Statement of Investment Principles Implementation Statement

FOR THE YEAR ENDED 31 MARCH 2024

OVERVIEW

This statement is the annual Implementation Statement of the ITB Pension Funds for the year to 31 March 2024 and covers both the Open Fund and the Closed Fund. The purpose of this statement is to:

- Provide details of any reviews of the Funds' Statements of Investment Principles ("SIPs") during the year and of any changes made to them.
- Provide 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 by, or on behalf of, the Trustee Directors 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

As noted in the 2023 Statement, following a review undertaken in the 2022/23 financial year, the Open Fund SIP was updated in April 2023 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.

A further review of the Open Fund SIP was undertaken in the year following a buy-in of the remaining uninsured DB Section pension liabilities in July 2023. This resulted in the Open Fund SIP being updated to reflect:

- The majority of the Fund's Defined Benefit (DB) Section assets being invested in buy-in policies with two insurance companies, which broadly cover all the Open Fund's liabilities.
- Around £8m of the remaining DB Section assets being held in liquidity funds, to meet the cashflow requirements of the Open Fund.
- 70% of the excess remaining assets over £8m being invested in government bonds, and 30% in corporate bonds.
- Revisions to the DB Section's overall investment objectives, as set out in the next section of this Statement.

Concurrent to the above changes, the Trustee's policy on investment in illiquid assets within the DC and AVC sections was added to the Open Fund's SIP. This noted that a small exposure to illiquid assets exists within the DC Section's default investment strategy and the Trustee Directors' assessment that, in comparison to many other asset classes, illiquid assets offer a potentially greater level of diversification, better risk management and improved long-term net risk-adjusted investment returns.

Closed Fund SIP

As noted in the 2023 Statement, the Closed Fund's SIP was updated in April 2023 with the same changes that were made to the Open Fund's SIP at that time, as described above.

A review of the Closed Fund SIP undertaken during the year concluded that it remained appropriate, and no changes were required.

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

The overall investment objectives at the start of the 2023/24 financial year for the DB Section were as follows:

- 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.
- 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.
- To target a complete buy-in of all the Open Fund's DB liabilities by 2028.
- 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.

In July 2023 a buy-in was transacted with Just Retirement which covered the DB Section's previously uninsured pension liabilities, thereby achieving the third of the above objectives five years ahead of the target, securing a high level of protection for the DB Section's pension liabilities and significantly reducing any risk of additional contributions being needed due to adverse market circumstances or better than assumed mortality experience.

Following the buy-in transaction, the fourth objective listed above also ceased to be relevant and the DB Section moved to a simple, low-cost investment strategy in which the non-buy-in assets are invested to align with annuity pricing after meeting future expenses. Full details are shown below:

DB Section

SIP investment objectives	How the SIP investment objectives are being met
1. Invest in suitable assets that will match the cost of current and future benefits.	Following the July 2023 buy-in transaction, substantially all current and future benefits are expected to be covered by the Fund's buy-in policies with Just and Pension Insurance Corporation ("PIC").
2. Invest the remaining assets with appropriate diversification to generate modest capital growth with a low volatility relative to annuity pricing and ongoing expenses.	The remaining assets have been invested as follows: • Around £8m has been invested in cash and liquidity funds to pay ongoing expenses. • 70% of the remaining liquid assets have been invested in a pooled index-linked government bond fund and 30% in a corporate bond fund. These investments are expected to produce a combined performance return which is broadly aligned with changes in annuity pricing.
3. Minimise long-term costs through a simple and low-cost investment strategy which maximises returns whilst having regard to the other overall investment objectives.	The core investment strategy comprises just three investments: a liquidity fund managed by Fidelity and two pooled bond funds managed by BlackRock. Efficiencies are achieved due to investment holdings being pooled rather than segregated and because both investment managers also manage assets for the Closed Fund.

Defined Contribution (DC) Section

There were no changes to the DC Section's objectives during the year.

SIP investment objectives	How the SIP investment objectives are being met
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.	DC Section members have been provided with access to a range of investment options to meet their investment needs and enable appropriate diversification. This includes three lifestyle strategies and nine self-select funds which cover all major asset classes.

