UK Pension Plan

Eaton UK Pension Plan
Implementation Statement,
covering the Plan Year from 1 January 2023 to 31 December 2023 (the "Plan Year")

The Trustee of the Eaton UK Pension Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustee has 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.

This Statement is based on the Plan's latest SIP which was in place during the Plan Year – dated 25 April 2023 – *the one that was in place as at year end*. This replaced the previous SIP dated 25 April 2022. This Statement should be read in conjunction with the latest SIP which can be found here: Home Page | Eaton UK Pension Plan.

1. Introduction

The SIP was reviewed and updated during the Plan Year on 25 April 2023 to reflect:

- the de-risked investment strategy agreed with the employer in September 2022. The target allocation to diversified growth was reduced by 5% and the allocation to LDI and collateral increased correspondingly. Additionally, the Plan's target interest rate and inflation hedging ratios (on a Technical Provisions basis) were increased from 80% to 90%.
- the tactical deviation from the strategic allocation to underweight growth assets by c10% in order to provide collateral to the LDI portfolio and support the Plan's liability hedging levels. This decision was made following discussions with the employer in October 2022 due to the extreme gilt market volatility in late September 2022 and early October 2022.
- the Trustee's selection of three stewardship priorities which have been communicated to the Plan's asset managers.

As part of this SIP update, the employer was consulted and approved the changes.

Following the Plan's year end, an updated SIP was drafted in June 2024 for Trustee and sponsor review to reflect:

- a more concise, SIP format which only contains content required by legislation, with optional content (such as which managers are used) moved to a separate "SIP addendum", which should make future changes more efficient;
- the Trustee's Net Zero ambition and expectation that the Plan's investment managers and advisers help the Trustees achieve this ambition;
- the replacement of BlackRock with LGIM in respect of the Plan's DB Section emerging market mandate;
- the switch from a pooled to a bespoke pooled arrangement with respect to the Plan's DB Section LDI mandate;
- the disinvestment from the Plan's DB Section holdings in the BlackRock diversified growth fund;
- the requests to receive income from the Plan's DB Section infrastructure holdings with JP Morgan and IFM and to fully disinvest from the Plan's property holdings with LGIM;
- the addition of the climate tilted passive equity fund to the Plan's DC Section drawdown lifestyle strategy and self-select options; and
- the Trustee policy in relation to investment in illiquid assets and whether or not investments held in the DC arrangements contain illiquid assets.

The Trustee has, in its opinion, followed all of the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

DB Section

Progress against the Plan's Recovery Plan and the long-term journey plan is reviewed as part of the quarterly performance monitoring reports. As at 31 December 2023 the Plan's required return to achieve full funding on a Technical Provisions basis by the end of the Recovery Plan (31 December 2031) was 1.0% pa in excess of gilt returns, while the Plan's expected return was 1.6% pa. The Plan is therefore on track to achieve its objectives as set out in its SIP.

DC and Hybrid Sections

Both the DC and Hybrid sections do not have, and are not required to have, a default investment arrangement but the Trustee does offer a lifestyle investment option within each section.

As part of the performance and strategy review of the DC arrangements which commenced on 17 January 2023 and concluded on 29 June 2023, the Trustee considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan.

Based on the outcome of this analysis, the Trustee concluded that the lifestyle arrangements have been designed to be in the best interests of the majority of the DC Section members and reflect the demographics of those members.

In addition to a lifestyle option within each section the Trustee has also made available a wider self-select fund range to members covering all major assets classes to enable appropriate diversification as set out in Appendix 3 of the SIP. Take up of the self-select fund range has been high in comparison to the market.

The Trustee reviewed changes in member choices, behaviour and trends as part of the triennial strategy review and confirmed there have been no material changes.

The Trustee monitors the performance and asset allocation quarterly and compares this to the strategic asset allocation. The full details of the DC Section's strategic asset allocation are contained in the latest SIP.

3. Investment strategy

DB Section

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the investment strategy over the period and concluded that it should de-risk the strategy. As part of this review, the Trustee made sure the Plan's assets were adequately and appropriately diversified between different asset classes. The Trustee monitors the asset allocation quarterly and compares this to the strategic asset allocation.

During the Plan year, the Plan's target interest rate and inflation hedging ratios (on a Technical Provisions basis) were increased from 80% to 90% in March 2023, as agreed in the strategy review in September 2022.

In April 2023, the Trustee appointed CTI to manage a bespoke pooled LDI fund which would create a more accurate hedge than the previous arrangement with CTI which used standard pooled LDI funds. A bespoke approach was also expected to use collateral more efficiently.

In July 2023, the Trustee fully disinvested from the Plan's DGF holdings with BlackRock, with the proceeds invested in the CTI LDI portfolio to increase the yield headroom to a prudent level in the event of a rise in gilt yields.

Hybrid Section - IMA

As noted above, the IMA section does not have, and is not required to have, a default investment arrangement. However, the Trustee offers a lifestyle investment option which it reviews on a triennial basis.

