

Implementation Statement, covering the Scheme Year from 6 April 2022 to 5 April 2023

The Trustee of the Airbus Group UK Pension Scheme (the “Scheme”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) and Default Arrangement Statement of Investment Principles (“DASIP”) during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12 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.](#)

This Statement is based on the Scheme’s SIP agreed in February 2023. This Statement uses the same headings as the latest SIP and should be read in conjunction with the latest SIP and DASIP which can be found online at [DC Statement of Investment Principles template \(airbus.com\)](#).

1. Introduction

The SIP was reviewed and updated during the Scheme Year, in February 2023, to reflect changes to the lifestyle strategies and self-select options over the period as follows:

- Replacing the equity funds within the Airbus Global Equity Fund blend with 100% allocation to the Low Carbon Transition Global Equity Index Fund, managed by Legal & General (“L&G”);
- Adding the Columbia Threadneedle Responsible Global Equity Fund and the L&G Fossil Fuel Free Climate Equity Index Fund to the self-select fund range; and
- Closing the L&G Pre-Retirement Fund to new investors (within the self-select range).

The SIP was also updated to include wording to reference the Trustee’s selection of its stewardship priorities.

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 policies in the Scheme’s SIP and DASIP during the Scheme Year. The following sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

The Trustee’s primary objectives for the Scheme are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile and the variety of ways that members can draw their benefits in retirement;
- a default investment option that the Trustee believes to be reasonable for those members who do not wish to make their own investment decisions. The objective of the default option is to generate returns above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement; and
- an asset allocation at the target retirement date that is appropriate and consistent with how most members are expected to take their retirement savings.

The most recent triennial investment strategy review took place in 2020. The next review has commenced following the end of the Scheme Year covered by this Statement and will be covered in next year's version of this Statement.

As part of the review of the default arrangements which began in January 2020 and concluded in September 2020, the Trustee considered and reviewed the Scheme's membership demographics and the variety of ways that members may draw their benefits in retirement from the Scheme. The Trustee decided to make a number of changes to specific funds following this review, which are detailed in section 3.

The lifestyle investment strategies were reviewed to ensure that investment returns (after deduction of any charges) have been consistent with the aims and objectives of the defaults as stated in the SIP and DASIP, and to check that they remained suitable and appropriate given the Scheme's risk profile, membership and the variety of ways that members may draw their benefits in retirement from the Scheme. Based on the outcome of this analysis, the Trustee concluded that the at-retirement objectives of the lifestyle investment strategies have been designed to be in the best interests of the majority of the Scheme's members (targeting drawdown and cash) and reflects the demographics of those members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. The Trustee has made available an alternative lifestyle strategy and self-select fund range to members covering all major assets classes (as set out in Appendix 3 of the SIP). The Trustee monitors the take up of these funds and its advisers have confirmed it is in line with the market.

3. Investment strategy

Members who do not choose an investment option are automatically invested in the applicable default option. The default options are set up as "lifestyle strategies" (i.e. they automatically combine investments in proportions that vary according to the time to retirement age) and have retirement objectives of either transfer to income drawdown, or taking a full lump sum cash withdrawal. There is also one other lifestyle strategy available to members, the Airbus Annuity Lifestyle. Members are also offered a range of self-select funds.

The Trustee reviews the strategy at least every three years and as soon as practicable after any significant change in investment policy, or the demographic profile of relevant members. The Trustee will, from time to time, review retirement data to see how members access their benefits to check whether assumptions made about how members will access their benefits are borne out in practice.

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, formally reviewed the strategy and performance of both the default arrangements prior to the Scheme Year, with the review beginning in January 2020 and concluding in September 2020. The Trustee concluded that drawdown and cash remain appropriate retirement targets for the Scheme's default arrangements. The Trustee reviewed the building blocks of the default strategies and decided to make a number of changes to the equity and cash allocations, in order to improve the risk and return profile for members. These changes involved reducing UK bias within the equity portfolio and replacing some or all of the cash allocations with short duration credit, with the aim of improving member outcomes at retirement.

