (the underlying investment manager, wholly owned by BNY Mellon) receives third party research from Institutional Shareholder Services, Inc. (ISS) for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott votes.
Harris	Harris utilises the services of ISS proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS services are otherwise used for information only. Harris states that it will follow its Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, the final decision rests with Harris' Proxy Voting Committee.

HSBC	HSBC uses the leading voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's guidelines. ISS reviews voting policy recommendations according to the scale of HSBC's overall holdings. The bulk of holdings are voted in line with the recommendation based on HSBC's guidelines.
LGIM	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. To ensure the proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions.
Mirova	Mirova uses ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation is not prescriptive or determinative to their voting decisions. All voting decisions are made by Mirova in accordance with their Voting Policy.
Nordea	In general, every vote Nordea casts is considered individually based on of their bespoke voting policy, which Nordea have developed in-house based on their own principles. Nordea's proxy voting is supported by ISS to facilitate voting, execution and to provide analytic input.
UBS	UBS Asset Management retains the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retains full discretion when determining how to vote at shareholder meetings.

Source: Aon Investments Limited. Underlying managers

Significant voting activity

To illustrate the voting activity being carried out on our behalf, we asked AIL to provide a selection of what they and the underlying investment managers consider to be the most significant votes in relation to the Scheme’s funds. A sample of these significant votes can be found in the appendix for the main funds used within the default strategy.

Engagement Activity - Aon Managed Retirement Pathway Funds











































Below we provide examples of some of the engagement activity carried out by the underlying investment managers for the default strategy and the most material self-select funds. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level, i.e. is not necessarily specific to the underlying fund invested in by the Aon Managed Retirement Pathway Funds.

All managers are engaged across all key themes. We would expect this to be the case, as all underlying managers meet AIL’s required standards for consideration of ESG factors / risks.

Engagement

Engagement is when an investor communicates with current (or potential) investee companies or asset managers (as owners of companies) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

Themes engaged on at a firm level

Underlying manager	Environment - Climate Risk Management	Environment - Biodiversity	Governance Remuneration	Governance Board Effectiveness	Governance Corporate Strategy	Social Human Capital	Social Risks & Opportunities
BlackRock							
LGIM							
UBS							
Baillie Gifford							
Mirova							
Nordea							

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea).

Engagement Activity – Wider fund range

Below we provide examples of some of the engagement activities carried out by the underlying investment managers for the most material self-select funds. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund.

Themes engaged on at a firm level

Underlying manager	Environment - Climate Risk Management	Environment - Biodiversity	Governance Remuneration	Governance Board Effectiveness	Governance Corporate Strategy	Social Human Capital	Social Risks & Opportunities
BNY Mellon							

Harris							
HSBC							
LGIM							

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS).

We also provide examples of specific engagement activity carried out by the most material underlying investment managers below.

BlackRock has an extensive, multiyear engagement history with **Exxon**, during which time they’ve discussed a range of corporate governance topics that, in their assessment, are important for long-term financial value creation. This has included board quality and effectiveness, corporate strategy, human capital management and the board’s oversight of management’s approach to climate-related risks and opportunities. At Exxon’s May 2023 AGM, BlackRock highlighted three key votes.

- The first was a Shareholder proposal to report on methane emission disclosure reliability. BlackRock did not support this shareholder proposal as they believe Exxon has provided sufficient disclosures on both their approach to methane emissions abatement, as well as how they are working to accurately measure and monitor methane emissions.
- The second was a shareholder proposal requesting that Exxon set a medium-term reduction target covering the greenhouse gas emissions associated with the use of its energy products (scope 3 emissions), which is consistent with the goal of the Paris Climate Agreement.

BlackRock did not support this shareholder proposal as they believe the methodology for setting scope 3 targets in carbon intensive industries is still under development. Furthermore, they believe that complying with the specific ask of the shareholder proposal may be unduly constraining on management and the board’s ability to set the company’s long-term business strategy.

- The third shareholder proposal requested Exxon to report on the social impact from plant closure or energy transition. BlackRock did not support this shareholder proposal as, in their assessment, Exxon is taking the appropriate steps and already providing disclosure regarding their approach to workforce continuity amid a transition to a low-carbon economy.

UBS engaged for the first time with **Vale** over 2023, as it has now been included in their climate engagement program. They met to discuss their approach to “decarbonisation strategy and opportunities for the mining industry.”

Vale expressed their ambition to supply green steel and their ability to decarbonise the downstream steel value chain through green briquettes, significantly reducing the temperature required by the downstream processes and their scope 3 emissions. Vale also highlighted how they are expanding their transition metals portfolio, increasing their copper and Nickel operations, and recently selling a stake in their base metals business to raise capital to fund these expansion plans.

UBS communicated that they would like to see focused targets to increase the electrification of heavy machinery, trucks and locomotives to support interim emission reductions. UBS also asked for more clarity on their decarbonisation strategy and the transition to green steel production.

LGIM engaged with **Charter Hall Group** over 2023. As one of the Australia's leading property groups, Charter Hall has a significant role to play in tackling climate change.

LGIM contacted Charter Hall Group as part of their Climate Impact Pledge engagement campaign. LGIM expects companies under their Climate Impact Pledge to meet their minimum expectations, assessed by their Climate Impact Pledge score.

Charter Hall Group had been identified as lagging LGIM's minimum expectations and was therefore subject to a vote against at their AGM; LGIM wrote to the company to notify them. The company responded to LGIM, providing further information, and LGIM also spoke with them, establishing that Charter Hall Group do meet their minimum requirements and therefore should not be subject to a vote sanction.

Engagement Activity - Non-equities

While equity managers may have more direct influence on the companies they invest in, managers investing in asset classes such as fixed income and alternatives are also increasingly influential in their ability to encourage positive change.