Members who join the DC Section and who do not choose an investment option are placed into a default arrangement called ITB Drawdown which is a lifestyle fund that targets income drawdown at retirement. The fund aims to grow members pots above inflation whilst they are far from retirement and then, from 15 years before the member's target retirement age, to gradually reduce investment risk to a level considered appropriate for a member intending to drawdown benefits in retirement.

The default arrangement's investment strategy was reviewed in November 2023 and concluded to be appropriate, subject to changes being made to the multi-asset fund allocation and which have been implemented since the year-end. Further information about this is provided in section 3 below.

2. Risks

A wide range of risks is considered when deciding how to invest the assets, as set out in Appendix A of the SIP.

A risk register is maintained to identify, manage and monitor key risks associated with the Open Fund, including investment risks. The register has been reviewed at quarterly meetings of the Funds' executive team, at Trustee Committee meetings during the year and at a full Trustee Board meeting. The investment risks in the register were updated to reflect that following the latest buy-in transaction, there was a significant reduction to the risks associated with investment strategy implementation and of an unacceptable deterioration in funding level due to adverse market conditions or climate change.

Prior to the latest buy-in transaction, DB Section funding risks were managed by monitoring funding levels regularly and assessing the impact of any changes on the investment strategy. Subsequently, the focus has switched to whether the DB Section has sufficient assets to meet future liabilities other than those covered by the buy-in policies. The principal expected future liabilities which buy-in policy income is not expected to meet are the Fund's administration expenses, GMP rectification and equalisation liabilities and any new liabilities which could potentially arise from the outcome of the Virgin Media versus NTL Pension Trustees II court case. There is regular monitoring of events which may impact on the amount of future liabilities and, when required, assessments of the implications for the investment strategy.

The Liability Driven Investment ("LDI") strategy that had been used to protect the DB Section's funding level against adverse movements in inflation and interest rates was fully disinvested during the year to fund the latest buy-in transaction. The Open Fund's buy-in policies fully protect against funding level risks arising from changes in inflation and interest rates, as well as member longevity change risks.

The risk of the DB Section's buy-in insurers failing to pay benefits has been mitigated by the selection of reputable insurers, ongoing monitoring of their financial strength, regulatory oversight of the insurers and, in the unlikely event of an insurer failing, eligibility for compensation from the Financial Services Compensation Scheme.

For the DC Section, the risk of inadequate returns is managed by using funds which invest in equities and are expected to provide positive returns above inflation over the long-term. Funds investing in equities are used in the default arrangement and are also available within the self-select fund range.

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, for the year to 31 March 2023, was considered by the Trustee Directors in August 2023 and concluded that DC Section members were receiving very good value for money.

Currency risk is mitigated in the overall investment strategy to the extent that the Trustee Directors believe it is a risk to which further exposure would be unrewarded.

The nature of some investment risks is such that the Trustee Directors' policy 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.

Further information about risks is provided later in this Statement including diversification risk (Section 3), climate risk (Sections 4 and 7), investment manager risk and excessive charges (Section 5), illiquidity/marketability risk (Sections 4 and 6) and environmental, social and governance (ESG) risks (Sections 7 and 8).

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.

The investment strategy in place at the start of the year had a target asset allocation (excluding the buy-in policies) of 5% to global equities, 75% to LDI and 20% to investment grade credit, combined with targeted interest rate and inflation hedge ratios of 100% of technical provisions.

By June 2023, the Trustee Directors believed that there was a high level of certainty of proceeding with a further buy-in which would broadly insure all remaining uninsured pension liabilities. To minimise the risk of the buy-in transaction price increasing by more than the value of the Fund's assets, the Trustee Directors decided to undertake a restructuring of investments to better align changes in the value of the Fund's investments with anticipated movements in the buy-in transaction price. This restructuring took place in June 2023, with the sale of all global equity and credit assets, combined with changes being made to how the LDI assets were invested. It was followed, in July 2023, by the realisation of all LDI assets and the purchase of a buy-in policy with Just.

