# *Implementation Statement, covering the Scheme Year from 1 January 2023 to 31 December 2023*

The Trustee of the SPX UK Pension Scheme (the "Scheme") 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 Scheme Year, as well as details of any review of the SIP during the Scheme 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 Scheme Year by, and on behalf of, trustees (including the most significant votes cast by trustees 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 Scheme's latest SIP, which was in place during the Scheme Year (dated September 2020). This Statement should be read in conjunction with the SIP which can be found online. The Scheme has both Defined Benefit ("DB") and Defined Contribution ("DC") Sections, and this Statement covers both DB and DC Sections.

## 1. Introduction

The SIP has been under formal review since September 2023 and is in the process of being updated as changes to the investment strategy are finalised. The SIP is being updated to reflect:

- DWP's new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement;
- the stewardship priorities that were agreed by the Trustee;
- the Trustee's approach to illiquid assets in the DC section of the Scheme;
- the Trustee's Net Zero ambition and expectation that the Scheme's investment managers and advisers help the Trustees achieve this ambition; and
- the strategy updates in the DB section of the Scheme that have taken place over the last year.

No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

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

## 2. Investment objectives

Progress against the Scheme's self-sufficiency basis and the long-term journey plan is reviewed as part of the quarterly performance monitoring reports. The Trustee is also able to view the progress on an ongoing basis using LCP Visualise online (a tool provided by the Scheme's investment adviser which show key metrics and information on the Scheme including expected return and risks of the investment strategy).

As at 31 December 2023, the Scheme was behind its full funding target on a self-sufficiency basis and is not on track to achieve full funding on self-sufficiency basis by the agreed target date. The Trustee has decided to wait for the results of the next Actuarial Valuation before reviewing the position and deciding the next steps.

In addition, the Trustee remains comfortable that the level of risk and expected returns remain appropriate.

The Trustee recognises that members of the DC Section have differing investment needs, that these may change during the course of their working lives, and that they may have differing attitudes to risk. The Trustee aims to provide members of the DC Section with access to appropriate funds to allow them the opportunity to create a diversified investment strategy that meets their preference in terms of expected return and risk. Where members do not wish to make investment decisions, a default investment option (the "Default") is available. The Default has a 'catch all' target, meaning that it does not target a specific member retirement outcome – it is designed to be broadly appropriate for full cash withdrawal, transfer to a drawdown provider, or annuity purchase.

## 3. Investment strategy

### DB Section

The Trustee, with the help of its advisers, reviewed the DB investment strategy in December 2023. Following a prolonged period of poor performance, the Trustee redeemed its holding in the Amundi DGF, investing the proceeds in L&G long-dated corporate bonds and L&G low carbon equities. Additionally, the Trustee agreed to transfer its short-dated corporate bond holdings from L&G to CTI to improve operational efficiency.

As part of the review, the Trustee made sure the Scheme's assets were adequately and appropriately diversified between different asset classes.

The Trustee monitors the Scheme's required return to achieve full funding on self-sufficiency basis on a quarterly basis.

The Trustee monitored the asset allocation on a quarterly basis and compared this to the strategic asset allocation through performance monitoring reports provided by its investment adviser.

### DC Section

During the Scheme Year, as part of the DC investment strategy review (carried out in June 2023), the Trustee, with the help of its advisers and in consultation with the sponsoring employer, considered the appropriateness of the Default. At the time of writing the Trustee is considering steps to improve value for members including the option of potentially consolidating the DC assets to a master trust.

The Trustee has made a range of self-select funds available to members. The Trustee monitors the take up of these funds and it has been limited. The Trustee reviews membership information each year as part of an annual review, which is produced by its investment adviser. No changes were made to the DC investment over the year.

## 4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy in December 2023, it considered the investment risks set out on page 4 of the SIP. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Scheme (eg the investment objectives, funding position and level of contributions).

The Trustee considered the investment strategy of the DC Default at its meeting on 19 June 2023, in which the Trustee's adviser presented its recommended changes. This was revisited in the meeting on 4 December 2023. As part of re-considering the recommended changes, the Trustee considered the investment risks set out on page 4 of the SIP.