The Aon Managed Retirement Pathway Funds and several of the wider self-select fund options include investment in non-equity assets. This might include fixed income, cash, direct property and alternatives such as gold, depending on the fund. Below we describe examples of engagement.

Fixed Income

The Aon Managed Retirement Pathway Funds and several of the wider self-select fund options invested in fixed income and cash over the year.

Direct Property

The Aon Managed Retirement Pathway Funds, Aon Managed Initial Growth Phase Fund and the Aon Managed Property and Infrastructure Fund invested in direct property over the year.

The Trustee appreciates that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustee expects ESG engagement to be integrated in its managers' investment approaches.

The direct property manager (Threadneedle) is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle takes an approach to real estate whereby they strive to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

Key topics of engagement during the year include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During the 12 months to 30 June 2023, Threadneedle completed a range of projects designed to improve the energy efficiency of the underlying assets.

Commodities

The Aon Managed Retirement Pathway Funds, Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund invested in commodities over the year.

The Invesco Physical Gold Exchange-Traded Commodities Fund provides exposure to physical gold. Invesco incorporates ESG considerations within the Fund, as it follows the London Bullion Market Association (LBMA) Responsible Gold Guidance that requires strict adherence to rules around the provenance of gold. Additionally, Invesco engage directly with companies in the gold mining space and see engagement as an opportunity to encourage continual ESG improvement.

Data limitations

At the time of writing, LGIM and BlackRock did provide fund level engagement information but not in the industry standard Investment Consultants Sustainability Working Group (“ICSWG”) template.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the underlying investment managers appointed by AIL and used within the default strategy, the Aon Managed Retirement Pathway Funds.

We consider a significant vote to be one which the manager deems to be significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

LGIM	Company name	Wells Fargo & Company
	Date of vote	April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.4%
	Summary of the resolution	Resolution 8 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Yes. LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.
	Rationale for the voting decision	LGIM generally support resolutions that seek additional disclosures on how companies aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.
	Outcome of the vote	Fail
	Implications of the outcome	LGIM will continue to engage with the company and monitor progress.
	On which criteria have the vote is considered significant?	Pre-declaration and Thematic – Climate: LGIM considers this vote to be significant as they pre-declared their intention to support. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.
BlackRock	Company name	Shell Plc
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not Provided
	Summary of the resolution	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. These are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock's voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues.
	Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company
	Outcome of the vote	Fail
	Implications of the outcome	Not provided. Not provided.
	On which criteria have the vote is considered significant?	

UBS	Company name	The Boeing Company
	Date of vote	April 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Report on Climate Lobbying
	How the manager voted	Against Management
	Did the manager communicate its intent to the company ahead of the vote?	Company not advised prior to meeting
	Rationale for the voting decision	The proposal would further enable shareholders to determine the strength of company policy, strategy and actions in regard to climate change.
	Outcome of the vote	Fail
	Implications of the outcome	Following the significant support for this proposal, UBS will be monitoring the next steps from the company.
	On which criteria have the vote is considered significant?	40% of votes cast were in support of this shareholder proposal.
Nordea	Company name	National Grid Plc
	Date of vote	July 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.4%
	Summary of the resolution	Authorise the company to call a General Meeting with two weeks' notice.
	How the manager voted	Against Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Shortening the notice period is considered negative for shareholders, especially international ones.
	Outcome of the vote	Fail
	Implications of the outcome	Nordea will continue to vote for such proposals in this company as well as in other relevant companies
	On which criteria have the vote is considered significant?	Significant votes are those that are severely against Nordea's principles and where they feel they need to enact change in the company.
Mirova	Company name	Legal & General Group Plc
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.6%
	Summary of the resolution	Say on Climate
	How the manager voted	Supported Management
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	On balance, the company's climate transition plan is sufficiently robust to warrant a vote FOR at this stage. The investment policy is aligned with +1.5°C trajectory. Targets are set for the short, medium, and long-term and covers all scopes.
	Outcome of the vote	Pass
	Implications of the outcome	Mirova's main criticism is that they would have preferred the inclusion of sovereigns. Indeed, while L&G allegedly excludes sovereigns due to lack of clear industry greenhouse gas methodologies to account for this asset class, Mirova disagrees with this rationale, noting that methodologies do exist, rather the issue stems from most governments not taking their climate commitments seriously.
	On which criteria have the vote is considered significant?	Relevant to engagement strategy

Baillie Gifford	Company name	Dexcom, Inc.
	Date of vote	May 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.0%
	Summary of the resolution	Shareholder Resolution – Social
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Baillie Gifford opposed a shareholder resolution asking for median pay gap reporting. Baillie Gifford are satisfied that the company is committed to provide this reporting and is currently working with consultants on this.
	Outcome of the vote	Fail
	Implications of the outcome	As the company has committed to publish adjusted median pay and provided a breakdown of their workforce, Baillie Gifford will be waiting for the release of the materials and seek engagement to understand the nature of adjustment in the future.
On which criteria have the vote is considered significant?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.	
HSBC	Company name	Nike, Inc.
	Date of vote	December 2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.5%
	Summary of the resolution	Report on Median Gender/Racial Pay Gap (shareholder proposal)
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	HSBC believe that the proposal would contribute to improving gender inequality.
	Outcome of the vote	Fail
	Implications of the outcome	HSBC will likely vote against a similar proposal should they see insufficient improvements.
On which criteria have the vote is considered significant?	The company has a significant weight in the portfolio and HSBC voted against management.	

Source: Aon Investments Limited, Underlying Managers (LGIM, BlackRock, UBS, Baillie Gifford, Mirova, Nordea, HSBC).

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