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy and performance of the DC arrangements over the Plan Year. The Trustee concluded that drawdown remains an appropriate retirement target. The Trustee reviewed the growth phase of the lifestyle investment option and considered adding a climate tilted equity fund the growth phase. The Trustee agreed to replace the BlackRock MSCI World Equity Fund used in the growth phase of the strategy with the LGIM Low Carbon Transition Developed

Markets Equity Fund ("LCTF"). The LCTF is a passively managed climate tilted fund that tracks indices with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

The changes to the IMA lifestyle strategy arrangement were implemented after the Plan Year in February 2024. The LCTF was also made available as part of the self-select fund range for members to invest in.

DC Section – MPA/AVC

The MPA/AVC section also does not have, and is not required to have, a default investment arrangement but the Trustee does offer a lifestyle investment option which it reviews on a triennial basis.

The MPA/AVC arrangement was reviewed during the Plan year on 27 June 2023. The Trustee is investigating options to improve the value received by members in this arrangement.

The review considered how members are likely to access their benefits when they reach their planned retirement age.

4. Considerations in setting the investment arrangements

The Trustee reviewed the DB investment strategy in August 2023 after the Scheme Actuary provided its funding proposal following the 31 December 2022 Actuarial valuation. The Trustee considered the investment risks set out in Section 4.1 of this Statement, a wide range of asset classes for investment, the expected returns and risks associated with those asset classes and how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Plan (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

Following the Plan year end, the Trustee formally reviewed its investment beliefs in April 2024. As part of this, the investment adviser held an interactive beliefs session where a survey was used to explore the Trustee's beliefs, particularly in the area of ESG and climate change factors in investment. The results of this survey helped the Trustee establish a new sustainable buy and maintain credit mandate within the DB Section which reflected its ESG beliefs. The SIP was updated in June 2024 to reflect the Trustee's updated beliefs.

The Trustee invests for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments from managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustee regularly invites the Plan's investment managers to present at Trustee meetings, seeing each manager approximately once every two years. Over the Plan Year, the Trustee met with LGIM to discuss the Plan's investments.

The Trustee monitors the performance of the DB and IMA sections' investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser, and the MPA/AVC sections on an annual basis. The report shows the performance of each fund over the quarter, 1 year, 3 years and 5 years where applicable. Performance is considered in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by its investment adviser, on an annual basis as part of the standard monitoring reports.

[1] The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

DC and Hybrid Section

When the Trustee undertook a performance and strategy review of the DC default arrangements described above, it considered the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register and this is discussed at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks. The Trustee's implementation of its policy for these risks during the year is summarised below.

DB Section

With regard to the risk of inadequate returns, the Trustee targets an expected return from the Plan investments which is sufficiently higher than the expected increase in the Plan's liabilities over time. Therefore, the expected return on the Plan's assets was expected to be sufficient to produce the return needed over the long-term.

The Plan's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. In March 2023, the Trustee increased the target levels of interest rate and inflation hedging ratios (on a Technical Provisions basis) from 80% to 90%.

With regard to collateral adequacy risk, the Trustee holds sufficient collateral within the CTI LDI Private Sub-Fund, to be used should CTI require cash to be posted in order to maintain the level of interest rate and inflation exposure provided by the Private Sub-Fund. The Trustee monitors the level of collateral in the quarterly monitoring report and generally aims to hold a prudent amount sufficient to withstand at least a 3% rise in gilt yields.

Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. The Trustee formally reviews the Plan's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings.

DC and Hybrid Section

With regard to the risk of inadequate returns, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used throughout the Drawdown Targeting Lifestyle Strategy and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term. The Trustee monitors the standard deviation and returns of these funds on a quarterly basis.

All Sections

The following risks are covered later in this Statement: excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

The DB quarterly reports reviewed during the year showed that all managers have produced performance broadly in line with expectations over the long-term. The DC report shows that the majority of the passive funds have broadly tracked their benchmarks as expected. Relative performance of the Plan's diversified growth fund was positive over the one-year period, although underperformed over longer-term periods to 31 December 2023, reflecting a challenging period for investment markets.

5. Implementation of the investment arrangements

The Trustee appointed LGIM to manage the Plan's Emerging Market allocation within the DB section over the Plan year. The Trustee also selected LGIM to manage the Plan's equity allocation within the DC section Lifestyle

Strategy. Before agreeing to appoint LGIM, the Trustee received information on the investment process and philosophy, the investment team and past performance. The Trustee also considered the manager's approach to responsible investment and stewardship, including the Trustee's stewardship priorities (as set out in Section 8 of this Statement). The Trustee obtained formal written advice from its investment adviser, LCP, before investing in the funds and made sure the investment portfolio of the funds chosen was adequately and appropriately diversified. The Trustee relies on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives. Section 8 provides more detail on the activities carried out over the year.

DB Section

Following the transition to a bespoke pooled LDI mandate with CTI, the Plan has benefited from annual management fee savings (estimated at the time of appointment to be c£23,000 pa) compared to fees charged by for the Plan's previous pooled LDI arrangement. The transition also created other benefits, such as collateral efficiency and ability to better hedge Plan specific cashflows.

DC Section

The Trustee undertook a "value for members" assessment in June 2024 for the Plan Year to 31 December 2023 which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against Plans with similar sizes of mandates.