The Trustee reviewed its investment beliefs in March 2023. As a result, the Trustee updated the investment beliefs in the SIP. It added four new investment beliefs to the SIP, namely:

- "climate change is a financially material systemic issue that presents risks and opportunities for the Scheme over the short, medium and long term";
- "aligning our assets with net zero greenhouse gas emissions by 2050 where practicable is expected to help reduce the risks to the Scheme from climate change";
- "collaborative investor action can help address systemic risks, for example we believe net zero alignment, if implemented well, could be an effective approach to addressing climate risk"; and
- "to be effective, a net zero program needs to be consistent with climate science, with both short-term and long-term targets and a focus on real world impacts".

The Trustee invests for the long term, to provide for the Scheme'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 activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Scheme's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings and monitoring reports. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Scheme'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 Scheme invests in, or any material change in the level of diversification in the fund.

### Policy towards risk (Page 4 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

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 Scheme’s investment adviser or information provided to the Trustee by the Scheme’s investment managers. These include, but are not limited to, credit risk, equity risk, currency risk, and counterparty risk.

The following risks are covered throughout this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7. The following risks are always mentioned in the SIP and are considered by the Trustee when making investment decisions: deficit risk, interest rate and inflation risk, currency risk, political risk, sponsor risk and counterparty risk.

### DB Section

The DB Scheme’s interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the Scheme Year the Scheme’s hedging levels were broadly in line with the target levels. The Trustee reviewed the Scheme’s LDI hedging levels in during the transition of the Scheme’s LDI portfolio to Columbia Threadneedle (“CTI”) in May 2023.

With regard to collateral adequacy risk, the Trustee holds investments in the CTI Sterling Liquidity Fund alongside the LDI portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. As at 31 December 2023 the Scheme held sufficient liquid assets to cover any potential capital calls that may arise from the CTI LDI portfolio, which may be required to sustain sufficient levels of leverage and hedging in the portfolio. The Trustee monitors the Scheme’s liquidity on a quarterly basis through its performance monitoring reports. The Trustee has also agreed to appoint the CTI Global Low Duration Credit Fund. The fund has been invested in post-Year End and has been added to the Scheme’s automatic collateral waterfall, providing further yield headroom in the LDI portfolio.

With regard to the risk of inadequate returns in the DB Section, the required return for the Scheme to be fully funded on a Self-Sufficiency basis (gilts + 0.3% pa) by 31 December 2025 was assessed as gilts + 3.3% pa.  The best estimate expected return on the Scheme's strategic asset allocation was gilts + 1.4% pa. Therefore, the expected return on the Scheme's assets was not expected to be sufficient to produce the return needed over the long-term. It has been agreed by the Trustee to not take any immediate action (ie target higher investment returns, seek additional contributions, or extend the target date) and instead wait for the results of the 2024 Actuarial Valuation to reassess the position.

Together, the investment and non-investment risks set out in the SIP give rise generally to funding risk for the DB Section. The Trustee formally reviews the Scheme'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 reviews sponsor risk and political risk on an ad hoc basis when necessary.

### DC Section

With regard to the risk of inadequate returns in the DC Section, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These funds are used in the Default and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

## 5. Implementation of the investment arrangements

Within the DB Section, the Trustee made new investments in L&G low carbon equities and CTI LDI funds during the Scheme Year. Since Scheme Year End, the Trustee has also appointed L&G to manage a long-dated corporate bond mandate and CTI to manage a low duration credit mandate. Before appointing and investing with the managers, 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 were 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.

The Trustee monitors the performance of the DC Section's investment managers via an annual performance report. The report shows the performance of each fund over short-term (12 month) and longer-term (3 year and 5 year) periods. Performance is considered in the context of the managers' benchmarks and broader market events.

The Trustee also assesses the appropriateness of the Default on an annual basis, given that changes in member demographics can have a significant impact on the DC Section, due to the small number of members in it. A "value for members" assessment was carried out during the Scheme Year (presented to the Trustee in March 2023), which reconsidered the investment adviser's recommendations from the September 2021 strategy review. The latest strategy review took place in June 2023, which largely reiterated the recommendations of the previous strategy review.

The value for members assessment carried out during the Scheme Year covered a range of factors and concluded that value for members could be improved. The Trustee decided not to make any changes to the investment arrangements during the Scheme Year whilst the consolidation of the DC assets into a master trust is being considered.

