

# Natixis Pension Scheme

Year ended 31 December 2023

## 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.

For the period between the start of the Scheme Year and 25 May 2023, this Statement is based on the SIP dated July 2020. From 25 May 2023 until the end of the Scheme Year it is based on the SIP dated 25 May 2023. This Statement should be read in conjunction with this latest version of the SIP, a copy of which can be found here: [Natixis-Pension-Scheme-May-2023-SIP.pdf \(groupebpce.com\)](https://www.groupebpce.com/en/natixis-pension-scheme-may-2023-sip.pdf).

### 1. Introduction

During the Scheme Year, the Trustees reviewed and updated their voting and engagement policies set out in the Scheme’s SIP, alongside some broader changes to their investment policies. This review took place at the Trustees’ March 2023 meeting, with the SIP subsequently finalised in May 2023.

The changes to the SIP included:

- changes to the Scheme’s strategic asset allocation to further support the Scheme’s Liability Driven Investment (“LDI”) allocation;
- reflecting DWP’s latest guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement, including the setting of some stewardship priorities by the Trustees (further details in section 2 below); and
- the setting of a Net Zero ambition for the Scheme, including setting out the Trustee’s expectations of their investment managers and advisers to help the Scheme achieve this ambition.

As part of this SIP update, the Employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the Scheme’s voting and engagement policies during the Scheme Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

### 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 stewardship guidance (linked above) at their meeting in March 2023. At this meeting the Trustees agreed to set the following stewardship priorities to help focus engagement with their investment managers on specific ESG factors:

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

The Trustees also agreed to set a Net Zero “ambition” for the Scheme (where overall human-made greenhouse gas (GHG) emissions are zero – any remaining GHG emissions are balanced out by removals from the atmosphere).

The Trustees have communicated their stewardship priorities, net zero ambition and their broader expectations to the Scheme’s managers.

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.

### 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. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.*



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*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. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.*

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

#### 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.*

*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.*

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*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.*

### 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.

| Manager name   | Voting behaviour  |  |  |                           |                                      |
|--|---|--|--|---------------------------|--------------------------------------|
|  | 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   | £0.3bn  | £3.6bn                                   | £1.3bn   | £0.6bn                    | £0.9bn                               |
| Value of Scheme assets at end of the Scheme Year (£ / % of total assets)                           | £6.2m / 22%   | £1.3m / 5%                               | £2.7m / 10%  | £1.5m / 5%                | £1.4m / 5%                           |
| Number of equity holdings at end of the Scheme Year  | 3,062   | 1,790                                    | 86   | 496                       | 2,385                                |
| Number of meetings eligible to vote  | 3,052   | 4,196                                    | 92   | 631                       | 575                                  |
| Number of resolutions eligible to vote   | 39,790  | 34,029                                   | 1,239  | 8,858                     | 7,491                                |
| % of resolutions voted   | 100%  | 100%                                     | 100%   | 97%                       | 93%                                  |
| Of the resolutions on which voted, % voted with management   | 82%   | 81%                                      | 74%  | 87%                       | 94%                                  |
| Of the resolutions on which voted, % voted against management                                      | 18%   | 19%                                      | 26%  | 13%                       | 5%                                   |
| Of the resolutions on which voted, % abstained from voting   | 0%  | 1%                                       | 0%   | 1%                        | 1%                                   |
| Of the meetings in which the manager voted, % with at least one vote against management            | 71%   | 54%                                      | 85%  | 58%                       | 26%                                  |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 13%   | 7%                                       | 21%  | 9%                        | 0%                                   |



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### Implementation Statement (continued)

#### 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 criteria<sup>1</sup> for creating this shortlist.

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 each of their three stewardship priorities.

The Trustees have reported on 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

|  | Shell Plc   | Experian Plc   |
|--|---|--|
| <b>Date of vote</b>  | 23 May 2023   | 19 July 2023   |
| <b>Summary of resolution</b>                                     | Approval of the Shell Energy Transition Progress  | Re-elect Mike Rogers as Director   |
| <b>Vote cast</b>   | Against   | Against  |
| <b>Outcome of the vote</b>                                       | Passed  | Passed   |
| <b>Management recommendation</b>                                 | For   | For  |
| <b>Rationale for the voting decision</b>                         | LGIM voted against the plan, though not without reservations. They acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, they remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory. | LGIM expects there to be a level of gender diversity on the board which means including at least one female member. As this requirement was not met a vote against was cast. |
| <b>Approx size of the fund's holding at the date of the vote</b> | 3.5%  | 0.6%   |
| <b>Relevant stewardship priority</b>                             | Climate Change  | DEI  |

<sup>1</sup> 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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### Implementation Statement (continued)

