

The Guardian Lifestyle Plan

Implementation Statement for the year to 31 March 2023

Purpose of this statement

This Statement has been prepared by the Trustees of The Guardian Lifestyle Plan ("the Plan") for the purpose of monitoring how the policies set out in the Plan's Statement of Investment Principles ("SIP") have been followed over the year to 31 March 2023. It sets out:

- How the Trustees' policies on exercising rights (including voting rights) and engagement policies have been followed over the year; and,
- The extent to which the wider policies set out in the SIP have been followed during the period, including details of any review of the SIP during the period.
- The voting behaviour of the Trustees, or that undertaken on their behalf, over the year.

Stewardship policy

The Trustees' SIP describes the Trustee's stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in May 2021 and has been made available online [here](#).

The Trustees are currently working through a triennial investment strategy review. In due course, this will include a review of their fund managers' stewardship credentials and views from The Guardian (the Company) to assist with a detailed review of the Trustees' stewardship policy. However, the Trustees have set interim stewardship priorities to assist with the preparation of this Implementation Statement. The following interim stewardship priorities were agreed:

- Climate change and biodiversity;
- Fair pay and responsible remuneration;
- Diversity, equity and inclusion; and,
- Modern slavery

Investment managers and funds in use during the year

The Plan uses an investment platform provided by Legal & General Investment Management ("L&G"). The platform provides access to funds managed by L&G and external managers.

Members of the Plan can invest in several automated switching strategies and self-select funds. The Trustees have also agreed a default strategy for members who do not wish to make their own investment choices. Details of the options available to members can be found in the investment guide, as updated from time to time to reflect relevant changes. This can be accessed using the member document library [online](#).

The table below summarises the Plan's funds, including the underlying constituent funds. The funds used within the default strategy (a strategy that members are automatically invested in, unless an investment choice is made)

are highlighted **purple**. All of the funds detailed in the table were also offered as self-select investments to members as at 31 March 2023.

Fund	Underlying constituent funds
Early Growth Fund	Northern Trust World Green Transition Index Fund PIMCO Income Fund
Core Growth Fund	Northern Trust World Green Transition Index Fund PIMCO Income Fund L&G Diversified Fund
Consolidation Fund	L&G 5 to 15 Year Index-Linked Gilts Index Fund L&G AAA-AA-A Corporate Bond – All Stocks – Index Fund PIMCO Income Fund L&G Diversified Fund
Cash Fund	L&G Sterling Liquidity Fund
UK Equity Fund	L&G UK Equity (5% Capped) Passive Fund
Overseas Equity Fund	L&G North America Equity Index Fund L&G North America Equity Index Fund - GBP Currency Hedged L&G Europe (ex-UK) Equity Index Fund L&G Europe (ex-UK) Equity Index Fund - GBP Currency Hedged L&G Japan Equity Index Fund L&G Japan Equity Index Fund - GBP Currency Hedged L&G Asia Pacific (ex-Japan) Developed Equity Index Fund L&G Asia Pacific (ex-Japan) Developed Equity Index Fund - GBP Currency Hedged L&G World Emerging Markets Equity Index Fund
UK Government Stocks Fund	L&G All Stocks Gilts Index Fund
Corporate Bond Fund (Active)*	PIMCO Income Fund
Corporate Bond Fund (Passive)	L&G AAA-AA-A Corporate Bond – All Stocks – Index Fund
UK Government Stocks Index Linked Fund	L&G All Stocks Index-Linked Gilts Index Fund
Annuity Targeting Fund	L&G Pre-Retirement Fund
Sustainable Future Fund	Northern Trust World Green Transition Equity Index Fund

How voting and engagement/stewardship policies have been followed

Based on the information provided by the Plan's investment managers, the Trustees believes that its policies on voting and engagement have been met in the following ways:

- 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 cannot usually directly influence the stewardship activities carried out by the investment managers given the pooled nature of these investments. However, in the event of material concerns, the Trustees could consider using a different manager.
- The Trustees review the fund managers' strategies and processes for exercising rights and conducting engagement activities periodically. This review is carried out in conjunction with the Trustees' investment

consultant, who will engage with the investment managers to the extent that any issues or questions are identified. During the period, the Trustees received a sustainable investment monitoring report from its investment consultant. The Trustees were satisfied that the managers' stewardship policies are reasonable and no remedial action was required at that time. Actions taken to come to this conclusion included (but was not limited to) reviewing the investment consultant's ESG ratings for the fund managers' stewardship approach.