6. Realisation of investments

DB Section

The Trustee reviews the Plan's net current and future cashflow requirements on a regular basis. The Trustee's policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

Over the Plan Year, the Trustee used cashflows to help rebalance the Plan's assets towards the strategic asset allocation.

After submitting requests in August 2023, the Trustee receives income from its real asset holdings with IFM and JP Morgan which is retained in the Trustee's bank account and used towards making benefit payments.

DC and Hybrid Sections

It is the Trustee's policy to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section funds which the Trustee offered during the Plan Year are daily priced.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations).

In February 2023, the Trustee reviewed the ESG risk exposures of DB Section's equity and corporate bond holdings using data from MSCI. This included a scoring of each fund's E, S and G credentials out of 10 and an overall aggregate ESG score. The Trustee also considered quantitative measures covering specific climate and governance risk metrics as well as the number of portfolio companies associated with very severe ESG controversies.

In July 2023, the Trustee reviewed a report prepared by LCP which assessed the climate risks and opportunities posed by most of the DB and DC Section's holdings, using the climate metrics that the Trustee agreed, and the quality of emissions data provided. Following the report, the Trustee asked its investment consultant to engage with managers on areas of improvement that had been identified regarding climate risk management and the provision of emissions data.

Further details of the Trustee's monitoring of and engagement with managers to improve ESG practices is included in Section 8 below.

As described in Section 1, the Trustee set a Net Zero Ambition in July 2023 to help mitigate climate risk. It aims to align the Plan's assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets. All of the Plan's investment managers, apart from Standard Life, are signatories to the Net Zero Asset Managers initiative (NZAMI).

As mentioned in section 3, the Trustee looked at how ESG is taken into account in the DC Section lifestyle strategy. As a result of this, the Trustee agreed to replace the BlackRock MSCI World Equity Fund used in the growth phase of the strategy with the LGIM LCTF which is a passively managed climate tilted fund that tracks indices with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are*:*

- LGIM: UK Corporate Governance and Responsible Investment Principles policy document (lgim.com)
- BlackRock: BIS ("BlackRock Investment Stewardship Team") Global Principles (blackrock.com)
- Abrdn: Listed_Company_Stewardship_Guidelines.pdf (issgovernance.com)

However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors in November 2022. The priorities were Climate Change, Business Ethics and Human Rights. These priorities were selected because they are key market wide risks and areas where the Trustee believes that good stewardship and engagement can improve financial outcomes for the Plan's members. The Trustee communicated these priorities to its managers in January 2023. Specifically, the Trustee noted its expectations of its managers as being:

- to take account of financially material factors (including climate change and other ESG factors) when investing the Scheme's assets, and to improve their ESG practices over time, within the parameters of the mandate;
- to undertake engagement on the Trustee's behalf in line with the managers' stewardship policies, considering the long-term financial interests of the Trustee; and
- to provide information on the managers' respective stewardship policies, activities and outcomes, as requested by LCP from time to time, to enable the Trustee to monitor them.

The Trustee regularly invites the Plan's investment managers to present at Trustee meetings, seeing each manager approximately once every two years. Over the Plan Year, the Trustee met with LGIM and to discuss the Plan's investments.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

9. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's 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 Plan's funds that hold equities as follows:

DB section

- LGIM LCT North America Equity Fund
- LGIM LCT UK Equity Fund
- LGIM LCT Japan Equity Fund
- LGIM LCT Europe ex UK Equity Fund
- LGIM LCT Asia Pacific ex Japan Equity Fund
- LGIM LCT Emerging Markets Equity Fund
- BlackRock Emerging Market Equity Fund*
- BlackRock Dynamic Diversified Growth Fund**

The currency hedged versions of the above funds in which the Plan invests are also included in the Statement.

* The Trustee fully disinvested from the fund on 14 September 2023.
** The Trustee fully disinvested from the fund on 5 July 2023.

Hybrid section – IMA

- Aegon BlackRock MSCI World Index Fund
- Aegon BlackRock Aquila Life Market Advantage Fund
- Aegon BlackRock Aquila Life 60:40 Global Equity Index Fund*
- Aegon BlackRock ACS UK Equity Index Fund

DC section – MPA and AVC

- Standard Life Global Equity 50:50 Tracker Pension Fund
- BlackRock Aquila Life Market Advantage Fund
- Standard Life SLI Global Absolute Return Strategies Pension Fund**
- BlackRock ACS World (Ex UK) Equity Pension Fund
- Standard Life Vanguard FTSE UK All Share Index Pension Fund
- Standard Life Managed Pension Fund

*For the IMA and MPA/AVC Sections, the Trustee has included both the equity funds used in the lifestyle strategies as well as any self-select funds. Funds used within the lifestyles are highlighted in **bold**.
**The Standard Life SLI Global Absolute Return Strategies Pension Fund was closed during the Scheme Year in November 2023.

The Trustee has sought to obtain the relevant voting data for Sections 9.1 and 9.2, from all of the investment managers listed above, however BlackRock were unable to include the approximate size of the funds holding for individual significant votes at the date of the vote for all of the funds. BlackRock have advised that this is not something they typically provide, do not provide or are unable to provide at a fund level. Furthermore, for some votes both BlackRock and LGIM were unable to provide the percentage of votes cast for or against.

