

## Implementation Statement

### Bank Leumi (UK) Retirement Benefits Scheme

This is the Implementation Statement prepared by the Trustee of the Bank Leumi (UK) Retirement Benefits Scheme ("the Scheme") and sets out:

- How the Trustee's policies on exercising rights (including voting rights) and engagement have been followed over the year to 31 December 2022.
- The voting and engagement behaviour of the Trustee, or that undertaken on their behalf, over the year.

#### How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers. At this time, the Trustees have not set specific stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

However, the Trustees reviewed the stewardship and engagement activities of the current managers during the year, alongside preparation of the Implementation Statement. The Trustees monitor the ESG performance of the managers on a regular basis. The Trustees were satisfied that the managers' policies were reasonable and no further remedial action was required during the period.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme's stewardship policies.

In addition to the information required for the drafting of this Statement, the Trustee also intends to carry out formal monitoring of the investment managers' approach to ESG and climate related risks going forward via an annual report from their investment consultants.

Further details on how policies relating to financially material considerations (including ESG factors which include climate change), how members' views on non-financial matters are taken into account, and how the Trustee monitors the Scheme's investments are covered in the Scheme's Statement of Investment Principles made available at the following link:

<https://www.leumiuk.com/media/eghk1zq0/bank-leumi-sip.pdf>

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

This implementation statement is also available at the following link:

<https://www.leumiuk.com/media/tz3iusiz/bank-leumi-benefits-scheme-implementation-statement.pdf>

**Adopted by the Trustees in April 2023**

## Voting Data

| Manager   | Baillie Gifford   | M&G                      | Columbia Threadneedle     | LGIM  |
|---|---|--------------------------|---------------------------|---|
| <b>Fund name</b>  | *Multi Asset Growth Fund  | *Episode Allocation Fund | *Dynamic Real Return Fund | *Future World Global Equity Index Fund (incl. GBP Hedged) |
| <b>Structure</b>  | Pooled  |                          |                           |   |
| <b>Ability to influence voting behaviour of manager</b>   | The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour. |                          |                           |   |
| <b>Number of company meetings the manager was eligible to vote at over the year</b>   | 89  | 14                       | 48                        | 4,942   |
| <b>Number of resolutions the manager was eligible to vote on over the year</b>  | 933   | 238                      | 696                       | 53,097  |
| <b>Percentage of resolutions the manager voted on</b>   | 95.6%   | 93.7%                    | 100.0%                    | 99.9%   |
| <b>Percentage of resolutions the manager abstained from</b>   | 1.2%  | 0.0%                     | 3.3%                      | 1.0%  |
| <b>Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on</b>    | 95.6%   | 91.9%                    | 86.4%                     | 80.4%   |
| <b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b> | 3.5%  | 8.1%                     | 10.3%                     | 18.6%   |
| <b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>                                    | Not applicable  | 4.5%                     | Not applicable            | 10.6%   |

\*Please note that the Scheme fully disinvested from all of the above funds in November 2022 but the voting data shown applies to the 12 months to 31 December 2022.

The Scheme also disinvested from iMGP Absolute Return Fund in May 2022. As a result, iMGP did not provide any voting information.

## 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 does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities or themes. At this time, the Trustee has not set stewardship priorities for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustee has asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities.

The managers have provided a selection of votes which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustee has selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme. A summary of the data they have provided is set out in the appendix.

## Fund level engagement

| Manager   | Baillie Gifford         | LGIM   | Columbia Threadneedle                  | Hermes   |
|---|-------------------------|--|--|--|
| <b>Fund name</b>  | Multi Asset Growth Fund | Matching Core Fund series<br>Buy and Maintain Credit Fund<br>Sterling Liquidity Fund<br>Maturing Buy and Maintain Credit<br>*Future World Global Equity Index Fund<br>(incl. GBP hedged) | Dynamic Real Return Fund               | Property Unit Trust  |
| <b>Does the manager perform engagement on behalf of the holdings of the fund</b>              | Yes                     | Yes  | Yes                                    | Yes**  |
| <b>Number of engagements undertaken on behalf of the holdings in this fund(s) in the year</b> | 29                      | Buy and Maintain Credit Fund: 137<br>Maturing B&M Credit 2035-2039): 88<br>Maturing B&M Credit 2040-2054): 112<br>Future World Global Equity Index Fund<br>(incl. GBP hedged): 583       | 177                                    | 19 (meetings with industry bodies and government entities) |
| <b>Number of entities engaged on behalf of the holdings in this fund in the year</b>          | 24                      | Buy and Maintain Credit Fund: 75<br>Maturing B&M Credit 2035-2039): 48<br>Maturing B&M Credit 2040-2054): 59<br>Future World Global Equity Index Fund<br>(incl. GBP hedged): 373         | 148                                    | 4 (industry bodies/government entities)                    |
| <b>Number of engagements undertaken at a firm level in the year</b>                           | 1,255                   | 1,308  | 177 engagements (relating to ESG only) | 4,229  |

