Statement of Investment Principles Implementation Statement

FOR THE YEAR ENDED 31 MARCH 2023

OVERVIEW

This statement is for the year to 31 March 2023 and covers both the Open Fund and the Closed Fund. It is required by legislation and includes:

- A review of the Funds' Statements of Investment Principles ("SIPs") and of any changes made to them.
- An update on how, and the extent to which, the Trustee Directors have adhered to the SIPs during the year.
- A description of the voting behaviour during the year (including the most significant votes cast by the Trustee Directors or on their behalf), and any use of proxy voting services during the year.

1. SIP REVIEWS AND CHANGES

The SIPs set out the policy of the Trustee Directors on matters governing decisions about the Funds' investments. The Open and Closed Funds each have their own SIP:

Open Fund SIP

The Open Fund SIP was reviewed and updated during the year to reflect the Trustee Directors' decision to address the potential impact of climate change on the defined benefit assets by changing the equity component to equity funds which seek to reduce their exposure to carbon emissions over time.

Shortly before the year-end, the Trustee Directors reached agreement to further update the SIP to reflect:

- The Trustee Directors' belief that strong investment stewardship policies help to manage environmental, social and governance ("ESG") risks and will protect and enhance the long-term value of investments.
- Prioritisation of three stewardship themes: Climate change (Environmental); Diversity and Inclusion (Social) and Executive Pay (Governance).
- Adoption of the Association of Member Nominated Trustees ("AMNT") Red Lines as the Open Fund's voting policy and an expectation that investment managers will vote in line with this policy where appropriate.
- Updated investment manager governance processes in relation to investment stewardship policies and processes, including ESG.
- ITB Pension Trustee Limited being appointed as the sole Trustee of the Fund.

Following consultation with the Participating Employers, the SIP was updated to reflect these changes in April 2023.

Closed Fund SIP

The Closed Fund SIP was reviewed and updated during the year for the same decision on addressing the potential impact of climate risk on equity investments that was agreed for the Open Fund.

The further updates agreed for the Open Fund SIP shortly before the year-end were also agreed for the Closed Fund and, following consultation with the Participating Employers, reflected in an updated version of the Closed Fund SIP in April 2023.

The Trustee Directors have, in their opinion, followed the Funds' SIPs during the year. The following pages of this Statement provide detail and commentary about how and the extent to which they did this.

2. OPEN FUND SIP

1. Objectives

There were no changes to the Open Fund SIP investment objectives during the year.

DEFINED BENEFIT (DB) SECTION

SIP Investment Objectives	Actions taken by the Trustee Directors during the year
1. To limit the risk of the assets failing to meet the liabilities over the long-term, in particular in relation to the Open Fund's ongoing funding target. 2. To run a "self-sufficient" investment strategy so that there is only a small risk that the Open Fund would require additional contributions as a result of adverse market circumstances or because of better than assumed mortality experience.	Progress against the long-term journey plan was reviewed regularly. The 31 March 2022 triennial full actuarial valuation showed the Open Fund to be in a fully funded position on a low risk, self-sufficiency type, basis. The DB Section's low risk investment strategy was considered to remain appropriate, and no changes were made to it. The Fund remains on track to achieve its longer-term objectives.
3. To target a complete buy-in of all the Open Fund's DB liabilities by 2028. 4. To consider the appropriateness of additional buy-in exercises to provide full protection with regards to the pensioner liabilities, in line with the long-term targets of the Open Fund.	The estimated cost to buy-in the DB Section's remaining uninsured liabilities was kept under review. The estimated shortfall in assets required to complete a full buy-in fell during the year to 31 March 2023, and as a result there is a greater likelihood of being able to buy-in all liabilities by 2028. There were no partial buy-in exercises undertaken due to the expected cost and risk of disruption to the current investment strategy to achieve the overall 2028 funding objective.

DEFINED CONTRIBUTION (DC) SECTION

SIP Investment Objectives	Actions taken by the Trustee Directors during the year
To make available a range of pooled investment funds which serve to meet in general the varying investment needs and risk tolerances of the members of the DC Section.	The Trustee Directors provide DC Section members with access to a range of investment options which they believe are suitable to members' needs and enable appropriate diversification. The Trustee Directors have made available alternative lifestyle strategies and a self-select fund range to members covering all major asset classes as set out in the Open Fund SIP.

For DC Section members who do not choose an investment option, the Trustee Directors have made available a default arrangement called ITB Drawdown. The objective of the default arrangement is to grow members pots above inflation whilst they are far from retirement and then to gradually reduce investment risk to a level which the Trustee Directors consider appropriate for a member intending to drawdown benefits in retirement.

This default arrangement investment strategy was last reviewed by the Trustee Directors in October 2020, and it was concluded to be appropriate for meeting the objective, subject to changes to the equity component which have now been implemented and are covered in section 3 below. There is a legislative requirement to review the default investment strategy on at least a triennial basis. The next review will therefore take place in 2023.

2. Risks

The Trustee Directors consider a wide range of risks when deciding how to invest the assets and these are set out in Appendix A of the SIP.

The Trustee Directors maintain a risk register which covers both investment and non-investment risks. The register is discussed at quarterly meetings of the Funds' executive team and is overseen by the Management Panel. Additionally, the Investment Committee reviews the investment related risks in the register annually and the Trustee Directors consider the full risk register in March or April each year.

The key risks considered by the register were unchanged during the year but, the methodology used to assess each risk, and to quantify its potential impact, was updated.

The Trustee Directors' 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 Funds' investment adviser or information provided by the Fund's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

DB Section funding risks are managed by monitoring funding levels regularly and assessing the impact of any changes on the investment strategy. During the year, the Fund's 31 March 2022 triennial actuarial valuation was completed, reporting a Technical Provisions funding level of 105%. The DB Section's low risk investment strategy was, as a result, considered to remain appropriate and no changes were made to it.

The investment adviser's online tool 'LCP Visualise' provides daily funding level estimates and helps the Trustee Directors to quickly assess how events, such as changes in markets, impact upon funding levels.