- The investment managers have a conflict of interest policy in relation to their stewardship activities and ongoing operations. In doing so the Trustees believe they have managed the potential for conflicts of interest in the appointment of their investment managers and conflicts of interest between the Trustees/investment manager and the investee companies.
- Annually the Trustees receive and review voting information and engagement policies from the asset managers, which they review to ensure alignment with the Trustees' stewardship policies.
- As part of ongoing monitoring of the Plan's investment managers, the Trustees use ESG ratings provided by its investment consultant to assess how well the Plan's investment managers take account of ESG issues.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions taken by their fund managers are in alignment with the Plan's stewardship policies, including their interim stewardship priorities. Additional information on the voting and engagement activities carried out for the Plan's investments are provided on the following pages. The Trustees and their investment consultant (along with the investment industry as a whole) are working with the investment managers to improve the quality of this data moving forwards. This will enhance the Trustees' ability to assess the investment managers' stewardship and engagement activities.

How the SIP has been followed over the year

The SIP was last reviewed in May 2021 following a detailed review of the default strategy. There were no changes during the year to 31 March 2023.

In the Trustees' view, the Statement of Investment Principles has been followed over the year. Some of the key reasons for that opinion are given below, albeit excluding comments on voting and engagement that were considered in more detail above.

- **Policy on financially material considerations**

The Trustees believe that Environmental, Social, and Governance (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. This includes an appreciation for climate risk.

The Trustees are satisfied that their fund managers acted in accordance with this view, subject to the terms of their mandates and including the stewardship activities considered elsewhere in this Statement. The Trustees have acted to reduce climate risk within the default strategy by investing the global equities in the Sustainable Future Fund. This fund does not invest in companies with carbon reserves or high emissions and increases holdings in companies with 'green' revenues.

During the period, the Trustees' investment consultant also carried out an annual review of the sustainability credentials of the Plan's managers covering how managers choose investments and carry out stewardship. The Trustees invited PIMCO to present at its Q2 2022 Trustee meeting, ensuring a deeper understanding of their investment processes.

The Trustees concluded that PIMCO was still a suitable fund for the Plan based on their documented investment beliefs on financially material ESG factors. However, while outside of the year to 31 March 2023, this meeting also resulted in the Trustees earmarking a review of PIMCO's approach to ESG integration as part of the triennial investment strategy review, including evaluating how approaches to sustainable investment in the fixed income market have evolved since the Trustee's last strategy review.

During the period, the Trustees also evaluated changes introduced by L&G in relation to the Annuity Targeting Fund. In particular, L&G were increasing the level of ESG integration within the Fund via exclusions and tilts. Taking account of their investment consultant's view that the changes were suitable and consistent with the Trustee's SIP, the Trustees were comfortable with the changes.

- **Investment objectives**

The Trustees reviewed the performance of the Plan's investment options over the period. The Trustees recognise that performance has been volatile over the period. Features of the default strategy including the glidepath (or 'automated switching') into assets that reflect the way members are expected to take benefits are expected to reduce the risk that members will experience large shocks affecting the quality of their retirement. As members are expected to remain invested into their retirement, the Trustees believe that investing to generate some level of return as members approach retirement will benefit members over their investment horizon, despite resulting in some short-term volatility. The Trustees are currently reviewing the investment options during the triennial strategy review, with a particular focus on the investments held as members approach retirement.