The investment strategy being followed by the Open Fund DB Section after the buy-in purchase was reflected in an updated SIP that was signed off in January 2024 once all the necessary changes had been agreed. The updated SIP included a revised investment strategy which noted that the majority of the Fund's assets were invested in buy-in policies with the remaining assets invested in accordance with the following benchmark allocation:

- Around 30%, equivalent to £8m, to be held in liquidity funds to meet cashflow requirements.
- The balance of the remaining assets to be invested as below to achieve a low volatility relative to annuity pricing:
  - Corporate bonds 30%
  - Government bonds 70%

The Open Fund DB Section's remaining assets actual allocation is compared to the above target benchmark allocation each quarter. Although the actual allocation is expected to change over time, there had been no material deviations up to the financial year-end.

The results of the Fund's 31 March 2023 annual actuarial funding update were considered by the Trustee Directors during the year. This showed the Fund's estimated funding surplus to have slightly improved over 12 months from £24.8m to £25.5m. The July 2023 buy-in policy acquisition subsequently reduced funding risks significantly and as a result the Trustee Directors decided that no further action was necessary in follow-up to the annual funding update results.

DC Section and DB Section AVC Members

The investment strategy for the Open Fund DC Section and DB Section AVCs is to provide members with a range of investment options, having regard to their long-term expected returns and the variability of those returns. There were no changes to the investment fund range or lifestyle arrangements during the year.

A full review of the DC Section and AVC investment strategy is undertaken at least once every three years. It considers the appropriateness of the DC and AVC default funds and the range of alternative strategies and funds that members may choose from. The most recent review, carried out in November 2023, recognised that the Trustee Directors were considering moving the Fund's DC members to an alternative master trust, and that this may occur in 2025/26. As a result, the review did not propose any extensive changes to the DC investment strategy due to the implementation costs and the likely timescale over which members would realise any benefit from those changes. The key outcomes of the review were:

- For DC members, a default strategy targeting drawdown with a 15-year de-risking phase remained appropriate and for AVC members, a cash targeting default strategy remained appropriate.
- The self-select fund range remained appropriate and provided members with access to a broad range of asset classes without unnecessary duplication.
- In the lifestyle strategies, including the default fund, the Legal & General ("L&G") Multi-Asset Fund should be replaced by the L&G Future World Multi-Asset Fund to better address financially material ESG factors.
- To add the L&G Future World Multi-Asset Fund to the self-select range of investments that members can choose from.

After the year-end, the necessary changes were completed to add the L&G Future World Multi-Asset Fund to the self-select range and to replace the L&G Multi-Asset Fund in the lifestyle strategies.

4. Considerations in setting the investment strategy

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

Following the DB Section buy-in transaction during the year, an investment strategy review was undertaken which considered the future DB Section net cash outflows, other than those being covered by the buy-in policies, and the range of investments most appropriate to ensuring that the cash outflows would be met with a high level of certainty and on a timely basis.

A wide range of risks is considered when setting the investment strategy, including climate risk which the Trustee Directors seek to mitigate appropriately in a manner that is aligned with their beliefs. The Trustee Directors reviewed their climate related risk beliefs during the year resulting in some minor changes, which are reflected in a revised version of the beliefs document that can be found on the Funds' website. 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.

The DC and AVC investment strategy review during the year considered which default strategy would be most appropriate to the membership's age profile, contribution rates and projected pot sizes. The risk and return profile of the DC default strategy was also reviewed to assess how well it met the Trustee Directors' objective to grow member pots materially above inflation whilst they are far from retirement and then to gradually reduce investment risk as members become close to retirement.

A broad range of asset classes was considered during the DC and AVC review, including illiquid assets to which it was decided not to make any specific allocation due to the potentially short timeframe before members will be switched to an alternative master trust, a limited number of viable investment options and high charges.