The DB Section uses a Liability Driven Investment ("LDI") strategy to protect the funding level against adverse movements in inflation and interest rates. The absence of any significant leverage in the LDI investment portfolio meant that the operation of the LDI strategy was not significantly impacted by the sharp increase in gilt yields that followed shortly after the government's mini-budget in September 2022. No changes were made to the LDI strategy during the year.

For the DC Section, the risk of inadequate returns is managed through the use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long-term. These are used in the growth phase of the default arrangement and are also made available within the self-select options. The default arrangement aims to protect members against the risk of a deterioration in investment conditions near retirement by gradually switching investments into lower-risk asset classes as they approach their target retirement date.

The risk to DC section members' investments from excessive charges is managed by reviewing whether investment managers' charges are in line with market practice, including an annual assessment of whether the charges represent good value for members. The latest assessment, completed in June 2022, concluded that members were receiving very good value for money.

The following risks are covered later in this Statement:

- Diversification risk: Section 3
- Climate risk: Sections 4 and 7
- Investment manager risk and excessive charges: Section 5
- Illiquidity/marketability risk: Section 6
- Environmental, Social and Governance (ESG) risks: Section 7.

3. Investment Strategy

DB SECTION

The Trustee Directors' investment strategy provides for the Open Fund DB Section's assets to be adequately and appropriately diversified between different asset classes.

A review of the investment strategy during the year considered the results of the 31 March 2022 triennial full actuarial valuation and concluded that no changes were required to the target asset allocations. The interest rate and inflation hedge ratios remained broadly in line with the Trustee Directors' target of 100% of the Technical Provisions over the year.

The Trustee Directors compare the Open Fund DB Section's actual and strategic asset allocations each quarter. To align the actual allocations more closely with the strategic target, £10m was disinvested from equities in November 2022, £8m of which was reinvested into the LDI portfolio and the remaining £2m added to cash holdings to provide liquidity to pay expenses and benefits. No other actions were necessary to ensure that there were no material deviations between the actual and strategic allocations over the year.

To better align the investment allocation with the Trustee Directors' climate risk investment beliefs, a decision was made in the 2021/22 financial year to fully divest the £30m global equity portfolio managed by Allianz and reinvest the proceeds into Legal & General's (L&G's) Low Carbon Transition Global Equity Index Fund. This was implemented in May 2022.

Over the year there was a material improvement in the funding position on a buy-in basis and therefore the Trustee Directors are considering whether a full buy-in can be transacted.

DC SECTION AND DB SECTION AVC MEMBERS

The Trustee Directors' investment strategy is for the Open Fund DC Section and DB Section AVC members to be provided with a range of investment options, having regard to their long-term expected returns and the variability of those returns. Since 2012 all investments have been managed by Legal & General investment Management (LGIM), except for the Islamic Global equity fund which is managed by HSBC and a discontinuance financial reserve, which is a requirement of the Pension Schemes Act 2017 and is invested in a liquidity fund managed by Fidelity.

A full review of the DC Section investment strategy is undertaken at least once every three years. The most recent review, carried out in October 2020, concluded that:

- a lifestyle strategy targeting drawdown remained appropriate to the objectives and as a target retirement outcome;
- the Fund's DC default arrangement was adequately and appropriately diversified between different asset classes;
- the self-select options provide a suitably diversified range to choose from;
- the global equity fund in the lifestyle options should be replaced by a climate-tilted (low carbon) global equity fund, which addresses climate risks and invests more in line with market capitalisation weights; and
- a climate-tilted global equity fund should be added to the self-select range of investments that members can choose from.

The recommendations to add a climate tilted equity fund to the self-select range and as the equity allocation of the lifestyle funds were implemented in July 2021 for both the DC Section and the Open Fund DB Section AVC arrangement.

There were no changes to the investment fund range or lifestyle arrangements during the year. A full review of the investment strategy is due to take place by October 2023.

4. Considerations in setting the investment strategy

The SIP sets out the Trustee Directors' considerations when setting the investment strategy and some of the Trustee Directors' key investment beliefs.

The Trustee Directors have set out their climate related risk beliefs in a document which can be found on the Funds' website. During the year, these beliefs were reviewed against investment managers' policies and it was concluded they were materially aligned. Further information about processes for identifying, assessing and managing climate related risks and opportunities is set out in the Trustee Directors' "Statement on Governance of Climate Related Risks and Opportunities", which is also on the Funds' website.

As noted in Section 1, shortly before the year-end, the Trustee Directors updated their investment stewardship governance processes, including agreement of three ESG stewardship priorities and adoption of the AMNT Red Lines as its voting policy.

5. Investment manager and custodian oversight

The Trustee Directors have appointed third-party investment managers to undertake the day-to-day investment activity for the Fund and a custodian to hold and safeguard the Fund's segregated assets. Custody of pooled funds is the responsibility of the investment manager of those funds.

The Funds' investment adviser monitors developments at the investment managers and adherence to their mandates on an ongoing basis. The adviser reports its rating for each investment manager to the Trustee Directors quarterly and promptly informs them about any significant updates or events of which it becomes aware, and which may affect a manager's ability to achieve its investment objectives.

The custodian's service level is monitored on an ongoing basis and significant events that may affect its operations are considered as and when they arise.

There is an annual review of internal control assurance reports issued by investment managers and the custodian. The buy-in providers' and pooled funds' annual audited financial statements are also reviewed. Any material matters noted from these reviews are followed-up and the implications assessed.

Investment manager performance return data is provided quarterly by an independent provider and reviewed by the Investment Committee in the context of each manager's benchmark and objectives. A full presentation of investment managers' performance over the year and longer-term was considered by the Trustee Directors in April 2022.

During the financial year, the Investment Committee met twice with both Insight Investment and LGIM to obtain updates on investment strategy, performance, governance processes and approach to responsible investment, including voting and engagement activities. The meetings provided assurance that the managers were aligned with the Trustee Directors' key investment objectives and had the appropriate knowledge and experience to operate the mandates for which they are appointed.

Investment managers' fees are kept under review and action is taken if it becomes evident that better value for money may be obtainable elsewhere.

The financial strength of the buy-in providers was monitored quarterly by the Trustee Directors, and it was concluded that they have remained strong and stable throughout the year.