As part of this review the Trustee made sure the Scheme's default arrangements were adequately and appropriately diversified between different asset classes and has also considered whether the self-select options provide a suitably diversified range to choose from.

More recently, during the Scheme Year, the Trustee has reviewed the self-select range and the level of responsible investment integration within the investment strategy. As a result of this review, the Trustee agreed to replace the equity funds within the Airbus Global Equity Fund blend with a 100% allocation to the Legal and General ("L&G") Low Carbon Transition Global Equity Index Fund. The previous allocation of the Airbus Global Equity fund had an 85% allocation to the L&G World (ex-UK) Equity Index Fund, a 10% allocation to the L&G World Emerging Markets Equity Index and a 5% allocation to the L&G UK Equity Index Fund. This change reduced the fund charge for members, is expected to better protect members against climate change risk and reduces the environmental impact of the investments held by members.

This change was implemented during the Scheme Year, on 1 March 2023.

The Trustee also agreed to add two new funds to the Scheme's self-select range that have a specific responsible and sustainable focus. More detail on this is included in Section 5.

4. Considerations in setting the investment arrangements

As part of its ongoing review of performance and strategy of the default arrangements, the Trustee considered the investment risks set out in Appendix 2 of the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee updated its investment beliefs in the SIP during the Scheme year to reflect its beliefs regarding climate-related risks and opportunities. It added two new investment beliefs to the SIP, namely:

- aligning the Scheme's assets with net zero greenhouse gas emissions by 2050 where practicable is expected to help reduce the risks to the Scheme from climate change; and
- voting and engagement are important and can create long term value which is in the best interest of Scheme members and therefore we encourage managers to improve their voting and engagement practices.

The Trustee invests for the long term, to provide for the Scheme's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship¹ activities are aligned to the creation of long-term value and the management of long-run systemic risks.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies.

The Trustee evaluates investment manager performance over both shorter and longer term periods as available. The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee has a contract with a platform provider, L&G, who makes available the range of investment options to members. As all the funds are accessed via an agreement with the Scheme's platform provider; there is no direct legal relationship between the Scheme and the underlying investment managers of the DC investment funds. Nevertheless, the Trustee is responsible for appointing and providing governance oversight of the managers which the Scheme accesses via the L&G arrangement.

The Trustee appointed one new investment manager (Columbia Threadneedle) over the Scheme Year, adding the Columbia Threadneedle Responsible Investment Fund to the Scheme's self-select fund range on 10 February 2023. Before appointing the new manager, the Trustee received information on the investment process, investment philosophy, the investment team, the manager's approach to responsible investment and stewardship, as well as past performance.

The Trustee also invested in two new funds with L&G; a manager with whom the Scheme had a pre-existing relationship. These funds were the L&G Low Carbon Transition Global Equity Index Fund, which replaced the equity funds within the Airbus Global Equity Fund blend on 1 March 2023 (as detailed Section 2), and the L&G Fossil Fuel Free Climate Equity Index Fund, which was added to the Scheme's self-select fund range on 10 February 2023.

The Trustee obtained formal written advice from its investment adviser, LCP, before investing in the funds and made sure the investment portfolio of the funds chosen were adequately and appropriately diversified. The Trustee

¹ The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

relies on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments with the Scheme's investment managers and informs the Trustee promptly about any significant updates or events they become aware of with regard to the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund. During the Scheme Year, this included the following:

- The introduction of BlackRock's commitment to sustainability explicitly within the fund objective of the BlackRock Sterling Short Duration Credit Fund; and
- The updates to the name, objective, and benchmark of the LGIM Future World Annuity Aware Fund (previously known as the LGIM Pre-Retirement Fund).

The Trustee monitors the performance of the Scheme's investment managers on a quarterly basis, using the quarterly investment report provided by L&G. The report shows the performance of each manager over the quarter, 1 year, 3 years and 5 years. Performance is considered in the context of each fund's benchmark and objectives.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives.

Over the Scheme Year, the Trustee undertook a value for members assessment which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be very competitive when compared against schemes with similar size mandates. Overall, taking all factors into account, the Trustee believes that the costs and charges members pay represent very good value when compared to the benefits the members receive in relation to the Scheme.

