

Nordea Bank London Pension Plan

Annual Engagement Policy Implementation Statement – 2021

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (the “SIP”) produced by the Trustees of the Nordea Bank London Pension Plan (the “Plan”) has been followed during the year to 31 December 2021. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan included in the SIP are as follows:

- To invest the Plan’s assets in such a manner that Plan members’ benefit entitlements can be paid as and when they fall due.
- To pay due regard to the sponsoring employer’s requirements with regards to the size and incidence of contribution payments.

The objectives set out above, and the risks and other factors referenced in the SIP are those that the Trustees determine to be financially material considerations in relation to the Plan.

Policy on ESG, Stewardship and Climate Change

The Plan’s SIP includes the Trustees’ policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change. This policy sets out the Trustees’ beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. This was last reviewed in March 2022.

The Trustees believe that ESG factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration.

The following sets out how the Trustees’ engagement and voting policies were followed and implemented during the year.

Engagement

The Plan’s investment manager has confirmed that it is a signatory of the current UK Stewardship Code.

The Plan’s investment manager engaged with companies over the period on a wide range of different issues including ESG matters. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (e.g. those linked to

the Paris agreement). The Plan's investment manager provided examples of instances where it had engaged with companies it was invested in or about to invest in which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meeting with the companies that the investment manager invests in or by voting on key climate-related resolutions at companies' Annual General Meetings. The resolutions are often co-filed by a number of investors who indicate or not their support for the resolution to the company's management.

The Trustees regularly take advice from their investment advisers in relation to the rating of the Plan's investment manager from an ESG perspective. The Plan's investment manager (LGIM) remained highly rated on ESG grounds throughout the year ended 31 December 2021. Should an investment manager's ESG rating fall, the Trustees will continue to monitor and engage with the manager to assess the merit of continuing to retain them. When implementing a new investment manager, the Trustees would consider the ESG rating of the new manager.

The Trustees also received details of relevant engagement activity over the year from the Plan's investment manager.

Voting Activity

The Trustees have delegated their voting rights to the Plan's investment manager.

Where applicable, the investment manager is expected to provide voting summary reporting on a regular basis, at least annually. The reports are reviewed by the Trustees to ensure that they align with the Trustees' policy.

The Trustees do not use the direct service of a proxy voter, however, LGIM uses a proxy voting platform, 'ProxyExchange', which is offered by Institutional Shareholder Services ("ISS") to electronically vote clients' shares. ISS provides voting recommendations to its users. LGIM confirm that all voting decisions are made by LGIM in accordance with their Corporate Governance & Responsible Investment and Conflicts of Interest policy documents, which are reviewed annually. During the year to 31 December 2021, 9.13% of eligible votes cast by LGIM were contrary to the recommendation of ISS.

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

Given the nature of the funds which the Plan invests in, voting activity only applies to the LGIM Global Equity Market Weights (30:70) Index Fund, in which the Plan held assets totalling £10.8m. Within this mandate, the voting activity undertaken on behalf of the Trustees over the 12 months to 31 December 2021 was as follows:

Number of eligible meetings	6,269
Number of eligible resolutions	64,914
Percentage of eligible resolutions voted	99.86%
Percentage of votes in favour of management	82.30%
Percentage of votes against management	16.72%
Percentage of votes abstained	0.98%

There were no significant votes made in relation to the securities held by this fund during the reporting period.