## 6. Realisation of investments

The Trustee reviews the Scheme'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.

In September 2023, the Trustee switched £1m out of the Man Group diversified risk premia fund and into the CTI Sterling Liquidity Fund to rebalance Scheme assets back towards the strategic allocation and increase the collateral reserves held alongside the LDI portfolio.

Over the Scheme Year, the Trustee used cashflow to help rebalance the Scheme's assets towards the strategic asset allocation. The Scheme received a deficit contribution of £135,000 during the Scheme Year.

The Trustee receives income from credit portfolio and makes regular disinvestments from the growth portfolio. The regular disinvestments are transferred to the Trustee bank account to help fund pensioner payroll payments.

For the DC Section, it is the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section funds 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 Scheme'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).

The Trustee reviews LCP's responsible investment (RI) scores for the Scheme's existing managers and funds a quarterly basis. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations.

Additionally, the Trustees receive quarterly updates on ESG and Stewardship related issues from our investment advisers.

As described in Sections 1 and 4, the Trustee has set a Net Zero Ambition to help mitigate climate risk. It aims to align the Scheme's assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets. Most of the Scheme's investment managers are now signatories to the Net Zero Asset Managers initiative (NZAMI). The Trustee and its investment advisor are engaging with TwentyFour Asset Management to encourage it to join the initiative.

For the DC Section, the Trustee's investment advisers raised ESG matters as part of its investment strategy review, presented to the Trustee in June 2023, and suggested ESG factors could be incorporated into the funds used in the Default. The Trustee decided not to make any changes during the Scheme Year.

## 8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme'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 engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed the stewardship priorities for the Scheme during Q1 2023. The Trustee chose the following as their priorities:

- climate change;
- diversity, equity and inclusion; and
- business ethics.

The Trustee regularly invites the Scheme's investment managers to present at Trustee meetings. Over the Scheme Year, the Trustee met with Twenty-Four, L&G, CTI, Man Group and Amundi to discuss the Scheme'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.

The Trustee invested in L&G low carbon equities in February 2023 and CTI LDI and SLF funds in May 2023. Since Year End, the Trustee has also appointed L&G long-dated corporate bonds and CTI short duration credit. In selecting and appointing these manager and funds, the Trustee reviewed LCP's RI assessments of the managers.

## 9. Description of voting behaviour during the Scheme 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 Scheme 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 Scheme's funds that hold equities as follows:

### DB Section

- L&G Low Carbon Transition Global Equity Index Fund;
- L&G Low Carbon Transition Global Equity Index Fund (GBP hedged);
- Amundi Multi-Strategy Growth Fund; and
- Man Group Diversified Risk Premia Fund

The Trustee has not included voting data for the GMO Real Return Fund as the Scheme was only invested for a short period of time at the beginning of the Scheme Year from 1 January 2023 to 28 February 2023, and has since fully disinvested. Furthermore, the Trustee notes that this period falls out of the 'proxy season', during which most of the shareholder voting takes place.

In addition to the above, the Trustee contacted the Scheme's other asset managers that don't hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. None of the other pooled funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

### DC Section

- Aegon BlackRock 70/30 Global Equity Index Fund. This fund is made up of:
  - 70% allocation to Aegon BlackRock UK Equity Index Fund (this fund is also available as a self-select option); and
  - 30% allocation BlackRock Overseas Equity Consensus Index Fund
- Aegon BlackRock Emerging Markets Equity Index Fund

For the DC Section, the Trustee has decided to report on the voting behaviour of managers for the funds with equity holdings used in the Default, given the high proportion of DC Section assets invested in these funds. As the Aegon BlackRock 70/30 Global Equity Index Fund comprises two BlackRock funds, we have included voting data on both funds. We have not included self-select funds on materiality grounds, reflecting the low proportion of members that self-select and the overall low number of members and amount of assets in the DC Section.

### DB Section

The following are provided by the Scheme's managers, and the Trustee has used the wording provided where possible.

#### L&G

All decisions are made by L&G's Investment Stewardship team and in accordance with our 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 our 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.

L&G's Investment Stewardship team uses proxy provider, Institutional Shareholder Services ("ISS")'s ProxyExchange electronic voting platform to electronically vote clients' shares. However, all voting decisions are made by L&G and it does not outsource any part of the strategic decisions. L&G'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 that the proxy provider votes in accordance with L&G's position on ESG, L&G has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what L&G consider to be minimum best practice standards, which L&G believes all companies globally should observe, irrespective of local regulation or practice.