6. Realisation of investments

It is the Trustee's policy to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the Scheme's funds which the Trustee offers are daily priced.

7. Consideration of financially material and non-financial matters

During the Scheme Year, the Trustee received training on climate-related topics, including scenario analysis and climate metrics, in order to deepen its understanding of climate change and enhance the Scheme's management of climate-related risks and opportunities. The Trustee also received training on responsible investment and Net Zero.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations) within the parameters of the mandates they are set. As such, as part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement. During the Scheme Year, the Trustee added a climate-tilted equity fund, the L&G Low Carbon Transition Fund, to the Scheme's default arrangements. The majority of Scheme assets are invested in this fund. The Trustee also added two funds to the Scheme's self-select fund range that have a specific responsible and sustainable focus. Further detail is set out in Section 3 and 5 above.

In analysis produced by the investment adviser, LCP, outside of the Scheme Year in January 2022, the Trustee reviewed LCP's responsible investment (RI) scores for the Scheme's managers and funds, along with LCP's qualitative RI assessments for each fund. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores are based on LCP's Responsible Investment Survey 2022.

The Trustee was satisfied with the results of the review and no further action was taken.

The Trustee does not take into account any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and

realisation of investments. The Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available the L&G Ethical Global Equity Fund and the L&G Fossil Fuel Free Climate Equity Index Fund as investment options for members.

8. Stewardship

The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

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 Investment Sub-Committee meeting held in February 2023, the Trustee discussed and agreed stewardship priorities for the Scheme which were: **Climate Change, Human Rights and Corporate Transparency**.

These priorities were selected because:

- managers have well-developed climate policies allowing better target measurement and assessment; and
- the availability of data on what managers are doing in relation to corporate transparency and human rights is comprehensive, allowing for better target measurement and assessment.

The Trustee communicated these priorities to its managers in March 2023. The communication included the Trustee's expectation that its managers would take into account financially material factors (including climate change and other ESG factors) when investing the Scheme's assets and improve their ESG practices over time within the parameters of their respective mandates. At the time of writing this Statement, four out of five of the Scheme's fund managers have responded to the Trustee's communication, acknowledging its priorities and accepting that they were in line with their beliefs. The Trustee is awaiting responses from one of its managers.

The Trustee expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking in to account the long-term financial interests of the beneficiaries. The Trustee also expects the managers to communicate their policies on stewardship from time to time, and provide the Trustee with reporting on the results of their engagement and voting activities regularly and at least once a year.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements. If the Trustee's monitoring identifies areas of concern, it will engage with the relevant manager to encourage improvements. The Trustee will set objectives and target dates for each formal engagement, review progress, and have an escalation process which it will follow if progress is unsatisfactory.

9. Responsibilities, decision-making and fees (Appendix 1 of SIP)

The Trustee is responsible for formulating a policy on voting rights. The investment managers are responsible for exercising voting rights attaching to investments and undertaking engagement activities in respect of investments. These responsibilities have been followed over the year, as described in section 12 below.

As mentioned in Section 5, the Trustee assesses the performance of the Scheme's investment managers on an ongoing basis as part of the quarterly investment reports they receive.

The performance of the investment adviser is considered on an ongoing basis by the Trustee. The Trustee has put in place formal objectives for its investment adviser and will review the adviser's performance against these objectives on a regular basis. During the Scheme Year, in December 2022, the Trustee reviewed the formal objectives it has in place for its investment adviser and agreed to add one new objective based on its adviser's work to support the Trustee in relevant responsible investment and climate requirements and decisions, including support with preparation of Task Force on Climate-Related Financial Disclosures ("TCFD") climate reporting.

During the Scheme Year the Trustee Directors received regular updates from their advisers on the latest regulatory requirements and industry trends, in particular quarterly updates from their DC adviser.

Most Trustee Directors also regularly attend conferences, seminars and webinars to keep up to date on current affairs and topics in the pensions arena. A record of attendance is kept centrally by the Secretary to the Trustee.