LGIM World Emerging Markets Equity Index Fund

|  | Angel Yeast Co., Ltd.  | Tencent Holdings Limited   |
|--|--|--|
| <b>Date of vote</b>  | 20 April 2023  | 17 May 2023  |
| <b>Summary of resolution</b>                                     | Approving the Report of the Board of Directors   | Elect Jacobus Petrus (Koos) Bekker as Director   |
| <b>Vote cast</b>   | Against  | Against  |
| <b>Outcome of the vote</b>                                       | Passed   | Passed   |
| <b>Management recommendation</b>                                 | For  | For  |
| <b>Rationale for the voting decision</b>                         | LGIM voted against the approval of the Report from the Board due to their failure to meet their minimum standards with regards to LGIM's deforestation policy. | The vote against was placed due to the company not meeting LGIM's minimum standards with regards to climate risk management. |
| <b>Approx size of the fund's holding at the date of the vote</b> | 0.01%  | 4.2%   |
| <b>Relevant stewardship priority</b>                             | Biodiversity   | Climate Change   |

### LGIM Infrastructure Equity MFG Fund - GBP Currency Hedged

|  | American Water Works Company, Inc.   | PPL Corporation   |
|--|--|---|
| <b>Date of vote</b>  | 10 May 2023  | 17 May 2023   |
| <b>Summary of resolution</b>                                     | Oversee and Report a Racial Equity Audit   | Elect Director Craig A. Rogerson  |
| <b>Vote cast</b>   | For  | Against   |
| <b>Outcome of the vote</b>                                       | Failed   | Passed  |
| <b>Management recommendation</b>                                 | Against  | For   |
| <b>Rationale for the voting decision</b>                         | LGIM supported this resolution in relation to DEI policies as they consider these issues to be a material financial risk to companies. | Due to LGIM's Climate Impact Pledge any companies across their 20 climate critical sectors must meet minimum standards on climate mitigation, adaptation, and disclosure. LGIM voted against the Chair of the Board, Craig A. Rogerson, given PPL's transition pathway is not aligned with the goals of the Paris Agreement, due to the company's plans to use unabated coal past 2030. |
| <b>Approx size of the fund's holding at the date of the vote</b> | 1.4%   | 1.0%  |
| <b>Relevant stewardship priority</b>                             | DEI  | Climate   |

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### Implementation Statement (continued)

Abrdn SL ASI Diversified Growth Fund

|  | Microsoft Corporation   | National Australia Bank Limited   |
|--|---|---|
| <b>Date of vote</b>  | 7 December 2023   | 15 December 2023  |
| <b>Summary of resolution</b>                                     | Report on Gender-Based Compensation and Benefits Inequities   | Approve Transition Plan Assessments   |
| <b>Vote cast</b>   | Against   | Against   |
| <b>Outcome of the vote</b>                                       | Failed  | Withdrawn   |
| <b>Management recommendation</b>                                 | Against   | Against   |
| <b>Rationale for the voting decision</b>                         | Abrdn welcome Microsoft's transparency on diversity and inclusion. Its Global Diversity & Inclusion Report discloses median unadjusted pay analysis, and the company provides detailed information on the benefits available to staff. Given the level of disclosure the company already has in place, Abrdn did not feel support for this proposal was warranted at this time. | A vote against the resolution is appropriate as the company has already committed to and publicly disclosed its climate transition plan. This includes but is not limited to joining the Net-Zero Banking Alliance, committing to achieving net zero by 2050 and setting interim targets for its lending portfolio with the most significant carbon exposure. |
| <b>Approx size of the fund's holding at the date of the vote</b> | Not provided  | Not provided  |
| <b>Relevant stewardship priority</b>                             | DEI   | Climate Change  |



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### Implementation Statement (continued)

BlackRock Dynamic Diversified Growth Fund

|  | Shell Plc   | Shell Plc   |
|--|---|---|
| <b>Date of vote</b>  | 23 May 2023   | 23 May 2023   |
| <b>Summary of resolution</b>                                     | Approve the Shell Energy Transition Plan progress   | Request Shell to align its existing 2030 reduction target covering the greenhouse gas emissions of the use of its energy products with the goal of the Paris Climate Agreements   |
| <b>Vote cast</b>   | For   | Against   |
| <b>Outcome of the vote</b>                                       | Passed  | Failed  |
| <b>Management recommendation</b>                                 | For   | Against   |
| <b>Rationale for the voting decision</b>                         | Overall, BlackRock thinks that Shell has and continues to provide a clear assessment of their plans to manage climate-related risks and opportunities and has demonstrated continued delivery against their Energy Transition Strategy. Given that the speed and shape of a low carbon transition are unclear, company disclosures that include scenario analysis and provide context on the transition plan and targets, help investors' understanding of company-specific risks and opportunities. In their view, Shell's reporting and approach are aligned with their clients' long-term financial interests; therefore, BlackRock supported the management resolution. | BlackRock did not consider it in the financial interests of their clients to support this shareholder proposal. In their assessment of Shell's energy Transition Strategy, the company is addressing the risks and opportunities in their business model stemming from a low carbon transition and has demonstrated that they are delivering against their stated plan. |
| <b>Approx size of the fund's holding at the date of the vote</b> | Not provided  | Not provided  |
| <b>Relevant stewardship priority</b>                             | Climate Change  | Climate Change  |