L&G also retains the ability in all markets to override any vote decisions, which is 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) which allows L&G to apply a qualitative overlay to its voting judgement.

L&G 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 us of rejected votes which require further action.

#### Amundi

To avoid any adverse impact on unit holders when selecting funds with which to vote, there are established criteria for avoiding excessive voting costs and improving efficiency. This applies only to funds with equity assets of at least EUR 15 million. Based on the chosen threshold, funds whose assets are too low need not be retained, and disproportionate costs can be avoided. Nonetheless, certain funds below this threshold may be included in the scope. The voting right is exercised on the entirety of the shares held, unless the required blocking period threatens to have an adverse impact on the bearer by interfering with the leeway the portfolio manager needs. Exceptionally, Amundi may not be able to ensure effective voting for some or all the shares held.

The funds, whenever possible, will exercise their voting rights at the meetings of the companies in which they have an equity investment. However, again in the interests of cost control and increased efficiency, Amundi reserves the right not to exercise the voting rights when it considers the economic cost to be prohibitive in relation to ownership.

When the management of an equity portfolio is trusted to an outside manager, that manager may have the voting rights, as provided in the delegation contract. The delegated manager is free to exercise the voting rights pursuant to a general voting rights policy defined at the outset and disclosed.

The team uses the Institutional Shareholder Services Group, Inc. ("ISS") proxy exchange platform to send its voting instructions. Analysis from ISS, Glass Lewis, and Expert Corporate Governance Services ("ECGS") is available to identify problematic resolutions more efficiently, while retaining complete autonomy from their recommendations. In most cases, voting rights are exercised by correspondence/proxy. Attending a General Meeting to directly exercise voting rights may be useful or necessary in certain cases.

### Man Group

Man Group adhere to the Man Group voting policy when determining how to vote, unless it receives specific instructions from a portfolio management team or client. Given the number and diversity of investment teams at Man Group, Man Group recognise that situations may arise in which investment teams form differing opinions on a proxy vote. In such circumstance, Man Group maintains a process designed to consider all perspectives, weighing them against management recommendations, recommendations from our proxy vote provider, the advice of Man Group's Stewardship Team and, when required, guidance from its Stewardship Committee, in order to arbitrate a decision that is transparent and in line with best practice. Man Group's Stewardship Team maintains documentation of all proxy voting decisions which are contrary to Man Group's custom voting policy. These are reviewed by the Stewardship Committee on a quarterly basis.

Man Group appointed Glass Lewis as its proxy service provider. It uses Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations. Man Group have monitoring controls in place to ensure that the recommendations provided are in accordance with our custom voting policy and that its votes are timely and effectively instructed.

## DC Section

### BlackRock

Voting decisions are made by members of the BlackRock Investment Stewardship team with input from the wider investment team as required, in accordance with BlackRock's Global Corporate Governance and Engagement Principles and custom market-specific voting guidelines.

BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by BlackRock's internally developed proxy voting guidelines, their pre-vote engagement with the company, research, and any situational factors for a particular company.

BlackRock aims to vote at all shareholder meetings of companies in which their clients are invested. In certain markets, there might be regulatory constraints or operational issues which can affect BlackRock's ability to vote on certain proxies, as well as the desirability of doing so. They do not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Where they experience impediments in relation to a specific shareholder meeting, they will review the resolutions to assess whether the business under consideration warrants voting despite the complications caused by the impediment.

BlackRock will vote in favour of proposals where they support the approach taken by a company's management or where they have engaged on matters of concern and anticipate management will address them. BlackRock will vote against management proposals where they believe the board or management may not have adequately acted to advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, but there are reasons why BlackRock may abstain. Abstaining is the valid vote option (in accordance with company by-laws) for voting against management if there is a lack of disclosure regarding the proposal to be voted or if an abstention is the only way to implement its voting intention.

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

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and Glass, Lewis & Co ("Glass Lewis"), this is just one among many inputs into their voting decision process. BlackRock primarily uses proxy research firms to transform 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 their own additional research and engagement would be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, the views of their active investors, public information and ESG research.