The Trustee has reviewed this firmwide data and will continue to work with its advisers and investment managers with the aim of providing fuller voting information in future implementation statements.

9.1 Summary of voting behaviour

A summary of voting behaviour over the Plan Year is provided in the table below.

DB section

Manager name	LGIM						BlackRock	
Fund name	Low Carbon Transition North America Equity Fund	Low Carbon Transition UK Equity Fund	Low Carbon Transition Japan Equity Fund	Low Carbon Transition Europe (ex UK) Equity Fund	Low Carbon Transition Asia Pacific (ex Japan) Equity Fund	Low Carbon Transition Emerging Markets Equity Fund**	Dynamic Diversified Growth Fund*	Aquila Emerging Markets Equity Fund*
Total size of fund at end of the Plan Year	Hedged: £71.1m Unhedged: £354.8m	£520.0m	Hedged: £28.9m Unhedged: £119.4m	Hedged: £67.2m Unhedged: £339.7m	Hedged:£38.5m Unhedged: £210.7m	£331.6m	£892.6m	£0.3m
Value of Plan assets at end of the Plan Year (£ / % of total assets)	Hedged: £16.3m / 2.5% Unhedged: £16.2m / 2.4%	£28.0m / 4.2%	Hedged: £10.5m / 1.6% Unhedged: £9.6m / 1.4%	Hedged: £14.6m / 2.2% Unhedged: £14.5m / 2.2%	Hedged: £5.0m / 0.8% Unhedged: £5.0m / 0.7%	£27.6m / 4.2%	-	-
Number of equity holdings at end of the Plan Year	527	80	311	359	142	1,418	2,385	88
Number of meetings eligible to vote	561	97	315	488	166	3,062	575	3,216
Number of resolutions eligible to vote	7,743	1,981	3,824	8,089	1,206	24,415	7,491	27,925
% of resolutions voted	99.8%	100.0%	100.0%	99.9%	100.0%	100.0%	93.0%	98.0%
Of the resolutions on which voted, % voted with management	65.3%	95.9%	89.2%	81.1%	74.1%	80.2%	94.0%	87.0%
Of the resolutions on which voted, % voted against management	34.7%	4.1%	10.9%	18.5%	25.9%	19.2%	5.0%	12.0%
Of the resolutions on which voted, % abstained from voting	0.0%	0.0%	0.0%	0.4%	0.0%	0.6%	1.0%	1.0%
Of the meetings in which the manager voted, % with at least one vote against management	98.4%	41.2%	67.9%	81.4%	73.5%	57.2%	26.0%	45.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	28.8%	3.4%	8.9%	11.0%	15.9%	7.8%	0.0%	0.0%

*The Scheme fully disinvested from the BlackRock Diversified Growth Fund and Aquila Emerging Markets Equity Fund on 5 July 2023 and 14 September 2023 respectively, however BlackRock is only able to provide voting date for the full period. The Aquila Emerging Markets Equity Fund began winding up on 14 September 2023.
**The Scheme invest in the LGIM Emerging Markets Equity fund on 15 September 2023, however LGIM is only able to provide voting date for the full period.

Hybrid section – IMA

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	BlackRock	BlackRock	BlackRock	BlackRock
Fund name	ACS 60:40 Global Equity Index Fund	MSCI World Index Fund	Aquila Life Market Advantage Fund[1]	ACS UK Equity Index Fund
Total size of fund at end of reporting period	£26.7m	£3,422.4m	£661.2m	£8,936.9m
Value of Plan assets at end of reporting period (% of total IMA assets)	£0.02m 0.1%	£13.3m 51.0%	£4.1m 15.9% (3.1% of MPA)[1]	£3.4m 13.1%
Number of holdings at end of reporting period	13,978	1,461	1,651	13,976
Number of meetings eligible to vote	2,935	967	2,358	1,027
Number of resolutions eligible to vote	38,899	14,713	26,360	14,905
% of resolutions voted	94.0%	97.9%	93.6%	96.6 %
Of the resolutions on which voted, % voted with management	94.5%[2]	94.3%[2]	93.8%[2]	96.1%[2]
Of the resolutions on which voted, % voted against management	5.5%[2]	5.7%[2]	6.2%[2]	3.9%[2]
Of the resolutions on which voted, % abstained from voting	0.7%[2]	0.7%[2]	1.1%[2]	1.1%[2]
Of the meetings in which the manager voted, % with at least one vote against management	27.3%	32.1%	28.7%	21.5%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	0.4%	0.4%	0.3%	0.1%

