

Natixis Pension Scheme

Year ended 31 December 2022

Implementation Statement

The Trustees of the Natixis Pension Scheme (the "Scheme") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Sections 1 and 2 below.

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

In preparing the Statement, the Trustees have had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

The Trustees have, in their opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustees have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The managers' policies can be found here:

- LGIM: LGIM – policies on voting rights and engagement
- BlackRock: BlackRock - policies on voting rights and engagement
- Abrdn: Abrdn - policies on voting rights and engagement

However, the Trustees take ownership of the Scheme's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement. There were no changes to the investment managers during the Scheme Year.

The Trustees met to discuss DWP's new guidance (linked above) at their meeting in March 2023. At this meeting the Trustees agreed to set the following stewardship priorities to focus engagement with their investment managers on specific ESG factors:

- Climate Change;
- Diversity Equity & Inclusion; and
- Biodiversity.

The Trustees have communicated these priorities, and their broader expectations, to the Scheme's managers, and will report on them as part of the next Implementation Statement.

The Trustees are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expect most managers will have areas where they could improve. Therefore, the Trustees aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

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Implementation Statement (continued)

3. Description of voting behaviour during the Scheme Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to its investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes

are exercised and the Trustees themselves have not used proxy voting services over the Scheme Year. However, the Trustees monitor managers' voting and engagement behaviour and will challenge managers where their activity has not been in line with the Trustees' expectations.

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

- LGIM Global Equity Fixed Weight (50:50) GBP Hedged Fund
- LGIM World Emerging Markets Equity Index Fund
- LGIM Infrastructure Equity MFG Fund
- Abrdn Diversified Growth Fund
- BlackRock Dynamic Diversified Growth Fund

In addition to the above, the Trustees contacted the Scheme's asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

3.1 Description of the voting processes

For assets with voting rights, the Trustees rely on the voting policies which their managers have in place.

3.1.1 Legal & General Investment Management ("LGIM")

LGIM provided the following wording to describe its voting practices:

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

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 we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.

3.1.2 Abrdn

Abrdn provided the following wording to describe its voting practices:

In line with our active ownership approach, we review the majority of general meeting agendas convened by companies which are held in our active equity portfolios. Analysis is undertaken by a member of our regional investment teams or our Active Ownership team and votes instructed following consideration of our policies, our views of the company and our investment insights. To enhance our analysis we may engage with a company prior to voting to understand additional context and explanations, particularly where there is deviation from what we believe to be best practice.

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To supplement our own analysis we make use of the benchmark research and recommendations provided by ISS, a provider of proxy voting services. In the UK we also make use of the Investment Association's (IA) Institutional Voting Information Service. We have implemented regional voting policy guidelines with ISS which ISS applies to all meetings in order to produce customised vote recommendations. These custom recommendations help identify resolutions which deviate from our expectations. They are also used to determine votes where a company is held only in passive funds. Within our custom policies, however, we do specify numerous resolutions which should be referred to us for active review. For example, we will analyse all proposals marked by ISS as environmental or social proposals.

While it is most common for us to vote in line with a board's voting recommendation we will vote our clients' shares against resolutions which are not consistent with their best interests. We may also vote against resolutions which conflict with local governance guidelines, such as the IA in the UK. Although we seek to vote either in favour or against a resolution we do make use of an abstain vote where this is considered appropriate. For example we may use an abstention to acknowledge some improvement, but as a means to reserve our position in expectation that further improvement is needed before we can vote in favour. Where we vote against a resolution we endeavour to inform companies of our rationale. In exceptional circumstances we may attend and speak at a shareholder meeting to reinforce our views to the company's board. We endeavour to vote all shares for which we have voting authority. We may not vote when there are obstacles to do so, for example those impacting liquidity, such as share-blocking, or where there is a significant conflict of interest. We use the voting platform of ISS to instruct our votes. Our votes are disclosed publicly on our website one day after a general meeting has taken place.

