

Implementation Statement

The AIG Pension Plan

Plan year ended 5 April 2024

Purpose of the Implementation Statement

This Implementation Statement has been prepared by the Trustees of the AIG Pension Plan ("the Plan") and sets out:

- How the Trustees' policies on exercising rights, including voting rights, and engagement policies have been followed over the year.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year to 5 April 2024*.

*Note: * The investment managers only report voting and engagement data quarterly, therefore data is provided to 31 March 2024 as opposed to the Plan year end date of 5 April 2024.*

Investment manager and funds in use

The investment managers and funds in which the Plan was invested as at 5 April 2024 are set out in the table below:

Manager	Fund	Asset Class
Legal & General Investment Management ("LGIM")	LGIM UK Treasury Bills Fund	UK Treasury Bills
	LGIM AAA-AA-A Bonds-All Stocks Index	Corporate Bonds
	LGIM Buy and Maintain Credit Fund	Credit
	LGIM Gilts Portfolio	Gilts

Over the year, the Trustees sold all of the Plan's holdings in the growth assets by making a full disinvestment from the Baillie Gifford Diversified Growth Fund and GMO Real Return Fund in November 2023 and January 2024 respectively. For the purpose of this implementation statement, the voting and engagement data for these two growth funds have been included given that the Plan were invested in them for the majority of the reporting period.

The Trustees' Statement of Investment Principles (SIP) was last updated in May 2024. A copy is available online and can be found here:

<https://www.isio.com/app/uploads/2024/01/AIG-SIP-May-2023.pdf>

How voting and engagement policies have been followed

The Plan invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Plan's fund managers. The Trustees have decided not to set stewardship priorities since the Plan no longer holds any investments with voting rights as at 31 January 2024, and therefore have limited scope to influence stewardship moving forward. However, the Trustees take stewardship, climate risk, and ESG factors into account at manager selection.

Investment rights have been exercised by the investment managers in line with the investment managers' general policies on corporate governance, and which are provided to the Trustees from time to time, taking into account the financial interests of the beneficiaries. The Trustees also expect the investment managers to have engaged with companies in relation to ESG matters, and to take these into account in the selection, retention and realization of investments where appropriate.

The Trustees are comfortable with the investment managers' strategies and processes for exercising rights and conducting engagement activities, and specifically that they attempt to maximize shareholder value as a long-term investor.

Voting Data

The table below contains the information gathered for the voting behaviour over the year for the Plan's growth assets which convey voting rights. Voting only applies to funds that hold equities, therefore the Plan's holdings in corporate credit and LDI are not included below.

Manager	Baillie Gifford	GMO
Fund name	Diversified Growth Fund	Global Real Return (UCITS) Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
Number of company meetings the manager was eligible to vote at over the year	66	1,502
Number of resolutions the manager was eligible to vote on over the year	690	17,774
Percentage of resolutions the manager voted on	94.06%	93.74%
Percentage of resolutions the manager abstained from	0.46%	0.21%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	96.76%	88.76%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	2.77%	11.03%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	n/a	0.44%

Note: Figures may not sum due to rounding

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities. As the Trustees have decided not to set stewardship priorities for the Plan, for this Implementation Statement the Trustees have asked the investment managers to decide what they deem to be a significant vote for the purpose of this Implementation Statement.

Baillie Gifford Diversified Growth Fund

Baillie Gifford provided data on several votes. Votes relating to three different companies are shown below as an indicative sample. Further information is available in their website below or on request:

<https://www.bailliegifford.com/en/uk/institutional-investor/esg>

	Vote 1	Vote 2	Vote 3
Company name	Prologis Inc.	American Tower Corporation	Montea NV
Date of vote	04/05/2023	24/05/2023	25/01/2024
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.63%	0.23%	0.18%
Summary of the resolution	Remuneration	Appoint/Pay Auditors	Amendment of Share Capital
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	Yes	N/A
Rationale for the voting decision	Baillie Gifford opposed executive compensation because they do not believe the performance conditions for the long-term incentive plan are sufficiently stretching.	Baillie Gifford opposed the ratification of the auditor because of the length of tenure. Baillie Gifford believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.	Baillie Gifford believe it is in the interest of shareholders for the company to have unfettered access to equity to enable them to exploit the current window of opportunity of external growth.
Outcome of the vote	Fail	Pass	Pass
Implications of the outcome	Baillie Gifford will re-iterate their expectation to the Company and monitor the evolution of pay going forward.	Although not a regulatory requirement in the U.S., Baillie Gifford consider it best practice for the auditor to rotate at least every 20 years in order to maintain independence. Baillie Gifford asked about plans to tender last year but did not receive a response. This year Baillie Gifford decided to escalate their voting action to oppose the auditor and will continue to share their expectations with the company.	The company sought Baillie Gifford's opinions ahead of the shareholder meeting. Baillie Gifford were supportive of the company's request for capital as it puts them into a good position to exploit the current window of opportunity for external growth.
Criteria on which the vote is considered "significant"	The resolution is significant because it received greater than 20% opposition.	The resolution is significant because Baillie Gifford opposed the election of auditors.	The resolution is significant because it received greater than 20% opposition.