- **Investment monitoring**

The Trustees receive quarterly monitoring reports from their platform provider, L&G, which consider the Plan's assets and the performance of the funds used. This report is discussed at quarterly Trustee meetings where appropriate. The Trustees also receive a performance dashboard each quarter from their investment consultants. This considers performance of the Plan's default strategy against the objectives set by the Trustees in relation to member outcomes. During the period and following significant market turmoil, the Trustees commissioned additional analysis to understand drivers of recent absolute performance as members approach retirement and how performance had compared to the wider DC market.

**Prepared by the Trustees of the Guardian Lifestyle Plan
September 2023**

Voting Data

The voting data collated for the below funds is given over the year to 31 March 2023.

Last year, Northern Trust, the managers of the Northern Trust World Green Transition Equity Index Fund, were not able to provide voting data for the full year to 31 March 2022. This was due to changes to Northern Trust's systems. The Trustees' investment consultant communicated to Northern Trust on behalf of the Trustees that complete data was expected to be available in future years. This year, Northern Trust have been able to provide summary data for the year; however, more granular details are still lacking (as evidenced by the tables below on significant votes). The Trustees, through their investment consultant, continues to place pressure on all its fund managers to encourage improvements in reporting on stewardship activities. This is critical to allow the Trustees to hold its fund managers to account and drive positive change on behalf of their members.

Platform provider	L&G		
Fund name	Early Growth Fund	Core Growth Fund	Consolidation Fund
Underlying funds that are eligible for voting	Northern Trust World Green Transition Index Fund	Northern Trust World Green Transition Index Fund L&G Diversified Fund	L&G Diversified Fund
Structure	The pooled structure means there is limited scope for the Trustees to influence managers' voting behaviour.		
Number of company meetings the manager of the fund was eligible to vote at over the year	1,283	10,824	9,541
Number of resolutions the manager of the fund was eligible to vote on over the year	17,761	117,013	99,252
Percentage of eligible resolutions the manager voted on	98.5%	99.6%	99.8%
Percentage of resolutions the manager abstained from*	0.0%	0.6%	0.7%
Percentage of resolutions voted with management*	92.9%	79.7%	77.4%
Percentage of resolutions voted against management*	7.1%	19.7%	21.9%

Platform provider	L&G		
Proxy voting advisor**	Both L&G and Northern Trust use a third-party electronic voting platform for administrative purposes, to vote in line with their respective voting policies. No strategic decision making is outsourced to the third-party platform. L&G also use research by ISS and IVIS to supplement their own proprietary research.		
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0.0%	10.6%	12.5%

**As a percentage of the total number of resolutions voted on. **The services provided by proxy voting advisors can vary depending on the manager's voting policy. Services can include administrative (e.g., voting using online platforms), providing research, and taking responsibility for voting on behalf of the manager. Source: Legal & General Investment Management, Northern Trust Asset Management.*

The Trustees have not included standalone data for the self-select funds with voting rights that are not covered by the table above. The Sustainable Future Fund invests wholly in the Northern Trust fund, meaning the figures would be the same as shown above for the Early Growth Fund. Less than 3% of Plan assets are held in the UK Equity and Overseas Equity funds, so these have been excluded on the grounds of materiality.

There are no voting rights attached to the Plan's other funds and so no data is shown above for them. This includes the Cash Fund, Gilt funds (which includes the All Stocks Index Linked Gilt Fund), Corporate Bond Fund (both Active and Passive), and the Annuity Targeting Fund.

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. Recent guidance (from the Department for Work and Pensions in June 2022) states that a significant vote is likely to be one that is linked to one or more of a Plan's stewardship priorities.

As set out above, the Trustees have set interim stewardship priorities to assist with the preparation of this Implementation Statement. However, they have not yet communicated these to their asset managers to consider in advance of votes being cast. For this Implementation Statement, the Trustees have chosen significant votes that both the managers have determined to be "significant" and which also align with their interim priorities.