1 Also applies to MPA and AVC section. MPA assets as at 7 May 2024 for the H93762 policy.

2 BlackRock confirmed that the total of the % may not sum to 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

DC section – MPA and AVC

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Manager name	Abrdn	Abrdn	BlackRock	Vanguard	Abrdn
Fund name	Global Equity 50:50 Tracker Pension Fund	Global Absolute Return Strategies Pension Fund[3]	ACS World (Ex UK) Equity Pension Fund	Vanguard FTSE UK All Share Index Pension Fund	Managed Pension Fund
Total size of fund at end of reporting period	£1,060.7m	£640.0m	£7,811.2m	£13.1bn	£742.6m
Value of Plan assets at end of reporting period (% of total MPA/AVC assets)[1]	TBC	TBC	TBC	TBC	TBC
Number of holdings at end of reporting period	899	61	1,954	579	974
Number of meetings eligible to vote	48	105	2,169	662	190
Number of resolutions eligible to vote	647	1,334	27,422	10,235	1730
% of resolutions voted	100.0%	97.2%	92.7%	99.6%	93.8%
Of the resolutions on which voted, % voted with management[2]	81.6%	82.6%	93.7%	99.2%	94.7%
Of the resolutions on which voted, % voted against management[2]	17.8%	17.4%	6.3%	0.8%	4.7%
Of the resolutions on which voted, % abstained from voting[2]	0.6%	0.1%	0.6%	0.0%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	68.8%	66.3%	29.0%	4.8%	19.2%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	14.8%	13.7%	0.5%	0.0%	6.2%

1 Assets as at 31 December 2023.
2 The total of the % may not sum to 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.
3 Data as at 30 September 2023 given that the fund closed in November 2023.

9.2 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

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 Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has 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[1] for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- the Plan or the sponsoring company may have a particular interest in.

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

DB section

LGIM Low Carbon Transition North America Equity Index Fund

JPMorgan Chase & Co., May 2023

Summary of resolution: Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets

Relevant stewardship priority: Climate Change

Approx size of the holding at the date of the vote: 1.2%

Why this vote is considered to be most significant: Relates to the Climate Change stewardship priority.

Company management recommendation: Against. **Fund manager vote:** For

Rationale: LGIM generally supports resolutions that seek additional disclosures on how companies aim to manage their financing activities in line with their published targets. It believes detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders. The onus remains on the board to determine the activities and policies required to fulfil their own ambitions, rather than investors imposing restrictions on the company.

Was the vote communicated to the company ahead of the vote: LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was sent to the company ahead of the meeting.

[1] Vote reporting template for pension Plan 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.

Outcome of the vote and next steps: Fail. LGIM will continue to engage with the company and monitor progress.

LGIM Low Carbon Transition UK Equity Fund

Shell Plc., May 2023

Summary of resolution: Approve the Shell Energy Transition Progress

Relevant stewardship priority: Climate Change

Approx size of the holding at the date of the vote: 4.7%

Why this vote is considered to be most significant: Relates to the Climate Change stewardship priority.

Company management recommendation: For **Fund manager vote:** Against

Rationale: Despite the substantial progress made by Shell in meeting its 2021 climate commitments, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations. LGIM sees both of these areas as key to demonstrating alignment with the 1.5C trajectory.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

Outcome of the vote and next steps: Pass. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.

LGIM Low Carbon Transition Japan Equity Index Fund

Toyota Motor Corp., June 2023

Summary of resolution: Amend articles to report on corporate climate lobbying aligned with Paris Agreement

Relevant stewardship priority: Climate Change and Business Ethics

Approx size of the holding at the date of the vote: 5.2%

Why this vote is considered to be most significant: Relates to the Climate Change and Business Ethics stewardship priorities.

Company management recommendation: Against **Fund manager vote:** For

Rationale: While acknowledging the progress that Toyota has made in relation to its climate lobbying disclosure in recent years, LGIM believe that additional transparency was required around the process used by the company to assess how its lobbying activities align with its own climate ambitions and what actions are taken when misalignment is identified.

Was the vote communicated to the company ahead of the vote: LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

Outcome of the vote and next steps: Fail. LGIM will continue to engage with the company and monitor progress.

LGIM Low Carbon Transition Europe ex UK Equity

TotalEnergies SE, May 2023

Summary of resolution: Approve the Company's Sustainable Development and Energy Transition Plan

Relevant stewardship priority: Climate Change

Approx size of the holding at the date of the vote: 0.6%

Why this vote is considered to be most significant: Relates to the Climate Change stewardship priority.

Company management recommendation: For **Fund manager vote:** Against

Rationale: LGIM recognises the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, LGIM remains concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

Outcome of the vote and next steps: Passed. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

LGIM Low Carbon Transition Asia Pacific ex Japan Equity Fund

Westpac Banking Corp., December 2023.

Summary of resolution: Approve Westpac Climate Change Position Statement and Action Plan

Relevant stewardship priority: Climate Change

Approx size of the holding at the date of the vote: 2.8%

Why this vote is considered to be most significant: Relates to the Climate Change stewardship priority.

Company management recommendation: For **Fund manager vote:** Against

Rationale: LGIM voted against this proposal as it expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. While it positively notes the company's net-zero commitments and welcome the opportunity to voice our opinion on the bank's climate transition plan, it highlighted some concerns with the scope of targets and disclosures. In particular, the bank has not committed to establish science-based targets; and the sector policies notably on certain fossil fuels (such as unconventional oil and gas) and existing business relationships remains limited in scope.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

Outcome of the vote and next steps: Pass. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

LGIM Low Carbon Transition Emerging Market Equity Fund

Tencent Holdings, May 2023

Summary of resolution: Elect Jacobus Petrus (Koos) Bekker as Director

Relevant stewardship priority: Climate Change

Approx size of the holding at the date of the vote: 4.2%

Why this vote is considered to be most significant: Relates to the Climate Change stewardship priority.