### 9.1 Summary of voting behaviour over the Scheme Year

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

#### DB Section

<table>
<tr><th></th><th>Fund 1</th><th>Fund 2</th><th>Fund 3</th><th>Fund 4</th></tr>
<tr><td>Manager name</td><td>L&G</td><td>L&G</td><td>Amundi</td><td>Man Group</td></tr>
<tr><td>Fund name</td><td>Low Carbon Transition Global Equity Index Fund</td><td>Low Carbon Transition Global Equity Index Fund (GBP hedged)</td><td>Multi-Strategy Growth Fund</td><td>Diversified Risk Premia Fund</td></tr>
<tr><td>Total size of fund at end of the Scheme Year</td><td>£4,038.2m</td><td>£1,305.6m</td><td>£876.0m</td><td>£1,589.7m</td></tr>
<tr><td>Value of Scheme assets at end of the Scheme Year</td><td>£0.8m</td><td>£2.3m</td><td>£7.3m</td><td>£7.1m</td></tr>
<tr><td>Number of equity holdings at end of the Scheme Year</td><td colspan="2">2,837</td><td>37</td><td>1,216</td></tr>
<tr><td>Number of meetings eligible to vote</td><td colspan="2">4,687</td><td>52</td><td>809</td></tr>
<tr><td>Number of resolutions eligible to vote</td><td colspan="2">47,232</td><td>928</td><td>9,961</td></tr>
<tr><td>% of resolutions voted</td><td colspan="2">99.9%</td><td>97.0%</td><td>99.9%</td></tr>
<tr><td>Of the resolutions on which voted, % voted with management</td><td colspan="2">79.2%</td><td>75.0%</td><td>79.6%</td></tr>
<tr><td>Of the resolutions on which voted, % voted against management</td><td colspan="2">20.5%</td><td>25.0%</td><td>19.9%</td></tr>
<tr><td>Of the resolutions on which voted, % abstained from voting</td><td colspan="2">0.4%</td><td>0.0%</td><td>0.5%</td></tr>
<tr><td>Of the meetings in which the manager voted, % with at least one vote against management</td><td colspan="2">65.6%</td><td>88.0%</td><td>76.9%</td></tr>
<tr><td>Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor</td><td colspan="2">11.9%</td><td>N/A</td><td>12.0%</td></tr>
</table>

#### DC Section

| | Fund 1 | Fund 2 | Fund 3 |
|---|---|---|---|
| Manager name | BlackRock | BlackRock | BlackRock |
| Fund name | UK Equity Index Fund[1] | Aquila Connect Overseas Consensus Equity Fund[2] | Emerging Markets Equity Index Fund |
| Total size of fund at end of the Scheme Year | £8,886m | £233m | £965m |
| Value of Scheme assets at end of the Scheme Year | £0.6m[3] | £0.3m[4] | £0.3m |

| | | | |
|---|---|---|---|
| Number of meetings eligible to vote | 642 | 4,698 | 2,761 |
| Number of resolutions eligible to vote | 9,974 | 48,766 | 23,247 |
| % of resolutions voted | 99.7% | 95.3% | 98.7% |
| Of the resolutions on which voted, % voted with management | 96.8% | 86.8% | 86.5% |
| Of the resolutions on which voted, % voted against management | 2.9% | 8.6% | 12.2% |
| Of the resolutions on which voted, % abstained from voting | 0.1% | 1.5% | 2.7% |
| Of the meetings in which the manager voted, % with at least one vote against management | 17.3% | 37.2% | 43.4% |
| Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor | 0.1% | 0.5% | 0.6% |

[1]The Aegon BlackRock 70/30 Global Equity Index Fund has a 70% allocation to this fund.

[2]The Aegon BlackRock 70/30 Global Equity Index Fund has a 30% allocation to this fund.

[3]This figure is comprised of approximately 70% of the investment held in the Aegon BlackRock 70/30 Global Equity Index Fund.

[4]This figure is comprised of approximately 30% of the investment held in the Aegon BlackRock 70/30 Global Equity Index Fund.

### 12.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below. The votes selected as significant are those from a subset provided by the manager, which the manager deems as significant. The Trustee's investment advisor has aimed to select votes that align with the Trustee's stewardship priorities. The Trustee's criteria for what is a significant vote will develop over time with input from its investment adviser and underlying investment managers.