5. Investment manager and custodian oversight

Third-party investment managers undertake the day-to-day investment activity for the Fund. The DB Section's segregated assets were fully realised as part of the DB Section's investment restructuring during the year but, prior to this, had been held and safeguarded by a custodian. Custody of the BlackRock-managed pooled funds, in which the DB Section's bond assets are held, is the responsibility of Bank of New York Mellon. Custody of other 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.

There is an annual review of internal control assurance reports issued by the investment managers. 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 2023.

During the financial year, Insight Investment and Legal & General each attended an Investment Committee meeting to provide updates on investment strategy, performance, governance processes and approach to responsible investment, including voting and engagement activities. This provided the Trustee Directors with assurance that their investment allocations were being professionally managed in line with the guidelines set out in the investment management mandates.

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 was concluded to have remained strong and stable throughout the year. Additionally, for Just, further assurance on financial strength and investment stewardship was obtained when it attended an Investment Committee meeting prior to being appointed as the insurer for the latest transaction.

The Investment Committee has 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

The DB Section's short- and long-term cash flow requirements are reviewed by the Trustee Directors quarterly at Investment Committee meetings. To diversify counterparty risk exposure and enhance returns, any cash that is surplus to near-term requirements is invested in a liquidity fund managed by Fidelity. Cash can be invested and withdrawn from Fidelity's liquidity fund daily.

Towards the end of 2022/23, to improve the overall liquidity of the DB Section's assets, the Trustee Directors agreed to dispose of the illiquid Limited Price Index (LPI) swaps that were held within the LDI portfolio. This was completed during the year through a transfer of the LPI swaps to Just in part settlement of the purchase price for the buy-in policy.

A full realisation of a holding in the Schroder European Property Fund investment has been in progress since 2019 and is close to completion. A small distribution was received from this Fund during the year, leaving an unrealised investment value of around £15,000.

Since August 2023, benefit payments have been broadly covered by receipts from the buy-in policies. The Trustee Directors are effectively locked-in to the buy-in policies as there is no right to surrender the policies if the insurers' financial standing deteriorates. All other significant investments are considered liquid and, under normal market conditions, can be realised within a short timeframe if required.

DC Section

All funds in which DC Section members can invest are traded daily, which enables members to realise and change their investments readily.

The DC Section invests cash that is surplus to near-term requirements to pay expenses in the same Fidelity Liquidity Fund that is used by the DB Section.

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.

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.

In 2022 the approach to responsible investment taken by investment managers and their pooled funds was reviewed. 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 next review is scheduled for 2024/25.

The Trustee Directors believe that strong investment stewardship policies help to manage ESG risks and will protect and enhance the long-term value of investments. During the year investment manager governance processes on investment stewardship policies and processes, including ESG, were updated and it was agreed to prioritise three stewardship themes: climate change (environmental); diversity and inclusion (social) and executive pay (governance).

The Trustee Directors seek for their investment managers to engage on climate change in a manner that is aligned with their climate related risk beliefs, and on diversity and inclusion and executive pay on a basis that reflects the relevant rationale statements within the Association of Member Nominated Trustees ("AMNT") Red Lines voting policy recommendations. A review of the stewardship of investments (excluding buy-ins) during the year concluded that the Fund's managers had actively engaged with investee companies on each of the three stewardship priorities in a manner that was broadly aligned with the Trustee Directors' beliefs.

In relation to the buy-in providers, Just's investment stewardship policies and practices were considered, and concluded to be satisfactory, as part of the due-diligence process prior to the signing of the latest buy-in contract. Climate reporting and metrics information from both buy-in providers has also been reviewed during the year and determined to be broadly consistent with the Trustee Directors' beliefs and policies. The Trustee Directors recognise that the non-cancellable nature of the buy-in policy contracts limits their ability to influence the buy-in providers' investment stewardship activities once the contracts have been entered into.

A second Task Force on Climate-Related Financial Disclosures (TCFD) report was published in October 2023, 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 to be well positioned to withstand climate shocks under a range of climate change scenarios. Outcomes under an updated set of climate scenarios are being assessed in 2024/25.