GMO Global Real Return (UCITS) Fund

GMO has not provided specific examples of significant votes. The fund takes investment exposures from a number of underlying GMO investment teams. As such GMO believes it is difficult to meaningfully determine "significant" votes at the portfolio level.

Engagement data

The Trustees believe that good stewardship helps create and preserve value for companies and markets as a whole. The table below sets out some high-level information on the managers' respective engagement approaches. Engagement activities are limited for the Plan's gilt and cash funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	Baillie Gifford*	GMO	LGIM
Fund name	Diversified Growth Fund	Global Real Return (UCITS) Fund	AAA-AA-A Bonds- All Stocks Index
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of entities engaged on behalf of the holdings in this fund in the year	21	61	45
Number of engagements undertaken at a firm level in the year	744	228	2144

*Baillie Gifford only able to provide engagement data for the year to 31 December 2023.

Examples of engagement activity undertaken over the year to 31 March 2024

Manager and Fund	Example of engagements undertaken
Baillie Gifford Diversified Growth Fund	<p>China Longyuan – Baillie Gifford met with the company's management to discuss several climate-related matters. Their discussion centred around the company's environmental disclosure and that its intentions are regarding the establishment of emission reduction targets.</p> <p>Although the company seems to be making progress in improving its environmental management and disclosure, the progress is slow and short-term in nature, given the environmental materiality of its operations (the company emitted >10 million tons of carbon dioxide from its coal power generation during 2022). To complement the short-term coal disposal commitment, Baillie Gifford would have also expected more to have been done to link the company's strategic ambitions to be a wind power leader and China's overarching and longer-term net zero ambition. The learnings from this engagement are feeding into the ongoing review by Baillie Gifford for this company.</p>
LGIM All funds	<p>Volkswagen – In 2022, MSCI assigned a red controversy flag to Volkswagen in light of the allegations of using forced labour in their operation in Xinjiang. Since then, LGIM have increased their dialogue with the company further, and have engaged on the question of human rights and the company's presence in Xinjiang with senior management including the CFO and Head of Treasury, as well as Investor Relations. Communication has taken place via multiple communication channels, including in person, conference calls and written correspondence.</p> <p>LGIM's engagement with Volkswagen has been well received and they are happy that the company has taken the issue very seriously and acted to attempt to resolve the situation in a proactive and pragmatic manner. Following multiple discussions with investors, Volkswagen resolved to obtain an independent audit of its joint ventures plant in Xinjiang, which was conducted in December 2023. This audit has been conducted by a high profile and well-respected body and appears to address the main concerns around operations at the plant. The completion of the audit resulted in MSCI subsequently removing its red controversy flag. As a result of the removal of the red flag, it is now possible for a greater proportion of LGIM funds to participate in new bond issuances.</p> <p>LGIM will continue to engage with Volkswagen on the subject of human rights and other governance topics, including the long-term future of the plant in Xinjiang and retain an open dialogue with the company and its</p>

management. LGIM Stewardship team will continue also to exercise voting rights at the company, in line with their published policies and expectations, to escalate where appropriate.

Toyota – Following the latest series of the group’s data scandals, GMO decided to make the first public expression of their concern over the portfolio company. In February 2024, GMO team issued a letter to explain their position and contributed to an article on the topic in the Financial Times. GMO view the scandal as just one symptom of a larger problem of its broken corporate governance.

GMO

Global Real Return (UCITS)
Fund

Over the years, GMO have regularly engaged with management on various governance topics. On behalf of their clients, GMO will continue to do so, with a particular focus on progressing their recommendations on the following topics. Specifically, GMO continue to focus on advancing their existing engagement objectives with the company with a greater sense of urgency on three fronts: 1) unwinding of tangled cross shareholdings within the group, 2) urgent establishment of an independent and diverse leadership team and board of directors, and 3) honestly accounting for, and addressing, past failures.

Prepared by the Trustees of the AIG Pension Plan

August 2024