The Trustee has reported on two 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

#### L&G

In determining significant votes, L&G's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at L&G's annual Stakeholder roundtable event, or where L&G notes a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an L&G engagement campaign, in line with its Investment Stewardship's 5-year ESG priority engagement themes.

**Low Carbon Transition Global Equity Index Funds (unhedged and GBP hedged)**

- **Amazon.com, Inc., May 2023**

  **Summary of resolution**: Report on Median and Adjusted Gender/Racial Pay Gaps

  **Vote cast:** For**; Management recommendation:** Against; **Outcome of the vote:** Fail.

  **Size of mandate's holding at voting date:** 1.8%

**The reason the Trustee consider this vote to "most significant":** L&G views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf. This vote also relates to one of the Trustee's stewardship priorities and was a vote against the management recommendation.

**Rationale for the voting decision:** L&G expects Amazon to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, L&G believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

**Outcome and next steps:** L&G will continue to engage with Amazon and monitor progress.

- **JPMorgan Chase & Co., May 2023**

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

**Vote:** For; **Management recommendation:** Against; **Outcome of the vote:** Fail.

**Size of mandate's holding at voting date:** 0.7%

**The reason the Trustee consider this vote to "most significant":** L&G considers this vote to be significant as it pre-declared its intention to support. L&G continues to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met. This vote also relates to one of the Trustee's stewardship priorities and was a vote against the management recommendation.

**Rationale for the voting decision:** L&G generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. L&G believe 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.

**Outcome and next steps:** L&G will continue to engage with JPMorgan and monitor progress.

### Amundi

Amundi deems a significant vote through the following criteria: shareholder proposals of an environmental or social nature; and emblematic votes, as encountered by the voting analysts from time to time (linked for example to controversies that have been highly mediatized).

Amundi has not provided the outcome or next steps for votes carried out during the year. The Trustee aims to provide greater transparency around the outcome of votes next year.

**Multi-Strategy Growth Fund**

- **Microsoft Corporation, December 2023**

**Summary of resolution:** Report on Gender-Based Compensation and Benefits Inequities

**Vote cast:** Against; **Management recommendation:** Against; **Outcome of the vote:** Fail.

**Size of mandate's holding at voting date:** 0.4%

**The reason the Trustee consider this vote to "most significant":** A proposal of a social nature that relates to one of the Trustee's stewardship priorities.

**Rationale for the voting decision:** Amundi do not see that the proponent has demonstrated a deficiency in the Company's current level of disclosure on the matter, and therefore Amundi considered that the proposal is not in shareholders' interest.

- **Schneider Electric SE, May 2023**

  **Summary of resolution:** Approve Company's Climate Transition Plan

  **Vote cast:** For; **Management recommendation:** For; **Outcome of the vote:** Pass.

  **Size of mandate's holding at voting date:** 0.4%

  **The reason the Trustee consider this vote to "most significant":** A proposal of an environmental nature that relates to one of the Trustee's stewardship priorities.

  **Rationale for the voting decision:** Schneider Electric ("SE") is leading by example with its climate transition plan: 1) the company has set a net-zero target and reduction targets for its Scope 1, Scope 2 and Scope 3 emissions covering the entire value chain; 2) SE outlines a clear pathway to the 2050 target and a detailed strategy that addresses the most difficult to reduce but significant Scope 3 emissions; 3) SE has established group-wide and local decarburization initiatives as well as initiatives for various decarburization levers such as greening electricity and electrifying vehicle fleets; and 4) SE reports on being on track with progress. In addition, SE provides TCFD-aligned reporting and information on its scenario analysis, has received third-party assurance on its GHG emissions and is committed to strong board engagement. Following Amundi's 'Say on Climate' dedicated assessment framework, it assesses Schneider Electric positively and voted in favour of the approval of its 2023 Climate Transition plan.

### Man Group

Man Group's proxy voting framework comprises a bespoke screening system that identifies 'high-value meetings'. This screening combines the ESG rating from a third-party provider with an internal metric on deemed importance of the meeting. If a company falls below a certain threshold score in any area (ESG rating) and / or is considered materially important based on the % of shares outstanding held by Man Group or within the fund's AUM, the meeting will be flagged to the Stewardship Team and be considered 'high-value'. In addition to this, all meetings with shareholder proposals are also flagged to the Stewardship Team and reviewed.