In determining significant votes, L&G's stewardship team takes into account guidance from the Pensions & Lifetime Savings Association ("PLSA"). As a result, L&G's significant votes include, but are not limited to:

- › A high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- › A vote for which clients have communicated significant interest;
- › Sanction votes as a result of a direct or collaborative engagement;
- › A vote linked to L&G's priority engagement themes.

Northern Trust do not have a specific policy for determining a "significant vote", rather they have an approach to stewardship that begins with prioritising companies for outreach and engagement. They prioritise companies with the most egregious corporate governance issues or outsized ESG risks or impacts. They will then reach out with letters articulating their engagement objectives and the time frame after which they will take voting actions against their directors if they have not seen progress.

The tables below set out three detailed examples of significant votes for the Early Growth Fund, the Core Growth Fund, and the Consolidation Fund. For those interested, L&G provide additional information on voting [online](#).

The Sustainable Future Fund, which invests wholly in the Northern Trust World Green Transition Equity Index Fund, also provided voting rights during the period. The Trustees have not included data separately for this because the Early Growth Fund also invests in this fund and is detailed below (i.e. the information on voting would be the same).

Three significant votes were chosen from a pool of 1,246 proposals which Northern Trust found significant because they represented votes against management. Given limited data available from Northern Trust (including on the absolute size of the holdings), the three most significant votes selected were chosen to provide coverage of the current interim stewardship priorities.

The criteria for the most significant votes provided for L&G were by choosing a selection of the 785 votes which L&G found significant based on their criteria found online. From this pool, the largest holdings with proposals that are most clearly attributable to each of the Plan's interim stewardship priorities were chosen. L&G were unable to provide any direct examples of significant votes relating to the topic of modern slavery, however they do have a firmwide statement around the subject which outlines changes in their approach, examples of engagement and their policies surrounding modern slavery. You can find the latest statement for 2022 in the below link:

<https://group.legalandgeneral.com/media/e0rg0byu/modern-slavery-statement-2022-final.pdf>

Early Growth Fund

The underlying constituent fund with voting rights was managed by Northern Trust during the period.

	Vote 1	Vote 2	Vote 3
Company name	Bachem Holding AG	McDonald's	Activision Blizzard, Inc.
Date of vote	27 April 2022	26 May 2022	21 June 2022
Approximate size of fund's holding as at date of the vote	No data	No data	No data
Summary of the resolution	Approve remuneration of executive committee in the amount of CHF 2.8m	Shareholder proposal to report on efforts to reduce plastic use	Shareholder proposal to report on efforts to prevent abuse, harassment, and discrimination
How the manager voted	Northern Trust voted against the resolution	Northern Trust voted in favour of the resolution	Northern Trust voted in favour of the resolution
Did the manager communicate their intent to the company ahead of the vote?	No data	No data	No data
Rationale for the voting decision	Northern Trust votes on a case by case basis to approve remuneration of executive directors and/or non-executive directors. Northern Trust may, where appropriate, utilize a proprietary compensation	Northern Trust generally encourage reporting that is not unduly costly or burdensome and which does not place the company at a competitive disadvantage, but which provides meaningful	Northern Trust generally encourage reporting that is not unduly costly or burdensome and which does not place the company at a competitive disadvantage, but which provides meaningful

	Vote 1	Vote 2	Vote 3
	scorecard model, in addition to company disclosures and outside research to arrive at a final decision. The scorecard considers factors including, but not limited to, profitability measures, overall pay of the top executive, company size, and historic performance.	information to enable shareholders to evaluate the impact of the company's environmental, social and governance policies and practices on its financial performance.	information to enable shareholders to evaluate the impact of the company's environmental, social and governance policies and practices on its financial performance.
Outcome of the vote	Pass	Failed	Passed
Criteria on which the vote is considered "significant" including link to Plan's stewardship priorities	Votes against management & Fair pay and responsible remuneration related issue	Votes against management & Climate change and biodiversity related issue	Votes against management & Diversity, equity, and inclusion related issue

Source: Northern Trust

Core Growth Fund

The underlying constituent funds with voting rights were managed by L&G and Northern Trust during the period.