3.1.3 BlackRock

BlackRock provided the following wording to describe its voting practices:

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets.

We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them.

As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary.

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial.

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Implementation Statement (continued)

3.2 Summary of voting behaviour over the Scheme Year

A summary of voting behaviour over the Scheme Year is provided in the table below.

| Voting behaviour | | | | | |
|--|---|--|--|---------------------------|--------------------------------------|
| Manager name | LGIM | LGIM | LGIM | Abrdn | BlackRock |
| Fund name | Global Equity Fixed Weights (50:50) Index Fund - GBP Currency Hgd | World Emerging Markets Equity Index Fund | Infrastructure Equity MFG Fund - GBP Currency Hedged | SL ASI Diversified Growth | BIJF-Dynamic Diversified Growth Fund |
| Total size of fund at end of the Scheme Year | £3.3bn | £4.7bn | £1.4bn | £0.4bn | £1.6bn |
| Value of Scheme assets at end of the Scheme Year (£ / % of total assets) | £5.9m / 22% | £1.3m / 5% | £2.7m / 10% | £1.4m / 5% | £1.3m / 5% |
| Number of equity holdings at end of the Scheme Year | 2,757 | 1,694 | 88 | 571 | 603 |
| Number of meetings eligible to vote | 3,197 | 4,180 | 91 | 605 | 898 |
| Number of resolutions eligible to vote | 40,837 | 35,615 | 1,114 | 8,561 | 11,899 |
| % of resolutions voted | 100% | 100% | 100% | 98% | 94% |
| Of the resolutions on which voted, % voted with management | 82% | 79% | 76% | 86% | 94% |
| Of the resolutions on which voted, % voted against management | 18% | 19% | 24% | 13% | 6% |
| Of the resolutions on which voted, % abstained from voting | 0% | 2% | 0% | 1% | 1% |
| Of the meetings in which the manager voted, % with at least one vote against management | 70% | 54% | 80% | 62% | 31% |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 12% | 7% | 20% | 9% | 0% |

3.3 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.

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 Trustees did not identify significant voting ahead of the reporting period. Instead, the Trustees have 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 criteria¹ for creating this shortlist.

¹ Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

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The Trustees have then used their discretion to choose a selection of “most significant vote” resolutions from those provided by each manager, aiming to provide a broad range of example resolutions that the Scheme’s investment managers voted on during the Scheme Year. In particular the Trustees have sought to include at least one resolution related to their three stewardship priorities, in line with our decision to set this as our key stewardship priority for the Plan.

The Trustees have reported on one / two of these significant votes per fund only as the most significant votes.

LGIM Global Equity Fixed Weights (50:50) Index Fund – GBP Currency Hedged

| | McDonald's Corporation | Apple Inc |
|--|--|--|
| Date of vote | 26 May 2022 | 4 March 2022 |
| Summary of resolution | Report on Public Health Costs of Antibiotic Use and Impact on Diversified Shareholders | Report on Civil Rights Audit |
| Vote cast | For | For |
| Outcome of the vote | Failed | Passed |
| Management recommendation | Against | Against |
| Rationale for the voting decision | LGIM voted in favour of the proposal as it believes the proposed report will contribute to informing shareholders and other stakeholders of the negative externalities created by the sustained use of antibiotics in the company's supply chain and its impact on global health, with a particular focus on the systemic implications. While noting the company's past efforts to reduce the use of antibiotics in its supply chain for chicken, beef and pork, LGIM believes antimicrobial resistance (AMR) is a financially material issue for the company and other stakeholders, and concerted action is needed sooner rather than later. | LGIM supports proposals related to diversity and inclusion policies as it considers these issues to be a material risk to companies. |
| Approx size of the fund's holding at the date of the vote | 0.1% | 1.0% |
| Relevant stewardship priority | Biodiversity | DEI |