Man Group has not provided the holding sizes and outcome/next steps for votes carried out during the year. The Trustee aims to provide greater transparency around the holding size and outcome/next steps of votes next year.

- **Tyson Foods, Inc., September 2023**

  **Summary of resolution:** Shareholder Proposal Regarding Policy on Use of Antibiotics in the Supply Chain

  **Vote cast:** For; **Management recommendation:** Against; **Outcome of the vote:** Fail.

  **The reason the Trustee consider this vote to "most significant":** This vote relates to one of the Trustee's stewardship priorities and was a vote against the management recommendation.

  **Rationale for the voting decision:** Man Group favours the report on animal antibiotics.

- **Mitsubishi Corporation, June 2023**

  **Summary of resolution:** Shareholder Proposal Regarding Aligning Business Strategy to the Paris Agreement

  **Vote cast:** For; **Management recommendation:** Against; **Outcome of the vote:** Fail.

  **The reason the Trustee consider this vote to "most significant":** This vote relates to one of the Trustee's stewardship priorities and was a vote against the management recommendation.

  **Rationale for the voting decision:** Man Group favours increased disclosure.

## DC Section

**BlackRock UK Equity Index Fund**

- **Shell plc, May 2023**

  **Summary of resolution:** Approve the Shell Energy Transition Progress

  **Vote cast:** For; **Management recommendation**: For; **Outcome of the vote**: Pass

  **Size of mandate's holding at voting date**: 7.8%

  **The reason the Trustee consider this vote to "most significant":** The resolution relates to the Trustee's climate change stewardship priority.

  **Rationale for the voting decision:** When Shell originally proposed their Energy Transition Strategy to shareholders at the May 2021 annual general meeting (AGM), this was supported by BlackRock due to the fact that management had established clear policies and action plans to manage climate-related risks and opportunities, and had provided a well-defined roadmap towards the company's stated climate-related ambitions and targets. At Shell's May 2023 AGM, the Board submitted another resolution for an advisory vote "requesting shareholders support the progress against Shell's Energy Transition Strategy". In BlackRock's view, Shell's reporting and approach are aligned with its clients' long-term financial interests, which led it to support the resolution.

  **Outcome and next steps**: BlackRock is pleased with Shell's current plans to manage climate-related risks and continued delivery against its strategy. BlackRock will continue to engage to further assess progress.

- **Glencore Plc, May 2023**

  **Summary of resolution:** Approve 2022 Climate Report

  **Vote cast:** Against; **Management recommendation**: For; **Outcome of the vote:** Pass

  **Size of mandate's holding at voting date:** 0.1%

  **The reason the Trustee consider this vote to "most significant":** The resolution relates to the Trustee's climate change stewardship priority.

  **Rationale for the voting decision:** At Glencore plc's May 2023 Annual General Meeting ("AGM"), BlackRock did not support a resolution proposed by management, which requested approval of the company's 2022 climate report. While the UK-listed mining company has improved its disclosure of climate-related risks and opportunities, and has continued to deliver on their Climate Action Transition Plan, BlackRock is concerned that aspects of the report and recent developments have pointed to inconsistencies in the company's stated strategy. The proposal received 70% investor support.

  **Outcome and next steps:** BlackRock is pleased with Glencore's improvement in climate-related risk disclosures, however inconsistencies in the strategy mean BlackRock will continue to engage to ensure further progress.

**BlackRock Aquila Connect Overseas Consensus Equity Fund**

- **Chevron Corporation, May 2023**

  **Summary of resolution:** Oversee and Report a Racial Equity Audit

  **Vote cast:** Against; **Management recommendation**: Against; **Outcome of the vote:** Fail

  **Size of mandate's holding at voting date:** 0.3%

**The reason the Trustee consider this vote to "most significant":** The resolution relates to the Trustee's diversity, equity, and inclusion ("DEI") priority.

**Rationale for the voting decision:** A similar proposal on the agenda of Chevron's 2022 AGM received roughly 48% support. In response, Chevron engaged former U.S. Attorney General, Loretta Lynch, of the law firm Paul Weiss to conduct an audit of Chevron's policies and practices to support DEI at the company. The resulting report was published on Chevron's website in March 2023. In BlackRock's assessment, the report published in March and the company's underlying policies and practices, as evidenced through Chevron's disclosures, demonstrate the robustness of the approach they take to DEI.