	Vote 1	Vote 2	Vote 3
Company name	General Motors Company	Royal Dutch Shell Plc	American Tower Corporation
Date of vote	13 June 2022	24 May 2022	18 May 2022
Approximate size of fund's holding as at date of the vote	No data	0.29%	0.27%
Summary of the resolution	Report on the use of child labour in connection with electric vehicles	Shareholder proposal to Approve the Shell Energy transition progress update	Elect Director Robert D. Hormats
How the manager voted	Northern Trust voted in favour of this resolution	L&G voted against this resolution	L&G voted against this resolution
Did the manager communicate their intent to the company ahead of the vote?	No data	Voted in line with management.	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management, where applicable.
Rationale for the voting decision	Northern Trust votes case by case for proposals requesting increased disclosure on a company's supply chain policies and processes and its management of related risks.	L&G acknowledged 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, L&G remained concerned of the	On the grounds of diversity, a vote against was applied because the company has an all-male executive committee.

		disclosed plans for oil and gas production and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	
Outcome of the vote	Failed	Pass: 79.9% of shareholders supported the resolution.	Pass: 98.1% of shareholders supported the resolution.
Implications of the outcome	No data	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant" including link to Plan's stewardship priorities	Votes against management & Modern slavery related issue	L&G considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. & Climate change and biodiversity related issue	L&G views diversity as a financially material issue for clients, with implications for the assets L&G manage on their behalf. & Diversity, equity, and inclusion related issue

Source: L&G and Northern Trust

Consolidation Fund

The underlying constituent fund with voting rights was managed by L&G during the period.

	Vote 1	Vote 2	Vote 3
Company name	Mitsubishi Corp.	Toyota Industries Corp.	BP Plc
Date of vote	24 June 2022	10 June 2022	12 May 2022
Approximate size of fund's holding as at date of the vote	0.07%	0.01%	0.13%
Summary of the resolution	Shareholder proposal to amend articles to disclose greenhouse gas emission reduction targets aligned with goals of Paris Agreement	Elect director Toyoda, Tetsuro	Approve "Net Zero – From Ambition to Action" report
How the manager voted	L&G voted in favour of this resolution	L&G voted against this resolution	L&G voted in favour of this resolution
Did the manager communicate their intent to the company ahead of the vote?	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their	L&G publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their	Voted in line with management.

	Vote 1	Vote 2	Vote 3
	engagement is not limited to shareholder meeting topics.	engagement is not limited to shareholder meeting topics.	
Rationale for the voting decision	A vote in favour was applied as L&G expects companies to be taking sufficient action on the key issue of climate change.	A vote against is applied due to the lack of meaningful diversity on the board.	While L&G note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, they expect 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 their 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, L&G remain committed to continuing their constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.
Outcome of the vote	Fail: 20.2% of shareholders supported the resolution	Pass: 85.5% of shareholders supported the resolution.	Pass: 88.5% of shareholders supported the resolution.
Implications of the outcome	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.	L&G will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
Criteria on which the vote is considered "significant" including link to Plan's stewardship priorities	L&G considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. & Climate change and biodiversity related issue	L&G views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf. & Diversity, equity, and inclusion related issue	L&G considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote. & Climate change and biodiversity related issue

Source: L&G

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds. Similar to significant votes, L&G were unable to provide any detailed engagement examples for the funds in which the Plan invests in on the subject of modern slavery. However, L&G's policy on the topic is contained in the link provided in the significant voting section.