The Investment Committee has obtained and reviewed stewardship reporting, including information about climate related risk management, from the Fund's equity and credit investment managers. This is in addition to the climate risk and metrics data provided by the investment adviser, which is covered in section 7.

6. Realisation of investments

The Trustee Directors' policy is to have access to sufficient liquid assets to meet any cash outflows without disrupting the overall investment policy wherever possible.

DB SECTION

During the year, £28.3m was received from the buy-in providers which covered most of the benefit payments to pensioners and dependants.

Additional cashflow requirements are reviewed on a regular basis and were met during the year by £11m of withdrawals from the LDI portfolio, and £2.4m from the equity fund.

Towards the end of 2022/23, to improve the overall liquidity of the DB Section's assets, Insight Investment was instructed to dispose of the Limited Price Index (LPI) swaps held in the LDI portfolio. The intention is to transact the LPI swap disposals during 2023, subject to satisfactory pricing being available. The LPI swaps had a net asset valuation of £16.1m at 31 March 2023.

A complete exit from the Fund's Schroder European Property Fund investment has been in progress since 2019. A distribution of £0.2m was received from this Fund during the year, leaving an unrealised investment value of under £0.1m.

Collateral adequacy risk in the LDI portfolio is managed through holding an investment in a Liquidity Fund which can be realised should the LDI manager require cash to be posted for a deleverage event.

DC SECTION

All funds are liquid and dealt daily, which enables members to realise and change their investments readily. Investment realisations during the year were as follows:

- £1.2m upon request from individual members that they wished to withdraw their pension benefits upon retirement or to transfer them to another pension arrangement.
- £1.8m due to section 32 Buy Out transfers, which transferred deferred members' benefits to another pension arrangement which holds each member's investments in an account in the member's own name.

Additionally, switches were made between funds, in accordance with instructions given by members and to implement the target asset allocations of the lifestyle options, which change as members approach their target retirement date.

7. Financially material and non-financial matters

As part of the ongoing review of the investment managers, the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement is assessed.

During the year the Trustee Directors reviewed the approach to responsible investment taken by the appointed investment managers and their pooled funds. There were no 'red flag' issues of concern arising from the review and the Trustee Directors concluded they were satisfied with the overall results.

The Trustee Directors' first Task Force on Climate-Related Financial Disclosures (TCFD) report was published in October 2022, setting out the activities and approach taken to understand and reduce the risks to the Funds arising from climate change. The TCFD report noted the Open Fund DB section was well positioned to withstand climate shocks under a range of climate change scenarios. The Investment Committee reviewed this scenario analysis in February 2023 and concluded that it remained current and relevant.

The Trustee Directors have agreed specific metrics to monitor the Funds' climate-related risks in relation to equity and credit investments and during the year a data quality measure was added to these metrics. The most recent review of the climate metrics of each manager's investments, in February 2023, reported overall reductions in carbon emissions and improvements in data quality.

The Trustee Directors' climate target is to increase the percentage of listed equity and corporate bond investments which have Science Based Target initiative (SBTi) targets to 75% by 2030. Progress towards this target was reviewed in February 2023 and it was concluded that progress was satisfactory.

The Trustee Directors encourage their managers to improve their ESG practices, although they have limited influence over managers' investment practices where assets are held in pooled funds and the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors. During the year the Trustee Directors agreed three priority stewardship themes: Climate change (Environmental); Diversity and Inclusion (Social) and Executive Pay (Governance). These themes were stated in the SIP in April 2023 and alignment with them will be a future focus for the Trustee Directors' monitoring of investment managers.

The Trustee Directors do not generally take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, within the DC Section the Trustee Directors recognise that some members may wish for ethical matters to be taken into account in their investments and therefore have made available the L&G Ethical Global Equity Index Fund as an investment option to members.

8. Voting and engagement

The Trustee Directors believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights will protect and enhance the long-term value of investments.

The Trustee Directors have continued to delegate to the investment managers the exercise of rights attached to investments, including voting rights and engagement activities. The Fund's listed equity investments are held within pooled funds, meaning that the Trustee Directors monitor and review how votes are being exercised by the investment managers rather than having any direct involvement in voting or by using proxy voting services.

During the year the Trustee Directors decided to adopt the AMNT Red Lines as the Open Fund's voting policy and updated the SIP to reflect this in April 2023. The investment managers will, in future years, be expected to vote in line with the AMNT policy where appropriate and provide explanations for when they do not.

Further information on voting and engagement activity is provided in Section 7 and a description of the investment managers' voting behaviour during the year is provided in Section 10.

9. Responsibilities and investment decision making structure

The responsibilities of the Trustee Directors, the investment adviser, the investment managers and the custodian are set out in Appendix C of the SIP.

Investment adviser

The Investment Committee undertook a full periodic review of the investment adviser, LCP, in November 2022 which included a scorecard assessment against the adviser's objectives. The Committee concluded that it was satisfied with LCP's performance and retained the firm as the Funds' investment adviser.

Investment managers and custodian

Investment manager and custodian oversight is described in Section 5.

Investment decision-making structure

The Trustee Directors have delegated to an Investment Committee consideration of certain investment matters, authority to carry out certain activities on behalf of the Trustee Directors, and to make recommendations where decisions are required to be taken by the Trustee Directors. The Committee's remit was revised during the year to reflect its responsibility to monitor investment managers' voting and engagement activities regularly and to encourage improvements in their stewardship practices. The Committee has a Business Plan which sets out the planned activities for each year. All work that had been planned for 2022/23 was completed.

In 2021 a Climate Change Risk Working Group was established, which reports to the Investment Committee. The original remit of this Group was to address the requirements of legislation and guidance on climate-related risks, but this was extended during the year to include consideration of new DWP guidance on stewardship reporting and the actions necessary to comply. The Group met four times during the financial year.

10. Description of voting behaviour during the year

All Open Fund listed equities are held within pooled funds and the Trustee Directors have delegated the exercise of voting rights to the pooled funds' investment managers. Therefore, the Trustee Directors are not able to direct how votes are exercised and the Trustee

Directors themselves have not used any proxy voting services during the year.