Each Trustee Director has an annual assessment and discussion each year with the Independent Trustee Chairman where areas for improvement are identified and actions are planned accordingly.

10. Policy towards risk, risk measurement and risk management (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustee maintains a risk register and this is discussed at quarterly meetings, with an in-depth review undertaken on an annual basis.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser or information provided to the Trustee by the Scheme's investment managers. These include, but are not limited to, credit risk, equity risk, currency risk and counterparty risk.

With regards to the risk of inadequate returns, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default option and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The Trustee believes that equity risk is a rewarded investment risk, over the long term, and considers exposure to equity risk in the context of the Scheme's overall investment strategy. The Trustee has used equity and equity-based funds in the growth phase of the default strategies and they are also made available within the self-select fund range.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

11. Investment manager arrangements (Appendix 3 of SIP)

There are no specific policies in this section of the Scheme's SIP.

12. Description of voting behaviour during the Scheme Year

All of the Trustee's holdings in listed equities are within pooled funds and as noted in the Scheme's SIP, the Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. The Trustee notes each of the investment managers quarterly reports and questions investment managers on any voting or ESG issues when necessary.

In this section the Trustee has included data on the Scheme's funds which hold equities and that:

- are used in the Scheme's default strategies, as these are the strategies which contain the majority of members and Scheme assets; and
- are offered as part of the Scheme's self-select range and have a particular focus on Responsible Investment.

As such, the Trustee has included manager voting data for the following funds:

- L&G Low Carbon Transition Global Equity Index Fund;
- L&G UK Equity Index Fund;
- L&G World (ex UK) Equity Index Fund;
- L&G World Emerging Markets Equity Index Fund;
- L&G Diversified Fund;
- Columbia Threadneedle Responsible Global Fund;

- L&G Fossil Fuel Free Climate Equity Index Fund; and
- L&G Ethical Global Equity Index Fund.

12.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustees review these regularly with the last review completed in June 2023 (after the Scheme Year), focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's policy overall.

Legal and General Investment Management (“LGIM” or “L&G”).

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seek to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of LGIM's Investment Stewardship team. The views expressed by attendees during this event form a key consideration in developing LGIM's voting and engagement policies. LGIM also takes into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting decisions are made by LGIM's Investment Stewardship team and in accordance with its 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 helps ensure LGIM's stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the voting decision process, which aims to provide consistent messaging to companies.

LGIM's Investment Stewardship team uses Institutional Shareholder Services (“ISS”) ‘ProxyExchange’ electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS' recommendations is to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes are in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards that 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 the 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.

Columbia Threadneedle Investments (“Columbia Threadneedle”)

Columbia Threadneedle's expectations of corporate governance standards at investee companies are embodied in its Global Corporate Governance Guidelines. These guidelines are translated into detailed proxy voting policies, including 25 market/regional variations that take into consideration local legal and regulatory environments as well as local codes of best practice.

Columbia Threadneedle partners with ISS for routine votes, who implement Columbia Threadneedle's in-house and bespoke regional policies (using Columbia Threadneedle's detailed voting rules). ISS supplies Columbia Threadneedle with custom research based on its own in-house corporate governance guidelines (which are updated annually based on country-specific best practice standards) and with an electronic voting platform for proxy execution. Columbia Threadneedle also subscribes to research on FTSE All-Share companies provided by the Investment Association's Institutional Voting Information Service (IVIS).

Columbia Threadneedle's specialist governance team has an average industry experience of 13 years. Workflow is structured on a regional rather than sectoral basis, reflecting how governance standards are routed in local company law and best practice codes. Columbia Threadneedle deploys its specialist governance team on the most complex and sensitive cases, and partner with ISS to deliver voting on the more simple, routine votes through the careful and consistent application of detailed in-house voting policies.

In certain cases, vote decisions are arrived at through consultation with the internal investment teams. In addition, controversial high-profile meetings can be escalated to the Proxy Working Group, which contains representatives from each part of Columbia Threadneedle.