Manager	L&G	Northern Trust	PIMCO
Fund name	L&G Diversified Fund within: <ul style="list-style-type: none"> Core Growth Fund Consolidation Fund Cash Fund UK Equity Fund Overseas Equity Fund UK Government Stocks Fund Corporate Bond Fund (Passive) UK Government Stocks Index Linked Fund Annuity Targeting Fund	Northern Trust World Green Transition Fund within: <ul style="list-style-type: none"> Early Growth Fund Core Growth Fund Sustainable Future Fund 	PIMCO GIS Income Fund within: <ul style="list-style-type: none"> Early Growth Fund Core Growth Fund Consolidation Fund Corporate Bond Fund (Active)
Does the manager perform engagement on behalf of the holdings of the fund(s)?	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in this fund	Diversified Fund – 985 engagements with 690 companies UK Equity Fund – 332 engagements with 208 companies Overseas Equity Fund – 690 engagements with 424 companies	2,084 engagements	145 engagements
Number of engagements undertaken at a firm level	1088 individual engagements with 950 companies.	3,945 engagements (86 by Northern Trust & 3,859 by Hermes on behalf of Northern Trust)	Over 1,800 engagements with 1,370 issuers.

Source: L&G, Northern Trust and PIMCO.

Manager	Engagement themes and examples of engagements undertaken with holdings in the fund
L&G	<p>Sainsbury's Fair Pay and Responsible Remuneration</p> <p>Sainsbury's had recently come under scrutiny for not paying a real living wage. L&G engaged initially with the (then) CEO in 2016 and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. L&G joined with ShareAction to try to encourage the company to change its policy for outer London workers.</p> <p>As these engagements failed to deliver changes, L&G with ShareAction filed a shareholder resolution in Q1 2022, asking the company to become a living wage accredited employer. This escalation succeeded since as of April 2022, Sainsbury's moved all London-based employers (including outer) to the real living wage. This demonstrated good values as an employer, which L&G welcomed.</p> <p>However, the resolution was not withdrawn and remained on the 2022 AGM agenda because some employees, such as security guards and cleaners, were still excluded from the wage rise. L&G don't think this was as bad as some companies who had paid executives high rewards whilst employees were earning less than the living wage, however contractors earning lower than the living wage as inflation soars could not be ignored.</p> <p>L&G's key engagement topics included: ESG, remuneration, climate change, board composition, ethnic diversity, water, public health, and strategy engagements.</p>
	<p>SSR Mining Biodiversity</p> <p>SSR Mining's use of water had increased significantly over the years up to 2022, but they did not provide sufficient disclosures about its water consumption as required by the Sustainability Accounting Standards Board. Northern Trust voiced concerns about the disclosures to SSR Mining's management. The company described its three pillars of water risk management: external disclosure, operational excellence, and community stability. The company needs to use vast quantities of water and recognised that water resources have become increasingly constrained.</p> <p>The company had since developed a water stewardship strategy and is providing disclosure in line with the disclosure standards set by the CDP, an advocate group for environmental disclosures. Northern Trust will continue to engage with the company to request more detailed disclosures.</p> <p>Northern Trust's key stewardship priorities included: Environmental matters such as reducing climate risk and promoting biodiversity; Social matters such as promoting diversity and inclusion and improving workplace health and safety; and Governance matters such as strengthening board diversity.</p>
PIMCO	<p>Deutsche Bank Governance and Green Credentials</p> <p>PIMCO had connected with the issuer utilizing a two-pronged approach: 1) governance/balance sheet and 2) green credentials.</p> <p>For the first prong, PIMCO had been closely monitoring various iterations of strategic restructurings and management transitions and discussing key considerations with senior management. On the second prong, PIMCO had focused on the issuer's green bond program including expected allocation details, deforestation, and ways of factoring in biodiversity, as well as their current practices on climate disclosure and exposure, especially in their engagement with clients.</p> <p>The issuer is focusing on continuing to make progress in its restructuring, with an emphasis on servicing corporate clients with a healthy governance structure. They also plan to no longer finance coal mining by 2025 and are ramping up their ESG focus in asset management with stronger disclosure and frameworks.</p>