Voting data is provided for the following funds that hold equities:

DB Section:

- Legal & General Investment Management ("LGIM") Low Carbon Transition Global Equity Index Fund (Unhedged)

Voting information for the Allianz Global Investors ("Allianz") Best Styles Global AC Equity Fund is excluded on the grounds of materiality. The Open Fund fully disinvested from Allianz on 28 April 2022 and therefore had exposure to the equities it managed for less than one month of the reporting period.

For the DB Section's other investments either the manager confirmed no voting opportunities (eg Insight Buy and Maintain Fund) or voting disclosures were not relevant for the asset class (eg LDI and gilts).

DC Section:

- LGIM Low Carbon Transition Global Equity Index Fund (hedged and unhedged versions)
- LGIM Multi Asset Fund
- LGIM Ethical Global Equity Index Fund
- LGIM Global Equity (30:70) Index Fund – 75% GBP Currency Hedged
- HSBC Global Asset Management (UK) Limited ("HSBC") Islamic Global Equity Index Fund

The above list includes the equity funds used in the default strategy and the self-select funds which hold equities. LGIM has confirmed that there were no voting opportunities for the DC Section funds that do not invest in listed equities.

10.1 Managers' voting processes

The wording in this Section has been provided by the managers.

LGIM

"LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all clients. LGIM's voting policies are reviewed annually and take into account feedback from clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM's Investment Stewardship team and in accordance with the 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 the 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 do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their 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 received from ISS for UK companies when making specific voting decisions.

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

LGIM retain the ability in all markets to override any vote decisions, which are based on the 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 have strict monitoring controls to ensure votes are fully *and effectively executed in accordance with LGIM's voting policies by the 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.*

For more information, please refer to our policy document on the topic: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf*"*

DC Section

LGIM

As outlined for the DB Section above.

HSBC

"The legal right to the underlying votes lies with the directors of the HSBC CCF Islamic Global Equity Fund. They have delegated this execution of this voting to HSBC Global Asset Management (UK) Limited.

HSBC exercises its voting rights as an expression of stewardship for client assets. HSBC have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

HSBC use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene its guidelines. HSBC review voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on its guidelines.

HSBC regard the votes against Firm management recommendation as the most significant. With regards to climate, in its engagement it encourages companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, HSBC will generally vote against the re-election of the Chairman. HSBC also generally support shareholder resolutions calling for increased disclosure on climate-related issues."

10.2 Description of investment managers' voting behaviour over the year

A summary of voting behaviour over the year is provided below:

DB SECTION

Fund name	LGIM Low Carbon Transition Global Equity Index Fund
Total size of fund at end of reporting period	£3,286.3m
Value of Funds' assets at end of reporting period	£20.4m
Number of holdings at end of reporting period	2,791
Number of meetings eligible to vote	4,828
Number of resolutions eligible to vote	50,462
% of resolutions voted	99.9%
Of the resolutions on which voted, % voted with management	78.9%
Of the resolutions on which voted, % voted against management	19.9%
Of the resolutions on which voted, % abstained from voting	1.2%
Of the meetings in which the manager voted, % with at least one vote against management	66.1%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	11.1%

DC SECTION

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Manager name	HSBC Global Asset Management (UK) Limited	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management
Fund name	Islamic Global Equity Index Fund	Low Carbon Transition Global Equity Fund (hedged and unhedged)	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund – 75% Currency Hedged	Multi Asset Fund
Total size of fund at end of reporting period	£1,685.6m	£4,139.1m	£948.9m	£3,856.8m	£22,362.4m
Value of Funds' assets at end of reporting period	£0.05m	£16.3m	£0.7m	£1.2m	£16.4m
Number of holdings at end of reporting period	105	2,791	1,041	4,995	6,288
Number of meetings eligible to vote	95	4,828	1,155	7,319	9,818
Number of resolutions eligible to vote	1,423	50,462	16,602	76,499	100,094
% of resolutions voted	97.0%	99.9%	99.8%	99.9%	99.8%
Of the resolutions on which voted, % voted with management	80.2%	78.9%	82.0%	80.7%	77.6%
Of the resolutions on which voted, % voted against management	19.8%	19.9%	17.8%	18.2%	21.7%
Of the resolutions on which voted, % abstained from voting	0.0%	1.2%	0.2%	1.1%	0.7%
Of the meetings in which the manager voted, % with at least one vote against management	78.9%	66.1%	76.2%	61.2%	71.1%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12.1%	11.1%	13.0%	9.7%	12.4%

10.3 Most significant votes

Commentary on the most significant votes over the period, from the selection of the Fund's investment managers who hold listed equities, is set out below. The Trustee Directors' criteria for what is a significant vote will develop over time with input from their investment adviser and investment managers.

For the purposes of this report, the "most significant votes" are selected based on those believed to be most relevant to the Trustee Directors' stewardship priorities which are Climate Change, Diversity and Inclusion and Executive Pay. Commentary has been provided by the investment managers.

The Fund divested from the Allianz Best Styles Global AC Equity Fund in April 2022. On materiality grounds, information about the most significant votes for this fund during the year is not therefore reported.

DB SECTION

LGIM Low Carbon Transition Global Equity Index Fund

In determining significant votes, LGIM's Investment Stewardship team considers the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to votes which have:

- **High profile**, where there is such a degree of controversy that there is high client and/ or public scrutiny;
- **Significant client interest**, directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM has had a significant increase in requests from clients on a particular vote;
- **Sanctions**, as a result of a direct or collaborative engagement;
- **Links to an LGIM engagement campaign**, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

Vote 1

Company: Alphabet, Inc.

Country: USA

Date: June 2022

Summary of resolution: To report on the physical risks of climate change by publishing a regular periodic assessment of resilience to the physical risks of climate change, including description of short-, medium-, and long-term measures that the Company is taking to mitigate physical risks, including threats to its headquarters and other key assets from sea level rise and flooding.

Relevant stewardship priority: Climate change

Approx size of holding: 1.2% of total fund size

Why this vote is considered to be most significant:

- By LGIM - It is an escalation of LGIM's climate-related engagement activity and its public call for high quality and credible transition plans to be subject to a shareholder vote.
- By the Trustee Directors - It relates to one of the stewardship priorities – Climate change.

Alphabet Inc management recommendation: Against.