To assess and manage climate-related risks and opportunities for the Fund's investments, the Trustee Directors have set a target 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 2024 and concluded to be satisfactory based on the proportion of equity holdings with SBTi-aligned targets having increased by an average of 5% over 12 months, and credit holdings by an average of 2%.

Specific metrics have been agreed to monitor the Fund's climate-related investment risks. The most recent review of the climate metrics of each manager's investments, in February 2024, reported Scope 1 and 2 carbon emissions to have remained broadly unchanged and data quality to have improved. Although Scope 3 emissions had worsened, the underlying data for this measure is less reliable due to the extensive use of estimations.

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 and other views to be taken into account in their investments and, therefore, have made available the L&G Ethical

Global Equity Index Fund and the HSBC Islamic Global Equity Fund as investment options to members.

8. Voting and engagement

The Trustee Directors believe that engaging with investee companies and exercising voting rights helps to protect and enhance the long-term value of investments.

The exercise of rights attached to investments, including voting rights and engagement activities, has been delegated to investment managers. Listed equity is the principal asset class where voting rights can be exercised. As the Open Fund's listed equities are held exclusively within pooled funds, 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 Fund's DB Section fully disinvested from funds with listed equity holdings. The DC Section continues to invest in listed equities through funds managed by Legal & General.

The Trustee Directors have adopted the AMNT Red Lines as the Open Fund's voting policy. A review during the year, which focused on the Trustee Directors' three stewardship priorities, concluded that Legal & General exercised the equity voting rights in its funds in a manner that was broadly aligned with AMNT Red Lines and, where divergences were noted, reasonable justifications existed. Further reviews of Legal & General's reporting on engagement activity concluded that there was extensive engagement activity on climate change, diversity and inclusion and executive pay for the investee companies.

Further information about 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

LCP is the appointed investment adviser. The performance of LCP against its objectives was subjected to a full periodic assessment by the Investment Committee in November 2022 and a regular annual review in November 2023.

Investment managers and custodian

Investment manager and custodian oversight is described in Section 5.

Investment decision making structure

The Trustee Directors have delegated responsibility for certain investment matters, as set out in the SIP, to an Investment Committee which consists of the Chair of the Trustee Board, the two Deputy Chairs and up to three other Trustee Directors. The investment adviser also attends each Investment Committee meeting. The Investment Committee met six times during the year and completed all the key activities set out in its Business Plan.

In 2021 a three-member 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 in 2022 to include consideration of new DWP guidance on stewardship reporting. To reflect the Group's activities having expanded beyond climate change, it was renamed as the Investment Governance Working Group in May 2023. The Group met three times during the 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 held listed equities during the year:

- Legal & General Investment Management ("LGIM") Low Carbon Transition Global Equity Index Fund (currency 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 DC and AVC default strategy and the self-select funds which hold equities.

10.1 Managers' voting processes

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 its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes 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 its 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 Institutional Shareholder Services (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and LGIM does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports 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 has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on 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 has 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 LGIM's policy document which can be found at: **https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf**.

HSBC

The legal right to the underlying votes lies with the directors of the HSBC CCF Islamic Global Equity Fund. They have delegated the 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 has 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 uses the leading voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's 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 HSBC's guidelines.

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	£4,618.2m
Value of Funds' assets at end of reporting period	-
Number of holdings at end of reporting period	2,838
Number of meetings eligible to vote	4,698
Number of resolutions eligible to vote	46,620
% 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	20.8%
Of the resolutions on which voted, % abstained from voting	0.3%
Of the meetings in which the manager voted, % with at least one vote against management	65.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12.0%

The Open Fund DB Section fully disinvested from the LGIM Low Carbon Transition Global Equity Index Fund in June 2023 and did not hold any other equity exposures for the remainder of the financial year.