**Outcome and next steps**: In BlackRock's view, the report sought by the proponent would not provide shareholders with an enhanced understanding of either the risks or robustness of Chevron's internal or external approach to DEI. BlackRock determined that support for the proposal would not be in its clients' financial interests as long-term investors.

- **Holcim Ltd, May 2023**

**Summary of resolution:** Approve Climate Report

**Vote cast:** For; **Management recommendation**: For; **Outcome of the vote:** Pass

**Size of mandate's holding at voting date:** 0.2%

**The reason the Trustee consider this vote to "most significant":** The resolution relates to the Trustee's climate change stewardship priority.

**Rationale for the voting decision:** At Holcim Ltd.'s, May 2023 AGM, BlackRock supported an advisory vote on the company's climate report. In BlackRock's view, the climate report warranted support given the Swiss building materials company continued to enhance their climate-related disclosures and delivered on their stated action plan over the past year. In addition, Holcim determined to have their 2030 targets for GHG emissions reductions validated by a third party.

**Outcome and next steps**: The proposal received 95% shareholder support. BlackRock also noted Holcim's commitment to invest approximately U.S. $2.3 billion in Carbon Capture Utilization and Storage by 2030.

**BlackRock World Emerging Markets Equity Index Fund**

- **Shin Kong Financial Holding Company Limited, June 2023**

**Summary of resolution:** Election of Non-independent and Independent Directors

**Vote cast:** For; **Management recommendation**: For; **Outcome of the vote**: Pass

**Size of mandate's holding at voting date:** 0.1%

**The reason the Trustee consider this vote to "most significant":** The resolution relates to the Trustee's business ethics stewardship priority.

**Rationale for the voting decision:** BlackRock has had multi-year engagements with Shin Kong Financial Holding Company's (SKFH) management team and members of the board on a range of corporate governance topics that they believe are important for long-term financial value creation. At SKFH's 2023 AGM, a group of shareholders seeking reform at the company (the reform camp) led by an incumbent director, who is a third-generation member of one of the founding families, sought control of the board, expressing concerns over accumulated regulatory fines and governance and oversight issues. There were 15 director seats, including three independent director seats, in contention at the company's 2023 AGM. BlackRock voted in favour of 9 reform camp candidates and 5 management-nominated directors. In BlackRock's view, financial and governance concerns warranted support for the reform camp while maintaining a degree of management-supported directors to maintain a level of institutional knowledge in the Board. It believes long-term shareholders tend to benefit when boards include a diversity of views and directors can act as checks and balances on one another, as necessary.

**Outcome and next steps**: BlackRock will continue to engage with the company regarding the steps it is taking to enhance its corporate governance structure and support long-term financial value creation for shareholders. Given the controlled shareholder structure, BlackRock is of the view that institutionalizing the role of a lead independent director could help empower independent directors to provide more effective independent oversight and foster accountability to the broader shareholder base.

- **Banco de Chile, March 2023**

**Summary of resolution:** Director elections

**Vote cast:** For; **Management recommendation**: For; **Outcome of the vote:** Pass

**Size of mandate's holding at voting date:** 0.1%

**The reason the Trustee consider this vote to "most significant":** The resolution relates to the Trustee's business ethics priority.

**Rationale for the voting decision:** Ahead of their March 2023 AGM, Banco de Chile unbundled their director elections. In addition to proposing each director for election individually, they disclosed information about each director's experience and background, helping investors assess the suitability of each nominee to serve on the board. BlackRock voted to support the election of seven directors, which they believed was in shareholders' best long-term economic interests. BlackRock voted not to support the election of two directors because it was concerned that their service on an excess number of outside public boards could limit their ability to fulfil their oversight duties at Banco de Chile. In prior years, because all directors were elected as a slate, BlackRock would have had to vote against all nine over these concerns.

**Outcome and next steps**: BlackRock welcomes this progress, which allows investors to make more informed vote decisions. BlackRock will continue to monitor Banco de Chile's steps to enhance their corporate governance structures, including board quality and director commitments, as well as the region's progress towards publishing more fulsome and timely disclosures.