Fund manager vote: For.

Rationale: A vote in favour was applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.

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

Vote 2

Company: NVIDIA Corporation

Country: USA

Date: June 2022

Summary of resolution: Mr Harvey C Jones (Chair of NVIDIA's Nominating and Corporate Governance Committee) to be elected as a director, holding office for a one-year period until the next AGM.

Relevant stewardship priority: Diversity and Inclusion

Approx size of holding: 0.9% of total fund size

Why this vote is considered to be most significant:

- By LGIM: Diversity is viewed as a financially material issue for LGIM's clients, with implications for the assets managed on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion.

NVIDIA Corporation management recommendation: For.

Fund manager vote: Against.

Rationale: Diversity and Independence.

- Diversity: A vote against was applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM is targeting the largest companies as it believes that these should demonstrate leadership on this critical issue.
- Independence: A vote against was applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.

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

Vote 3

Company: JPMorgan Chase & Co.

Country: USA

Date: May 2022

Summary of resolution: Mr Todd A. Combs (Chair of JPMorgan Chase's Corporate Governance & Nominating Committee and Member of JPMorgan Chase's Compensation & Management Development Committee) to be elected as a director, holding office for a one-year period until the next AGM.

Relevant stewardship priority: Executive Pay

Approx size of holding: 0.6% of total fund size

Why this vote is considered to be most significant:

- By LGIM: It is as an escalation of LGIM's concerns regarding remuneration. LGIM also considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and Chair of the Board. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 LGIM has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 has voted against all combined board chair/CEO roles.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

JPMorgan Chase & Co management recommendation: For.

Fund manager vote: Against.

Rationale: Accountability: Joint Chair/CEO: A vote against the relevant director was applied as LGIM expects companies to respond to a meaningful level of shareholder support requesting the company to implement an independent Board Chair. Escalation: A vote against the re-election of Stephen Burke (Committee Chair), Linda Bammann, Todd Combs and Virginia Rometty was applied in light of the one-off time-based award and LGIM's persistent concerns about pay structures at the Company. As members of the Compensation Committee, these directors are deemed accountable for the Company's pay practices.

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

DC SECTION

HSBC Islamic Global Equity Index Fund

Vote 1

Company: Apple Inc

Country: USA

Date: March 2023

Summary of resolution: Sue Wagner (Chair of Apple's Nominating and Corporate Governance Committee) to be elected as a director, holding office until the next AGM.

Relevant stewardship priority: Diversity and Inclusion

Approx size of holding: 7.0% of total fund size

Why this vote is considered to be most significant:

- By HSBC: The company is on its 2023 engagement priority list, has a significant weight in the portfolio and the vote is against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion.

Apple Inc management recommendation: For.

Fund manager vote: Against.

Rationale: HSBC voted against the resolution due to concerns regarding insufficient diversity of the board.

Outcome of the vote and next steps: For. HSBC will continue to engage on the issue and will likely vote against a similar proposal if insufficient improvements.

Vote 2

Company: Visa Inc

Country: USA

Date: January 2023

Summary of resolution: To approve, on an advisory basis, the compensation of Visa Inc's Named Executive Officers as described in the proxy statement, including the section entitled Compensation Discussion and Analysis, the compensation tables, and the related narrative discussion.

Relevant stewardship priority: Executive Pay

Approx size of holding: 2.0% of total fund size

Why this vote is considered to be most significant:

- By HSBC: The company has a significant weight in the portfolio and the vote is against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Visa Inc management recommendation: For.

Fund manager vote: Against.

Rationale: HSBC voted against the resolution as it is against granting of shares or options to executives within the long-term incentive plan ('LTIP') that are not majority (+51%) linked to performance criteria and if the vesting period is less than 3 years.

Outcome and next steps: For. HSBC will continue to engage on the issue and will likely vote against a similar proposal if insufficient improvements.

Vote 3

Company: Starbucks Corporation

Country: USA

Date: March 2023

Summary of resolution: This was a shareholder resolution proposal arising from heightened public concern about the dairy industry's environmental impact, the growing prevalence of allergies to cow's milk, and the increasing demand for alternatives to dairy milk. The resolution proposed commissioning a report to examine any costs to Starbucks' reputation and any impact on its projected sales incurred as a result of its ongoing upcharge on plant-based milk.

Relevant stewardship priority: Climate Change

Approx size of holding: 0.7% of total fund size

Why this vote is considered to be most significant:

- By HSBC: The company has a significant weight in the portfolio and the vote is against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate Change.

Starbucks Corporation management recommendation: Against.

Fund manager vote: For.

Rationale: HSBC voted in favour of the resolution as it believes that the proposal would enhance accountability in relation to the pricing of plant-based milk.

Outcome and next steps: For. HSBC will continue to engage on the issue along with other issues of concern and will likely vote against a similar proposal if insufficient improvements.

<u>LGIM Low Carbon Transition Global Equity Index Fund</u>

This is as previously described for the DB Section.

Legal & General Ethical Global Equity Index Fund

Vote 1

Company: Royal Dutch Shell Plc

Country: UK

Date: May 2022

Summary of resolution: That Shell's Energy Transition Progress for the year 2021 and the Shell Energy Transition Progress Report be approved.

Relevant stewardship priority: Climate change

Approx size of holding: 0.6% of total fund size

Why this vote is considered to be most significant:

- By LGIM: It is an escalation of LGIM's climate-related engagement activity and its public call for high quality and credible transition plans to be subject to a shareholder vote.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

Royal Dutch Shell Plc management recommendation: For.

Fund manager vote: Against.

Rationale: LGIM voted against the resolution though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Vote 2

Company: The Charles Schwab Corporation

Country: USA

Date: May 2022

Summary of resolution: To elect Arun Sarin (Member of The Charles Schwab Corporation Nominating and Corporate Governance Committee) as a Director.

Relevant stewardship priority: Diversity and Inclusion

Approx size of holding: 0.3% of total fund size

Why this vote is considered to be most significant:

- By LGIM: Diversity is viewed as a financially material issue for LGIM's clients, with implications for the assets managed on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and inclusion.

The Charles Schwab Corporation management recommendation: For.