For regional or local high-profile issues, Columbia Threadneedle pro-actively advises its clients on its intention to vote well in advance of the meeting. Columbia Threadneedle's clients then have the option to state their preference and vote differently. Clients receive detailed vote reports including vote comments. In addition, full vote reports are online, including reasons for Columbia Threadneedle's decisions.

12.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the year to 31 March 2023 is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	LGIM	LGIM	LGIM	LGIM
Fund name	L&G Low Carbon Transition Global Equity Index Fund ²	L&G World (ex UK) Equity Index Fund	L&G UK Equity Index Fund	L&G World Emerging Markets Equity Index Fund
Total size of fund at end of reporting period	£3.3bn	£4.4bn	£13.9bn	£4.4bn
Value of Scheme assets at end of reporting period ¹	£181.1m	£7.2m	£5.0m	£0.7m
Number of equity holdings at end of reporting period	2,791	3,203	541	1,679
Number of meetings eligible to vote	4,828	3,008	733	4,231
Number of resolutions eligible to vote	50,462	36,202	10,870	36,506
% of resolutions voted	99.9%	99.8%	99.9%	99.9%
Of the resolutions on which voted, % voted with management	79.0%	77.6%	94.5%	79.5%
Of the resolutions on which voted, % voted against management	19.9%	21.7%	5.5%	18.4%
Of the resolutions on which voted, % abstained from voting	1.2%	0.7%	0.0%	2.1%
Of the meetings in which the manager voted, % with at least one vote against management	66.1%	77.1%	37.9%	53.9%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11.1%	15.1%	4.2%	6.8%

¹ As at the time of writing, a breakdown of Scheme as at 5 April 2023 was not available from L&G. As such, the Trustee has shown Scheme assets as at 31 March 2023.

²As at Scheme Year end, the L&G Low Carbon Transition Global Equity Index Fund was the sole underlying fund of the Airbus Global Equity Fund.

	Fund 5	Fund 6	Fund 7	Fund 8
Manager name	LGIM	LGIM	LGIM	Columbia Threadneedle
Fund name	L&G Diversified Fund	L&G Ethical Global Equity	L&G Fossil Fuel Free Climate Equity	CT Responsible Global Equity
Total size of fund at end of reporting period	£10.6bn	£0.9bn	£0.5bn	£1.6bn
Value of Scheme assets at end of reporting period ¹	£17.3m	£3.5m	£0.1m	£0.0m
Number of equity holdings at end of reporting period	6,396	1,041	1,395	47
Number of meetings eligible to vote	9,541	1,155	1,708	51
Number of resolutions eligible to vote	99,252	16,602	22,685	783
% of resolutions voted	99.8%	99.8%	99.8%	95.7%
Of the resolutions on which voted, % voted with management	77.4%	82.0%	80.0%	85.8%
Of the resolutions on which voted, % voted against management	21.9%	17.8%	19.5%	13.5%
Of the resolutions on which voted, % abstained from voting	0.7%	0.2%	0.6%	0.7%
Of the meetings in which the manager voted, % with at least one vote against management	72.8%	76.0%	74.7%	66.7%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12.5%	13.0%	14.4%	N/A ²

¹ As at the time of writing, a breakdown of Scheme as at 5 April 2023 was not available from L&G. As such, the Trustee has shown Scheme assets as at 31 March 2023.

²Columbia Threadneedle do not report where its voting differs from the proxy advisor's recommendations as it applies its own custom voting policy. Columbia Threadneedle will vote contrary to the proxy advisor's recommendations where its voting deviates from its custom voting policy.

12.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme'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. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

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 ten most significant votes, and suggested the managers could use the PLSA's criteria for creating this shortlist.

We have interpreted "most significant votes" to mean those that:

- align with the Trustee’s stewardship priorities of climate change, human rights, and corporate transparency;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial; and
- the Scheme or the sponsoring company may have a particular interest in.

Further information on L&G’s most significant votes are available on request from the Airbus Pensions Team at <https://www.airbus.com/en/who-we-are/our-worldwide-presence/airbus-in-europe/airbus-in-the-united-kingdom/airbus-uk-pension>

LGIM Low Carbon Transition Global Equity Index Fund and LGIM World (ex UK) Equity Index Fund

Company name: Alphabet Inc., June 2022.