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LGIM World Emerging Markets Equity Index Fund

| | Meituan | China Construction Bank Corporation |
|---|--|--|
| Date of vote | 18 May 2022 | 23 June 2022 |
| Summary of resolution | Elect Wang Xing as Director | Elect Graeme Wheeler as Director |
| Vote cast | Against | Against |
| Outcome of the vote | Passed | Passed |
| Management recommendation | For | For |
| Rationale for the voting decision | LGIM expects a company to have at least one female on the board and also the roles of Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. | The vote against is due to LGIM's Climate Impact Pledge, as the Company has 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. |
| Approx size of the fund's holding at the date of the vote | 1.3% | 1.0% |
| Relevant stewardship priority | DEI | Climate Change |

LGIM Infrastructure Equity MFG Fund - GBP Currency Hedged

| | Getlink SE | American Tower Corporation |
|---|--|--|
| Date of vote | 27 April 2022 | 18 May 2022 |
| Summary of resolution | Approve Company's Climate Transition Plan (Advisory) | Elect Director Robert D. Hormats |
| Vote cast | Against | Against |
| Outcome of the vote | Passed | Passed |
| Management recommendation | For | For |
| Rationale for the voting decision | LGIM voted against this resolution due to the lack of clarity around long-term goals and net zero ambitions. | LGIM voted against the re-election of the director as the company has an all-male Executive Committee. |
| Approx size of the fund's holding at the date of the vote | 1.9% | 1.7% |
| Relevant stewardship priority | Climate change | DEI |

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Abrdn SL ASI Diversified Growth Fund

| | General Mills, Inc | KLA Corporation |
|---|--|--|
| Date of vote | 27 September 2022 | 2 November 2022 |
| Summary of resolution | Report on Absolute Plastic Packaging Use Reduction | Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal |
| Vote cast | For | For |
| Outcome of the vote | Not provided | Not provided |
| Management recommendation | Against | Against |
| Rationale for the voting decision | Abrdn believes environmental impacts of plastic are a growing societal concern, with regulators taking action in multiple jurisdictions. While the company's targets on recycled packaging are strong, information on absolute plastic packaging would help shareholders to better assess potential risks and competitive positioning. | Most of the Company's GHG emissions come from Scope 3 emissions, but it has yet to set a target for reducing Scope 3 emissions. Abrdn believes the Company also lags its peers by not participating in the SBTi. While the Company is in the process of developing a decarbonisation strategy for its Scope 3 emissions, there is no guarantee that this strategy would be in line with the Paris Agreement. As such, Abrdn believes the proposal will help make sure that the Company's climate transition plan is aligned with the Paris Agreement. |
| Approx size of the fund's holding at the date of the vote | Not provided | Not provided |
| Relevant stewardship priority | N/A | Climate Change |

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BlackRock Dynamic Diversified Growth Fund

| | ExxonMobil Corporation | Alphabet |
|---|---|---|
| Date of vote | 25 May 2022 | 1 June 2022 |
| Summary of resolution | Report on Low Carbon Business Planning | Oversee and Report a Third-Party Racial Equity Audit |
| Vote cast | Against | For |
| Outcome of the vote | Not provided | Not provided |
| Management recommendation | Against | Against |
| Rationale for the voting decision | <p>BlackRock did not support this shareholder proposal based on its assessment that it was overly prescriptive in nature and unduly constraining on management, and therefore not in clients' long-term economic interests.</p> <p>BlackRock has shared feedback and discussed disclosures that it believes could be enhanced, including continued detail on their progress and oversight of their low carbon plans and a more detailed breakdown of their capital expenditures in support of their stated goals.</p> | <p>While the company has enhanced their work and program development as it relates to diversity, equity and inclusion (DEI), BlackRock believe that a third-party audit would better enable shareholders to assess the effectiveness and outcomes of the company's stated policies and track progress against their stated goals.</p> |
| Approx size of the fund's holding at the date of the vote | Not provided | Not provided |
| Relevant stewardship priority | Climate Change | DEI |