Fund manager vote: Against.

Rationale: LGIM voted against the resolution as it expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM is targeting the largest companies as it believes that these should demonstrate leadership on this critical issue. The company also has an all-male Executive Committee.

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Vote 3

Company: Informa Plc

Country: UK

Date: June 2022

Summary of resolution: To adopt the Directors' Remuneration Policy, to take effect from the conclusion of the AGM at which it is passed.

Relevant stewardship priority: Executive Pay

Why this vote is considered to be most significant:

- By LGIM: It is in application of an escalation of its vote policy on the topic of Remuneration (escalation of engagement by vote).
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Informa plc management recommendation: For.

Fund manager vote: Against.

Rationale: LGIM has noted concerns about the company's remuneration practices for many years, both individually and collaboratively. Due to continued dissatisfaction, LGIM voted against the company's pay proposals at its December 2020 and June 2021 meetings. The company's prior three Remuneration Policy votes – in 2018, June 2020 and December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the June 2021 meeting, more than 60% of votes were cast against the Remuneration Report, meaning it did not pass. At the same meeting, Remuneration Committee Chair Stephen Davidson only closely avoided being unseated from the board. Despite significant shareholder dissent at the 2018 and 2020 meetings, and the failed Remuneration Report vote at the 2021 AGM, the company nonetheless implemented the awards under the plan and continued its practice of making in-flight changes to the existing Long-Term Incentive Plan ('LTIP') awards' performance measures. Since the 2021 AGM, the company has made various changes, with Stephen Davidson stepping down as Remuneration Committee Chair, replaced by Louise Smalley. However, he continues to sit on the Remuneration Committee. There have also been changes to the members of the Remuneration Committee, with Mary McDowell stepping down, and Zheng Yin, a new board member, being appointed to the committee. The Remuneration Policy is being put to a vote again at this AGM, with the main changes being the re-introduction of the performance based LTIP, which is to be approved through a separate resolution, and will come into force from 2024, after the ERP has run its course. Although this is a positive change, the post-exit shareholding requirements under the policy do not meet LGIM's minimum standards and with regard to pensions, it is unclear whether reductions will align with the wider workforce. Given previous and continuing dissatisfaction as outlined above, LGIM also intends to vote against incumbent Remuneration Committee members, Helen Owers and Stephen Davidson.

Approx size of holding: 0.03% of total fund size

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

LGIM Global Equity (30:70) Index Fund – 75% Currency Hedged

Vote 1

Company: BP Plc

Country: UK

Date: May 2022

Summary of resolution: That the Company's report "Net Zero – from ambition to action", setting out BP's net-zero greenhouse gas emission ambitions, is supported.

Relevant stewardship priority: Climate change

Approx size of holding: 0.9% of total fund size

Why this vote is considered to be most significant:

- By LGIM considered: It is an escalation of LGIM's climate-related engagement activity and its public call for high quality and credible transition plans to be subject to a shareholder vote.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

BP Plc management recommendation: For.

Fund manager vote: For.

Rationale: LGIM voted in favour of the resolution, though not without reservations. Whilst LGIM notes the inherent challenges in the decarbonization efforts of the Oil & Gas sector, it expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is LGIM's view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remain committed to continuing its constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Vote 2

Company: Philip Morris International Inc

Country: USA

Date: May 2022

Summary of resolution: To elect Kalpana Morparia (Chair of Philip Morris's Nominating and Corporate Governance Committee) as a Director.

Relevant stewardship priority: Diversity and Inclusion

Approx size of holding: 0.2% of total fund size

Why this vote is considered to be most significant:

- By LGIM: Diversity is viewed as a financially material issue for clients, with implications for the assets managed on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and inclusion.

Philip Morris International Inc management recommendation: For.

Fund manager vote: Against.

Rationale: LGIM voted against the resolution as it expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM is targeting the largest companies as it believes that these should demonstrate leadership on this critical issue.

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Vote 3

Company: Glenmark Pharmaceuticals Limited

Country: India

Date: May 2022

Summary of resolution: To reappoint Glenn Saldanha as Chairman and Managing Director for a further 5-year period on the terms and conditions proposed by Glenmark's Board of Directors.

Relevant stewardship priority: Executive Pay

Approx size of holding: 0.001% of total fund size

Why this vote is considered to be most significant:

- By LGIM: It is in application of an escalation of LGIM's vote policy on the topic of the combination of the Chair of the Board and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015, LGIM have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM have voted against all combined board chair/CEO roles.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Glenmark Pharmaceuticals Limited management recommendation: For.

Fund manager vote: Against.

Rationale: Joint Chair/CEO: LGIM voted against the resolution as LGIM expects the roles of Board Chair and CEO to be separate. LGIM believe that these two roles are substantially different, and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. Independence: A vote against is applied as the board is not sufficiently independent which is a critical element for a board to protect shareholders' interests. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. LGIM also voted against this resolution following concerns in the executive's remuneration as follows:

- The overall remuneration is deemed to be significantly higher than industry standards and market peers of commensurate scale and operations.
- Mr. Saldanha will be paid the proposed remuneration irrespective of the company's financial performance during his tenure.
- A dominant portion of the Executive's pay is fixed pay and only a small portion of pay is performance linked or variable pay. As a result, Mr. Saldanha's pay might not be in line with company performance and in the interest of shareholders.

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

LGIM Multi Asset Fund

Vote 1

Company: NextEra Energy, Inc.

Country: USA

Date: May 2022

Summary of resolution: To elect Rudy E. Schupp (Chair of NextEra's Governance & Nominating Committee) as a Director.

Relevant stewardship priority: Diversity and Inclusion

Approx size of holding: 0.3% of total fund size

Why this vote is considered to be most significant:

- By LGIM: Diversity is viewed as a financially material issue for clients, with implications for the assets managed on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and inclusion.

NextEra Energy Inc management recommendation: For.

Fund manager vote: Against.

Rationale: LGIM voted against the resolution as it expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM is targeting the largest companies as it believes that these should demonstrate leadership on this critical issue.

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

Vote 2

Company: Rio Tinto Plc

Country: UK and Australia

Date: April 2022

Summary of resolution: To approve Rio Tinto Group's Climate Action Plan, as set out in its "Our Approach to Climate Change 2021" Report.