Company management recommendation: For **Fund manager vote:** Against

Rationale: LGIM voted against the motion as it didn't deem the company to meet minimum standards with regard to climate risk management.

Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

Outcome of the vote and next steps: Pass. LGIM will continue to engage with the company and monitor progress.

BlackRock Diversified Growth Fund

Alphabet Inc., June 2023

Summary of resolution: Approve Recapitalization Plan for all stock to have one-vote per share

Relevant stewardship priority: Business Ethics

Approx size of the holding at the date of the vote: BlackRock was unable to provide this information.

Why this vote is considered to be most significant: Relates to the Business Ethics stewardship priority and has a high media profile.

Company management recommendation: For **Fund manager vote:** For

Rationale: BlackRock supported this proposal because it believes having one vote per share enhances shareholder right.

Outcome of the vote and next steps: Fail. BlackRock Investment Stewardship will continue to engage with Alphabet on the issue of shareholder rights.

BlackRock Emerging Markets Funds

Banco de Chile SA, March 2023

Summary of resolution: Elect Andronico Luksic Craig as Director

Relevant stewardship priority: Business Ethics

Approx size of the holding at the date of the vote: BlackRock was unable to provide this information.

Why this vote is considered to be most significant: Relates to the Business Ethics stewardship priority.

Company management recommendation: For **Fund manager vote:** Against

Rationale: Nominee serves on an excessive number of public company boards, which BlackRock believe raises substantial concerns about the director's ability to exercise sufficient oversight on this board.

Outcome of the vote and next steps: Pass. BlackRock Investment Stewardship will continue to monitor Banco de Chile's steps to enhancing their corporate governance structures, including board quality and director commitments, as well as the region's progress towards publishing more fulsome and timely disclosures.

Hybrid section – IMA

BlackRock Aquila Life (60:40) Global Equity Fund

Yum! Brands, Inc, May 2023

Summary of resolution: Report on Paid Sick Leave

Relevant stewardship priority: Human Rights

Approx size of the holding at Plan Year end: <0.1%

Why this vote is considered to be most significant: Relates to the Human Rights stewardship priority.

Company management recommendation: Against **Fund manager vote:** Against

Rationale: BIS did not support this shareholder proposal, which requested that the company issue a report on the feasibility of incentivizing Yum!'s franchisees to provide paid sick leave to employees. In BIS's view, given Yum!'s franchise business model, the proposal is unduly prescriptive as it seeks to direct the independent operations of the company's franchisees.

In BIS's view, Yum!'s existing paid sick leave policy for employees is already robust. The company enhanced employee benefits during COVID-19 to include paid sick leave for full- and part-time restaurant employees, irrespective of hours worked. Additionally, given Yum!'s business model – 98% of the company's restaurants are franchised – BIS believe that it is ultimately the responsibility of individual franchisees to determine employment practices and benefit offerings that position them competitively.

Was the vote communicated to the company ahead of the vote: BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. BlackRock voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Fail. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote. In general, BlackRock are unlikely to support shareholder proposals that, in their assessment, are intended to micromanage companies.

BlackRock MSCI World Index Fund

Restaurant Brands International Inc ("RBI"), May 2023

Summary of resolution: Report on Efforts to Reduce Plastic Use

Relevant stewardship priority: Climate change

Approx size of the holding at Plan Year end: <0.1%

Why this vote is considered to be most significant: Relates to the climate change stewardship priority.

Company management recommendation: Against **Fund manager vote:** Against

Rationale: BIS did not support this proposal because, in their analysis, RBI's existing disclosures on plastics use are comprehensive and provide sufficient information to allow investors to understand the company's approach to managing the risks and opportunities of plastics use.

While BIS recognize the importance of transparency on plastic usage for the benefit of shareholders, they also acknowledge that RBI is already taking steps to address this issue, including the disclosure of a number of commitments, such as phasing out intentionally added PFAS from guest facing packaging by 2025 or sooner as well as recycling guest facing packaging in restaurants globally, where commercially viable and where infrastructure is available by 2025. RBI has indicated that they will continue to enhance their disclosures, including providing quantitative information, in future sustainability reports. As a result, BIS did not support this shareholder proposal.

Was the vote communicated to the company ahead of the vote: BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. BlackRock voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Fail. RBI has indicated that they will continue to enhance their disclosures, including providing quantitative information, in future sustainability reports. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

BlackRock Aquila Life Market Advantage Fund (also applies to MPA and AVC section)

Yum! Brands, Inc, May 2023

Summary of resolution: Report on Civil Rights and Non-Discrimination Audit

Relevant stewardship priority: Human rights

Approx size of the holding at Plan Year end: <0.1%

Why this vote is considered to be most significant: Relates to the human rights stewardship priority.

Company management recommendation: Against **Fund manager vote:** Against

Rationale: In considering shareholder proposals requesting an assessment of a company's practices in relation to civil rights and non-discrimination, BIS take into account the costs of an assessment as well as the benefits of mitigating the economic risk of inadequate policies and practices. In BIS's view, Yum!'s approach to these matters is proportionate to the human capital risks the company.