\*Please note that the Scheme fully disinvested from all of the above funds in November 2022 but the engagement data shown applies to the 12 months to 31 December 2022. The Scheme also fully disinvested from iMGP Absolute Return Fund in May 2022. As a result, iMGP did not provide any engagement data

\*\*The Hermes Property Unit Trust is a pooled tax-exempt UK property investment fund that invests 100% directly into real estate properties and, as such, there are no entities with which to engage. However, they regularly engage with industry bodies and government entities, as well as the occupiers of the properties, usually through managing agents and leasing agents, to encourage them to be more energy efficient. They also engage with occupiers on ESG matters with regards to lease negotiations.

Lothbury were unable to provide any engagement information for the Property Trust in time for the issue of this report and M&G have also been unable to provide engagement data.

## Engagement examples

| Manager                      | Company   | Engagement  |
|------------------------------|---|---|
| <b>Baillie Gifford</b>       | <b>Rexford Industrial Realty</b>                                      | Baillie Gifford met with the CFO of Rexford Industrial Realty to get their thoughts on the current market environment and what this means for the company's strategy. The main objective of the engagement was to find out more about Rexford's decarbonisation plan, physical risk exposure and adaptation planning alongside broader sustainability discussions. Baillie Gifford were encouraged to hear spot-check audits had been conducted to help monitor compliance with Rexford's supply chain code. As management found areas for improvement following this, the manager is keen to continue the conversation to ensure these gaps are fully addressed. |
| <b>LGIM</b>                  | <b>Capricorn</b><br>(Firm level, examples not provided at fund level) | LGIM engaged with the company over potential negative impacts for shareholders of Capricorn seeking potential mergers with other energy companies. LGIM spoke directly with Capricorn's management team and directors to voice their concerns about the proposed merger with Tullow Oil which was announced in June 2022, as the merger did not seem to advance the energy transition strategy for shareholders. Despite opposition from LGIM and other shareholders, Capricorn initially proceeded with the merger before deciding to abandon it citing market conditions and external factors as the reason.  |
| <b>Columbia Threadneedle</b> | <b>NextEra Energy</b><br><br><b>Air Liquide</b>                       | Threadneedle engaged with NextEra Energy to gain further insight on the impact of the US Inflation Reduction Act (IRA), as well as the implementation of forced labour rules on the solar supply chain in the US.<br><br>Threadneedle engaged with the CEO of Air Liquide to gain insight on the investment and growth plans surrounding hydrogen and energy transition technologies. The manager was given comfort that the company is continuing to make improvements in its climate targets without having a negative impact on their financials.  |
| <b>Hermes</b>                | N/A   | Hermes have set a target to achieve net zero by 2035 for their real estate portfolios. Over the next 15 years Hermes intend to engage with occupiers on 4 pillars: <ul style="list-style-type: none"> <li>• Decarbonisation</li> <li>• Energy efficiency</li> <li>• Stakeholder engagement</li> <li>• Carbon offset</li> </ul>  |

## Appendix – Significant votes data

### Baillie Gifford, Multi Asset Growth Fund

Please note that the Scheme fully disinvested in this fund in November 2022, so only voting data prior to November 2022 has been selected.

|   | Vote 1   | Vote 2   | Vote 3  |
|---|--|--|---|
| <b>Company name</b>   | Galaxy Entertainment Group Ltd   | Duke Realty Corporation  | Royal Caribbean Cruises Ltd   |
| <b>Date of vote</b>   | 12 May 2022  | 28 Sep 2022  | 2 Jun 2022  |
| <b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>                              | 0.1  | 1.7  | 0.1   |
| <b>Summary of the resolution</b>  | Amendment of Share Capital   | Remuneration   | Appointment and Pay of Auditors   |
| <b>How the manager voted</b>  | Against  | Against  | Against   |
| <b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b> | No   | Yes  | Yes   |
| <b>Rationale for the voting decision</b>  | Baillie Gifford opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.                 | Baillie Gifford opposed the advisory proposal to approve executive compensation due to concerns regarding trigger provisions and tax issues.                                 | Baillie Gifford opposed the appointment of the external auditor due to concerns with the length of tenure.  |
| <b>Outcome of the vote</b>  | Pass   | Fail   | Pass  |
| <b>Implications of the outcome</b>  | Baillie Gifford have opposed similar resolutions in previous years and will continue to advise the company of their concerns and seek to obtain proposals that we can support. | Baillie Gifford were unsuccessful with engaging with Duke Realty on its approach to compensation at this year's AGM but will continue their efforts to do so going forwards. | The existing auditor has been in place since 1989, and Baillie Gifford previously raised this excessive tenure with the company. As no change in auditor has taken place, they chose to oppose. |
| <b>Criteria on which the vote is considered "significant"</b>   | This resolutions were considered significant because they received greater than 20% opposition.  |  |   |