Relevant stewardship priority: Climate Change

Approx size of holding: 0.2% of total fund size

Why this vote is considered to be most significant:

- By LGIM: It is an escalation of LGIM's climate-related engagement activity and its public call for high quality and credible transition plans to be subject to a shareholder vote.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

Rio Tinto Plc management recommendation: For.

Fund manager vote: Against.

Rationale: LGIM voted against the resolution although it recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while LGIM acknowledges the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, it remains concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.

Outcome and next steps: For. LGIM will continue to engage with investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

3. CLOSED FUND SIP

1. Objectives

SIP Investment Objectives	Actions taken by the Trustee Directors during the year
The acquisition of suitable assets to match the cost of current and future benefits which the Closed Fund provides.	The majority of the Closed Fund's assets are invested in a buy-in policy with an insurance company which broadly covers all the Closed Fund's liabilities.
The acquisition of suitable assets of appropriate diversification for the remaining assets, known as "the Reserve Assets", which will generate additional capital growth to meet further benefit enhancements.	Excluding cash held for liquidity, all the Reserve Assets are invested in four funds managed by BlackRock, comprising two index-linked gilt funds, a buy and maintain corporate bond fund and an equity fund. The investment allocation between these funds was set to achieve low volatility relative to annuity pricing.
Achieve low volatility of the Reserve Assets relative to annuity pricing.	The Fund remains broadly on track to achieve its objectives.
To minimise the long-term costs of the Closed Fund by implementing a simple and low-cost investment strategy and maximising the return whilst having regard to the previous point.	

2. Risks

The Trustee Directors consider a wide range of risks when deciding how to invest the assets and these are set out in Appendix A of the SIP.

The Trustee Directors maintain a risk register and the updates and review processes which were described earlier in this Statement for the Open Fund, also applied to the Closed Fund.

Benefits payable by the Fund are expected to be fully covered by the insurance buy-in policy. Funding risk is therefore very low as the Trustee Directors do not expect to rely upon the Reserve Assets to cover future payments of benefits. An annual review of the funding position was undertaken during the year.

The following risks are covered later in this Statement:

- Diversification risk: Section 3
- Climate risk: Sections 4 and 7
- Investment manager risk and excessive charges: Section 5
- Illiquidity/marketability risk: Section 6
- Environmental, Social and Governance (ESG) risks: Section 7.

3. Investment Strategy

The Trustee Directors' investment strategy provides for the Fund's assets to be adequately and appropriately diversified between different asset classes.

No changes were made to the target asset allocations for the Reserve Assets during the year. The Trustee Directors review actual and strategic Reserve Asset allocations quarterly and instructs BlackRock to realign the actual asset allocation with the strategy whenever there is a divergence of 2.5% or more for any asset class. This resulted in realignments during the year which, overall, switched £2.2m out of equities, reinvesting £1.9m into the buy and maintain credit assets and the remaining £0.3m into index-linked gilt funds.

To better align the investment allocation with the Trustee Directors' climate risk investment beliefs, a decision was made in the 2021/22 financial year to disinvest from the BlackRock Aquila Life MSCI World Equity Fund and reinvest the proceeds into the BlackRock ACS World Low Carbon Equity Tracker Fund. This was implemented in April 2022.

The results of the Fund's 31 March 2022 annual funding update were considered by the Trustee Directors during the year. This showed the Fund's estimated funding position to have improved over 12 months from a surplus of £41.3m to a surplus of £46.3m. No changes were made to the investment strategy as a result.

4. Considerations in setting the investment strategy

The SIP sets out the Trustee Directors' considerations when setting the investment strategy and some of the Trustee Directors key investment beliefs. The considerations for the Closed Fund are the same as those described for the Open Fund earlier in this Statement.

5. Investment manager and custodian oversight

The Trustee Directors have appointed third-party investment managers to undertake the day-to-day investment activity for the Fund. Custody of the BlackRock-managed pooled funds, in which most of the Fund's Reserve Assets are held, is the responsibility of Bank of New York Mellon.

The processes and actions in relation to the Trustee Directors' oversight of investment managers, the custodian and the buy-in provider, including internal control assurance, fees, stewardship reporting and performance returns, are the same as those described for the Open Fund earlier in this Statement.

During the financial year, the Investment Committee met once with BlackRock to obtain an update on investment strategy, performance, governance processes and approach to responsible investment, including voting and engagement activities. The meeting provided assurance that BlackRock was aligned with the Trustee Directors' key investment objectives and had the appropriate knowledge and experience to operate its investment mandate.

The financial strength of the buy-in provider, Pension Insurance Corporation, was reviewed by the Trustee Directors quarterly and concluded to have remained stable.

6. Realisation of investments

The Trustee Directors' policy is to hold sufficient cash to meet the likely outgoings of the Fund.

Receipts from the insurance buy-in policy covered all benefit outgoings during the year. Cash of £0.5m was withdrawn from the index-linked gilt funds to provide liquidity to settle investment fees and administration expenses.

7. Financially material and non-financial matters

The actions undertaken to implement the Closed Fund's SIP are the same as those described for the Open Fund earlier in this Statement, including agreement of the same three priority stewardship themes which were stated in an updated version of the Closed Fund SIP published in April 2023.

The liabilities in the Closed Fund are fully insured, therefore, the risk of Closed Fund members not receiving their pensions due to climate change risks is very low.

8. Voting and engagement

The actions undertaken to implement the Closed Fund's SIP are the same as those described for the Open Fund earlier in this Statement. During the year the Trustee Directors decided to adopt the AMNT Red Lines as the Closed Fund's voting policy and updated the SIP to reflect this in April 2023.

9. Responsibilities and investment decision making structure

The actions undertaken to implement the Closed Fund's SIP are the same as those described for the Open Fund earlier in this Statement.

10. Description of voting behaviour during the year

All Closed Fund listed equities are held within a pooled fund managed by BlackRock and the Trustee Directors have delegated the exercise of voting rights to BlackRock. Therefore, the Trustee Directors are not able to direct how votes are exercised and the Trustee Directors themselves have not used any proxy voting services during the year.