DC SECTION

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Manager name	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management	HSBC Global Asset Management (UK) Limited
Fund name	Low Carbon Transition Global Equity Index Fund	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund – 75% Currency Hedged	Multi Asset Fund	Islamic Global Equity Index Fund
Total size of fund at end of reporting period	£4,618.2m	£1,150.9m	£3,751.7m	£24,623.1m	£3,275.0m
Value of Funds' assets at end of reporting period	£20.9m	£0.8m	£1.6m	£21.1m	£0.1m
Number of holdings at end of reporting period	2,838	1,065	4,692	7,458	108
Number of meetings eligible to vote	4,698	1,167	7,147	9,311	104
Number of resolutions eligible to vote	46,620	16,564	72,082	94,134	1,702
% of resolutions voted	99.9%	99.8%	99.9%	99.8%	96.0%
Of the resolutions on which voted, % voted with management	78.9%	81.3%	80.9%	76.5%	76.7%
Of the resolutions on which voted, % voted against management	20.8%	18.5%	18.6%	23.2%	23.3%
Of the resolutions on which voted, % abstained from voting	0.3%	0.2%	0.5%	0.3%	0.0%
Of the meetings in which the manager voted, % with at least one vote against management	65.3%	75.0%	61.5%	72.5%	82.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12.0%	14.1%	10.7%	14.4%	0%

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 which the investment managers consider to be significant, and which are 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.

LGIM Funds

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.

Votes were exercised by LGIM in the following funds:

DB Section

- LGIM Low Carbon Transition Global Equity Index Fund, which was held by the DB Section until a full disinvestment in June 2023.

DC Section

- LGIM Low Carbon Transition Global Equity Index Fund (hedged and unhedged versions)
- LGIM Ethical Global Equity Index Fund
- LGIM Global Equity (30:70) Index Fund – 75% Currency Hedged
- LGIM Multi-Asset Fund

Further information is provided below about 6 significant votes that were exercised by LGIM during the financial year. For each vote, the approximate holding in the company, expressed as a percentage of Fund total size, was as follows:

Vote	Company	Low Carbon Transition Global Equity Index Fund	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund - 75% Currency Hedged	Multi-Asset Fund
1	JP Morgan Chase	0.7%	0.0%	0.5%	0.1%
2	Amazon.com	1.8%	0.0%	1.1%	0.2%
3	Fisher & Paykel Healthcare	<0.1%	<0.1%	<0.1%	<0.1%
4	NVIDIA	1.4%	2.6%	1.0%	0.2%
5	Shell	0.2%	0.6%	2.1%	0.6%
6	Intuit	0.3%	0.4%	0.2%	<0.1%

Vote 1 | Company: JP Morgan Chase & Co. | Date: June 2023

Summary of resolution: Shareholder proposal requesting JP Morgan Chase to issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets, including the specific measures and policies necessary to achieve its targets, the reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

Why this vote is considered to be most significant:

- By LGIM - it pre-declared its intention to support and 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.
- By the Trustee Directors - It relates to one of the stewardship priorities – Climate change.

JP Morgan Chase management recommendation: Against.

Fund manager vote: For the proposal (Against management).

Rationale: LGIM generally supports resolutions that seek additional disclosures on how companies aim to manage their financing activities in line with their published targets. LGIM believes detailed information on how a company intends to achieve the 2030 targets it has 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 of the vote and next steps: Against the proposal (For management).
LGIM will continue to engage with the company and monitor progress.

Vote 2 | Company: Amazon.com, Inc | Date: May 2023

Summary of resolution: Shareholder proposal requesting Amazon to report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent. The report to be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Why this vote is considered to be most significant:

- By LGIM: it pre-declared its vote intention and views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion.

Amazon.com management recommendation: Against.

Fund manager vote: For the proposal (Against management).

Rationale: LGIM expects meaningful information to be disclosed on the gender pay gap and the initiatives Amazon is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of Amazon's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believes 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 of the vote and next steps: Against the proposal (For management).
LGIM will continue to engage with the company and monitor progress.

Vote 3 | Company: Fisher & Paykel Healthcare Corporation | Date: August 2023

Summary of resolution: The maximum aggregate annual remuneration payable to non-executive Directors be increased by NZ$295,000 from NZ$1,455,000 to NZ$1,750,000.

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).
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Fisher & Paykel Healthcare Co. management recommendation: For.