## M&G, Episode Allocation Fund

Please note that the Scheme fully disinvested in this fund in November 2022, so only voting data prior to November 2022 has been selected.

|   | Vote 1  | Vote 2   | Vote 3  |
|---|---|--|---|
| <b>Company name</b>   | JP Morgan Chase & Co.   | Citigroup Inc.   | Wels Fargo & Company  |
| <b>Date of vote</b>   | 17 May 2022   | 26 April 2022  | 26 April 2022   |
| <b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>                              |   | Not provided   |   |
| <b>Summary of the resolution</b>  | Report on Absolute Targets for Financed GHG Emissions in Line with Net Zero Commitments | Report on Respecting Indigenous Peoples' Rights  | Oversee and Report a Racial Equity Audit                              |
| <b>How the manager voted</b>  | For   | For  | For   |
| <b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b> | No  | No   | No  |
| <b>Rationale for the voting decision</b>  | In M&G's view, the report would benefit shareholders.                                   | In M&G's view, more information about the effectiveness of the company's due diligence processes in regard to indigenous peoples' rights would be helpful. | In M&G's view, an audit could help identify key areas of improvement. |
| <b>Outcome of the vote</b>  | Fail  | Fail   | Fail  |
| <b>Implications of the outcome</b>  |   | Not provided   |   |
| <b>Criteria on which the vote is considered "significant"</b>   |   | Environmental and social   |   |

## Columbia Threadneedle, Dynamic Real Return Fund

Please note that the Scheme fully disinvested in this fund in November 2022, so only voting data prior to November 2022 has been selected.

|   | Vote 1  | Vote 2   | Vote 3                                 |
|---|---|--|--|
| <b>Company name</b>   | General Motors Company  | Alphabet Inc.  | Amazon.com, Inc                        |
| <b>Date of vote</b>   | 13 June 2022  | 1 June 2022  | 25 May 2022                            |
| <b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>                              | 0.01  | 0.64   | 0.51                                   |
| <b>Summary of the resolution</b>  | Report on the Use of Child Labour in Connection with Electric Vehicles  | Report on Metrics and Efforts to Reduce Water Related Risk | Report on Lobbying Payments and Policy |
| <b>How the manager voted</b>  | For   | For  | For                                    |
| <b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b> | No  | No   | No                                     |
| <b>Rationale for the voting decision</b>  | Supporting better ESG risk management disclosures   |  |  |
| <b>Outcome of the vote</b>  | Fail  | Fail   | Fail                                   |
| <b>Implications of the outcome</b>  | Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process. |  |  |
| <b>Criteria on which the vote is considered "significant"</b>   | Vote against management and greater than 20% of dissent from shareholders   |  |  |



## LGIM, Future World Global Equity Index Fund (incl. GBP hedged)

Please note that the Scheme fully disinvested in this fund in November 2022, so only voting data prior to November 2022 has been selected.

|   | Vote 1   | Vote 2   | Vote 3  |
|---|--|--|---|
| <b>Company name</b>   | Apple Inc.   | Amazon.com, Inc.   | NVIDIA Corporation  |
| <b>Date of vote</b>   | 4 March 2022   | 25 May 2022  | 2 June 2022   |
| <b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>                              | 5.3  | 1.8  | 1.2   |
| <b>Summary of the resolution</b>  | Report on Civil Rights Audit   | Elect Director   | Elect Director  |
| <b>How the manager voted</b>  | For  | Against  | Against   |
| <b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b> | LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics. |  |   |
| <b>Rationale for the voting decision</b>  | LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies.  | A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. | A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023 as we well as concerns over independence, skills and experience of board. |
| <b>Outcome of the vote</b>  | Pass   | Pass   | Pass  |
| <b>Implications of the outcome</b>  | LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.  |  |   |
| <b>Criteria on which the vote is considered "significant"</b>   | LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.   | LGIM pre-declared its vote intention for this resolution, demonstrating its significance.  | LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.   |