Voting data is provided only for the BlackRock ACS World Low Carbon Equity Tracker Fund. Voting information for the BlackRock Aquila Life MSCI World Fund is excluded on grounds of materiality. The Closed Fund fully disinvested from this Fund on 12 April 2022 and therefore had exposure to the equities it managed for less than one month of the reporting period.

The Closed Fund also invests in other pooled funds but either the manager confirmed no voting opportunities (eg BlackRock buy and maintain fund) or voting disclosures were not relevant for the asset class (eg index-linked gilts).

10.1 BlackRock's voting processes

The wording in this Section has been provided by BlackRock.

> *"BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate*

in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

The team, and its voting and engagement work, continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure to take into account a company's unique circumstances by market, where relevant. BlackRock inform vote decisions through research and engage as necessary. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update our regional engagement priorities based on issues that they believe could impact the long-term sustainable financial performance of companies in those markets. They welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand the company's thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock inform vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes.

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 subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into the vote analysis process. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that the investment stewardship analysts can readily identify and prioritise those companies where additional research and engagement would be beneficial. Other sources of information used 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 active investors, public information and ESG research.

BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. The year-round engagement with clients to understand their priorities and expectations, as well as active participation in market-wide policy debates, help inform these themes. The themes identified in turn shape BlackRock's 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."

10.2 Description of BlackRock's voting behaviour over the year

A summary of voting behaviour over the year is provided below:

Fund name	BlackRock ACS World Low Carbon Equity Tracker Fund
Total size of fund at end of reporting period	£5,726.1m
Value of Funds' assets at end of reporting period	£70.8m
Number of holdings at end of reporting period	910
Number of meetings eligible to vote	963
Number of resolutions eligible to vote	13,555
% of resolutions voted	95%
Of the resolutions on which voted, % voted with management	94%
Of the resolutions on which voted, % voted against management	5%
Of the resolutions on which voted, % abstained from voting	1%
Of the meetings in which the manager voted, % with at least one vote against management	29%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%

10.3 Most significant votes

Commentary on the most significant votes cast by BlackRock over the period is set out below. The Trustee Directors' criteria for what is a significant vote will develop over time with input from its investment adviser and investment managers.

For the purposes of this report, the "most significant votes" are selected based on those believed to be most relevant to the Trustee Directors' stewardship priorities which are Climate Change, Diversity and Inclusion and Executive Pay. Commentary has been provided by BlackRock.

The Fund divested from the BlackRock Aquila Life MSCI World Fund in April 2022. On materiality grounds therefore, information about the most significant votes for this fund during the year is not reported.

BlackRock ACS World Low Carbon Equity Tracker Fund

Vote 1

Company: Bank of Montreal

Country: Canada

Date: April 2022

Summary of resolution: To adopt a policy to ensure the bank's financing is consistent with International Energy Agency's (IEA's) Net Zero Emissions by 2050 Scenario.

Relevant stewardship priority: Climate change

Approx size of holding: Not disclosed by BlackRock.

Why this vote is considered to be most significant:

- By BlackRock: Interest in hearing from companies about how they are assessing and managing the risks and opportunities arising from the global energy transition, while also managing for a reliable energy supply and a just transition. BlackRock look for companies to demonstrate they have plans that are resilient under likely decarbonization pathways well below 2°C, as well as the global ambition to limit warming to 1.5°C.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

Bank of Montreal management recommendation: Against.

Fund manager vote: Against.

Rationale: BlackRock did not support this shareholder proposal because it is overly prescriptive, unduly constraining on management and board decision-making, and would limit the company's ability to support an orderly energy transition. BlackRock's position is not to tell companies what their strategies should entail, but to assess, based on their disclosures, their climate action plan, board oversight and business model alignment with a transition to net zero by 2050. Further, BlackRock consider the company to have made a clear commitment to align their business model with the transition to a net zero economy, which includes greenhouse gas (GHG) emissions reductions targets.

Outcome and next steps: Against. Consistent with BlackRock's long-term focus, it will continue to engage with the bank and monitor how the company is delivering on the commitments made in the Net Zero Climate Ambition.

Vote 2

Company: Ocado Group, Plc

Country: UK

Date: May 2022

Summary of resolution: To approve the executive remuneration policy.

Relevant stewardship priority: Executive Pay

Approx size of holding: Not disclosed by BlackRock.

Why this vote is considered to be most significant:

- By BlackRock: It relates to BlackRock's Global Principles and market-specific Voting Guidelines and Engagement Priorities.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Ocado Group Plc management recommendation: For.

Fund manager vote: Against.

Rationale: BlackRock did not support the extension of the Value Creation Plan introduced in 2019, and the Remuneration Policy of which it formed a significant part, due to concerns about its appropriateness as a tool for measuring performance and incentivizing management.

Outcome and next steps: For. No further actions were reported.

Vote 3

Company: The Home Depot, Inc.

Country: USA

Date: May 2022

Summary of resolution: Report to shareholders within 6 months of the AGM on steps to improve gender and racial equity on the Board.

Relevant stewardship priority: Diversity and Inclusion

Approx size of holding: Not disclosed by BlackRock.

Why this vote is considered to be most significant:

- By BlackRock: Interest in diversity in the board as a means to promoting diversity of thought and avoiding 'group think.' In BlackRock's view, greater diversity in the boardroom contributes to more robust discussions and more innovative and resilient decisions. High-performing boards play an important role in developing strong management teams, on which the long-term success of companies depend. It is BlackRock's view that diversity in the boardroom, at least consistent with local regulatory requirements and best practices, leads to better long-term economic outcomes for companies, and therefore contributes to the durable, long-term value creation on which our clients' investments depend to meet their financial goals.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion.

The Home Depot Inc management recommendation: Against.

Fund manager vote: Against.

Rationale: BlackRock did not support this shareholder proposal because it does not currently have concerns about the diversity of Home Depot's board. Of the current fourteen members, six (43%) are identified by the company as bringing gender or racial/ethnic diversity of the board. Of the twelve independent directors, four (33%) are women and four (33%) are members of historically under-represented racial or ethnic groups.

Outcome and next steps: Against. No further actions were identified.