Relevant stewardship priority: Climate Change

Vote cast: For resolution.

Summary of resolution: Report on Physical Risks of Climate Change. This shareholder resolution was considered by LGIM an escalation of its climate-related engagement activity and its public call for high quality and credible transition plans to be subject to a shareholder vote.

Rationale: 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 mandate’s holding at the date: 1.15% LGIM Low Carbon Transition Global Equity Index Fund and 1.24% LGIM World (ex UK) Equity Index Fund.

The reason the Trustee considered this vote to be “most significant”: This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager’s vote – the resolution did not pass.

LGIM Low Carbon Transition Global Equity Index Fund and LGIM UK Equity Index Fund

Company name: Royal Dutch Shell Plc, May 2022.

Relevant stewardship priority: Climate Change

Vote cast: Against resolution.

Summary of resolution: Approve the Shell Energy Transition Progress Update.

Rationale: LGIM 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, LGIM 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 mandate’s holding at the date: 0.28% LGIM Low Carbon Transition Global Equity Index Fund and 6.70% LGIM UK Equity Index Fund.

The reason the Trustee considered this vote to be “most significant”: This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager's vote – the resolution passed.

LGIM Low Carbon Transition Global Equity Index Fund and LGIM World Emerging Markets Equity Index Fund

Company name: China Construction Bank Corporation, June 2022.

Relevant stewardship priority: Climate Change, Corporate Transparency

Vote cast: Against resolution.

Summary of resolution: Elect Graeme Wheeler as Director

Rationale: A vote against is applied under LGIM's Climate Impact Pledge as the Company had not published a clear thermal coal policy and no disclosure of scope 3 emissions associated with investments. As members of the Risk Committee, these directors are considered accountable for the bank's climate risk management.

Approximate size of the mandate's holding at the date: 0.07% LGIM Low Carbon Transition Global Equity Index Fund and 1.11% LGIM World Emerging Markets Equity Index Fund

The reason the Trustee considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager's vote – the resolution passed.

LGIM Diversified Fund

Company name: BP Plc, May 2022.

Relevant stewardship priority: Climate Change

Vote cast: For resolution.

Summary of resolution: Approve Net Zero - From Ambition to Action Report.

Rationale: While LGIM notes the inherent challenges in the decarbonisation efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is LGIM's view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remains committed to continuing its constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.

Approximate size of the mandate's holding at the date: 0.13%

The reason the Trustee considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was in line with the manager's vote – the resolution passed.

LGIM Ethical Global Equity Index Fund

TotalEnergies SE. France. May 2022.

Relevant stewardship priority: Climate Change

Vote cast: Against resolution.

Summary of resolution: Approve Company's Sustainability and Climate Transition Plan

Rationale: LGIM recognises the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However,

LGIM 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 mandate's holding at the date: 0.34%

The reason the Trustee considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager's vote – the resolution passed.

LGIM Fossil Fuel Free Climate Equity Index Fund

Company name: Amazon. com Inc., May 2022.

Relevant stewardship priority: Human Rights

Vote cast: Against resolution.

Summary of resolution: Elect Director Daniel P. Huttenlocher.

Rationale: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

Approximate size of the mandate's holding at the date: 2.2%

The reason the Trustee considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was not in line with the manager's vote – the resolution passed.

Columbia Threadneedle Responsible Global Equity Fund

Company name: Tractor Supply Company, May 2022.

Relevant stewardship priority: Corporate transparency

Vote cast: Abstain.

Summary of resolution: Report on costs of low wages and inequality and impact on diversified shareholders

Rationale: Whilst Columbia Threadneedle are generally supportive of greater disclosure on inequality and its impact, it believes that Tractor Supply Company has provided good disclosure, oversight, and actionable goals on this issue.

Approximate size of the mandate's holding at the date: 2.2%

The reason the Trustee considered this vote to be "most significant": This vote relates to a stewardship priority selected by the Trustee.

Outcome: The outcome of the vote was in line with the manager's vote – the resolution failed.