BIS recognize that Yum! Has a moderate level of exposure to these issues due to the nature of their large and disparate workforce, totalling 36,000 employees, 85% of whom work in a restaurant setting. Further, the turnover rate (the company discloses that 50% of workers have been employed by Yum! for less than one year) adds to this risk. However, BIS note that Yum!'s management acknowledges these issues and has addressed them through enhancing individual employee resources for equity and inclusion, and engagement in the company's employee resource groups. These matters are overseen by Yum!'s global leadership team.

Was the vote communicated to the company ahead of the vote: BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. BlackRock voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Withdrawn. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

BlackRock ACS UK Equity Index Fund

Shell plc, May 2023

Summary of resolution: Approve the Shell Energy Transition Progress

Relevant stewardship priority: Climate change

Approx size of the holding at Plan Year end: 7.8%

Why this vote is considered to be most significant: Relates to the climate change stewardship priority.

Company management recommendation: For

Fund manager vote: For

Rationale: BIS supported this management proposal in recognition of the delivery to date against the company's Energy Transition Strategy.

Overall, 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 BIS's view, Shell's reporting and approach are aligned with their clients' long-term financial interests; therefore, BIS supported the management resolution.

Was the vote communicated to the company ahead of the vote: BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. BlackRock voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Pass. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

DC section – MPA and AVC sections

BlackRock ACS World (Ex UK) Equity Pension Fund

Chevron Corporation, May 2023

Summary of resolution: Adopt Medium-Term Scope 3 GHG Reduction Target

Relevant stewardship priority: Climate change

Approx size of the holding at the date of the vote: 0.5%

Why this vote is considered to be most significant: Relates to the business ethics and climate change stewardship priority.

Company management recommendation: Against

Fund manager vote: Against

Rationale: BIS did not support this shareholder proposal because the company has already taken actions that address the proponent's request given that they incorporate scope 3 emissions into their aforementioned Portfolio Carbon Intensity ("PCI ") metric. Further, complying with the specific ask of the shareholder proposal may be unduly constraining on management's ability to set the company's long-term business strategy.

Was the vote communicated to the company ahead of the vote: BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. BlackRock publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. BlackRock voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Fail. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

Vanguard FTSE UK All Share Index Pension Fund

BP Plc, April 2023

Summary of resolution: Approve Shareholder Resolution on Climate Change Targets

Relevant stewardship priority: Climate change

Approx size of the holding: 3.2%

Why this vote is considered to be most significant: Relates to the business ethics stewardship priority.

Company management recommendation: Against **Fund manager vote:** Against

Rationale: Vanguard determined the proposal addressed material risks and believe that the company had taken sufficient actions and/or had related actions pending to address the proponent request.

Was the vote communicated to the company ahead of the vote: The vote was not communicated to the company ahead of the vote as the vote was not against management.

Outcome of the vote and next steps: Fail. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

Standard Life Global Equity 50:50 Tracker Pension Fund

Merck & Co., Inc., May 2023

Summary of resolution: Report on Risks Related to Operations in China

Relevant stewardship priority: Business ethics/Human Rights

Approx size of the holding: 0.22%

Why this vote is considered to be most significant: Relates to Trustee's stewardship priority.

Company management recommendation: Against **Fund manager vote:** Against

Rationale: The company has appropriate disclosure in place regarding the geographical distribution of its revenues and expenses, policies and oversight mechanisms. In its latest 10-K, the company discusses the importance of the Chinese market and risks associated with doing business in emerging markets. It provides details on risks it faces regarding its business in and with China. In light of existing oversight and disclosure the resolution is onerous and Abrdn viewed a vote against as warranted.

Was the vote communicated to the company ahead of the vote: Abrdn do not track the specific votes where they communicated their intent prior to voting - To enhance Abrdn's analysis they will often engage with companies held in their active portfolios prior to voting to understand additional context and explanations, particularly where there are concerns related to an agenda. Abrdn endeavour to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Abrdn voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Fail. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

Standard Life Managed Pension Fund

Mitsubishi UFJ Financial Group ("MUFG"), Inc, June 2023

Summary of resolution: Disclosure of Fossil Fuel Financing

Relevant stewardship priority: Climate change

Approx size of the holding: 0.29%

Why this vote is considered to be most significant: Relates to Trustee's stewardship priority.

Company management recommendation: Against **Fund manager vote:** Against

Rationale: Abrdn agrees with the proponent that it is appropriate that the company discloses details of its climate goals and transition plans. MUFG commits to achieve net zero emissions from its financed portfolio by 2050 and net zero emissions from its own operations by 2030. The company has clearly set out these targets in accordance with TCFD reporting standards and has committed to the standards of the Net Zero Banking Alliance. In light of existing activities, the vote is onerous and a vote against is warranted.

Was the vote communicated to the company ahead of the vote: Abrdn do not track the specific votes where they communicated their intent prior to voting - To enhance Abrdn's analysis they will often engage with companies held in their active portfolios prior to voting to understand additional context and explanations, particularly where there are concerns related to an agenda. Abrdn endeavour to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Abrdn voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Fail. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

Standard Life Global Absolute Return Strategy

The Kroger Co, June 2023

Summary of resolution: Report on Public Health Costs Due to Tobacco Product Sales and the Impact on Overall Market

Relevant stewardship priority: Business ethics

Approx size of the holding at Plan Year end: 0.3%

Why this vote is considered to be most significant: Relates to the business ethics stewardship priority.

Company management recommendation: Against **Fund manager vote:** Against

Rationale: A vote in favour of a report is not warranted as there are studies available on the public health and economic costs of smoking and Kroger has taken steps on tobacco products, such as no longer selling e-cigarettes. It's therefore not clear what additional value such a report would provide shareholders with.

Was the vote communicated to the company ahead of the vote: Abrdn do not track the specific votes where they communicated their intent prior to voting - To enhance Abrdn's analysis they will often engage with companies held in their active portfolios prior to voting to understand additional context and explanations, particularly where there are concerns related to an agenda. Abrdn endeavour to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Abrdn voted in line with management on this vote, and therefore this is not applicable.

Outcome of the vote and next steps: Fail. No next steps were provided with relation to this proposal as the outcome of the vote was in line with the manager's vote.

10. Appendix

Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies in April 2023, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views.

LGIM (DB section)

All decisions are made by LGIM's Investment Stewardship team and in accordance with LGIM's 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 LGIM's 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 LGIM does not outsource any part of the strategic decisions.

LGIM's use of ISS recommendations is purely to augment its 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 it receives from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards, which it believes all companies globally should observe, irrespective of local regulation or practice.

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

BlackRock (All sections)

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and

Glass Lewis, it is just one among many inputs into BlackRock's vote analysis process, and it does not blindly follow their recommendations on how to vote. BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would be beneficial. Other sources of information that BlackRock uses include the company's own reporting (such as the proxy statement and the website), BlackRock's engagement and voting history with the company, and the views of BlackRock's active investors, public information and ESG research.

BlackRock Investment Stewardship prioritises its work around themes that it believes will encourage sound governance practices and deliver sustainable long-term financial performance. BlackRock's year-round engagement with clients to understand their priorities and expectations, as well as its active participation in marketwide policy debates, helps inform these themes. The themes BlackRock has identified in turn shape its Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which BlackRock looks at the sustainable long-term financial performance of investee companies.

Vanguard (MPA and AVC sections)

Vanguard do not consult with individual clients / investors before voting. Vanguard understands that people have a wide variety of deeply felt humanitarian, ethical, environmental, and social concerns, and that some may want to see their beliefs reflected in their investments. As a fiduciary and the steward of lifetime savings for more than 30 million investors worldwide, Vanguard is required to manage their funds in the best interests of shareholders and obligated to maximize returns in order to help shareholders meet their financial goals.

Vanguard's Investment Stewardship website is the primary source of information about their investment stewardship program, and can provide portfolio companies with comprehensive information about our principlesbased approach, perspectives and commentary, proxy voting guidelines, responsible investment policy, insights on environmental, social, and governance (ESG) topics, and proxy votes cast by our funds in the last proxy season.

Vanguard Investment Stewardship team makes every effort to cast proxy votes at all meetings at which our funds are eligible to vote. Each fund advised by Vanguard has adopted a voting policy, which details the general positions of the funds on recurring proxy proposals at public companies. In some cases, country-specific guidelines for key markets are applied. An experienced team of analysts evaluates each proposal on a case-by-case basis and casts the funds' votes in accordance with voting guidelines, and based on analysis of the impact of the proposal on long-term value. The guidelines for these case-by-case items set forth the general frameworks for the analysis. Proposals for which specific guidelines are not defined will likewise be voted on a case-by-case basis in the best interests of each fund consistent with the principles articulated in the proxy voting guidelines and each fund's investment objective. Vanguard Investment Stewardship team votes on behalf of Vanguard's internally managed equity holdings. Vanguard casts proxy votes via dedicated voting providers. Vanguard consults a wide variety of third party research providers and our own internal proprietary databases. Vanguard then analyses the various issues and ballot measures in conjunction with our Proxy Voting Guidelines and other relevant data to reach their own independent decisions. The Investment Stewardship team uses a variety of research from well-known providers, such as ISS, Glass Lewis, and Equilar, as well as a number of smaller research providers.

Abrdn (MPA and AVC sections)

Abrdn utilise the services of ISS for all their voting requirements.

Abrdn view all votes as significant and vote all shares globally for which they have voting authority, unless there are significant voting obstacles such as shareblocking. In line with PLSA requirements Abrdn identify and record what they deem to be the most significant votes across all their holdings. Abrdn have identified five categories of votes they consider as significant and have ordered these based on their view of their importance. This enables Abrdn to provide a specified number of votes across a client's portfolio upon request. Members of Abrdn's Central ESG Investment Function carry out a monthly review to identify and categorise significant votes.

Abrdn are a strong supporter of the principles of good stewardship that are set out in the UK Stewardship Code. This was published by the Financial Reporting Council in July 2010, and updated in September 2012. Abrdn believe that it is mutually beneficial for companies and long-term investors to have a relationship based on accountability, engagement and trust. Such a relationship helps to ensure that each has a good understanding of the other's views and expectations. It also enables Abrdn to exercise constructive influence as and when appropriate. Abrdn believe this serves to enhance the long-term value of clients' investments and to protect their interests when necessary.