Fund manager vote: Against.

Rationale: The proposed non-executive Directors fee pool increase is substantial. Concerns are highlighted that the level of chair and non-executive Directors fees are higher than New Zealand market capitalisation peers. The proposed increase in the non-executive Directors fee cap would allow the company to increase individual fees which would further contribute to putting non-executive Directors fees at Fisher & Paykel Healthcare well above NZX-listed market capitalisation peers.

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 4 | Company: NVIDIA Corporation | Date: June 2023

Summary of resolution: To elect Stephen C Neal as a director

Why this vote is considered to be most significant:

- By LGIM: It views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.
- By the Trustee Directors: It relates to one of the stewardship priorities – Diversity and Inclusion

NVIDIA management recommendation: For.

Fund manager vote: Against.

Rationale: Mr Neal is the chairperson of NVIDIA's Nominating and Corporate Governance Committee which is responsible for identifying, reviewing and assessing the qualifications of directors and selecting nominees for recommendation to the Board. The vote against Mr Neal's election reflects LGIM's concerns regarding board diversity as:

- NVIDIA's board comprises 10 men and 3 women, which is below LGIM's expectation that a company should have at least one-third women on the board.
- 7 of the 13 directors on NVIDIA's board had served for over 10 years, and a further 3 had served for 5-10 years. This is contrary to LGIM's expectation for 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 5	Company: Shell plc	Date: May 2023

Summary of resolution: To approve Shell's Energy Transition Progress for the year 2022, as disclosed in Shell's Annual Report for the year-ended December 31, 2022 and the Shell Energy Transition Progress Report 2022.

Why this vote is considered to be most significant:

- By LGIM: It is publicly supportive of so called "Say on Climate" votes. LGIM expects transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5°C scenario. Given the high-profile of such votes, LGIM deems such votes to be significant, particularly when LGIM votes against the transition plan.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

Shell plc management recommendation: For.

Fund manager vote: Against.

Rationale: The vote against was not without reservations. LGIM acknowledges the substantial progress made by Shell plc in meeting its 2021 climate commitments and welcomes the leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations which are key areas to demonstrate alignment with the 1.5°C trajectory.

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

Vote 6	Company: Intuit Inc	Date: January 2024

Summary of resolution: To elect Suzanne Nora Johnson as a director.

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.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Intuit management recommendation: For.

Fund manager vote: Against.

Rationale: Ms Johnson has been a director since 2007 and is the Chair of Intuit's Board and its Compensation and Organisational Development Committee. The vote against Ms Johnson's election reflects LGIM's concerns regarding Intuit's remuneration practices for the past year and LGIM's expectation that the Chair of the Committee and the Chair of the Board should have served as a Board director for no more than 15 years in order to maintain independence and a balance of 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.

HSBC Global Asset Management - Islamic Global Equity Index Fund (DC Section)

HSBC regards the votes against management recommendations as the most significant. With regards to climate, HSBC 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 Chair. HSBC also generally supports shareholder resolutions calling for increased disclosure on climate-related issues.

Vote 1 | Company: Apple Inc | Date: February 2024

Summary of resolution: Shareholder proposal requesting Apple to report on median pay gaps across race and gender, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining diverse talent.

Approx size of holding: 7.9% of total fund size

Why this vote is considered to be most significant:

- By HSBC: Apple Inc. 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: Against.

Fund manager vote: For the proposal (Against management).

Rationale: HSBC voted for the proposal as it believes it would contribute to improving gender inequality.

Outcome of the vote and next steps: Against the proposal (For management). HSBC will likely vote in favour of a similar proposal in future should it see insufficient improvements.

Vote 2 | Company: Visa Inc | Date: January 2024

Summary of resolution: To approve, on an advisory basis, the compensation of Visa Inc's Named Executive Officers, as described in its 2024 proxy statement.

Approx size of holding: 1.6% of total fund size

Why this vote is considered to be most significant:

- By HSBC: Visa Inc. 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 considered the quantum of the total pay excessive and there to be an insufficient link between pay and performance.

Outcome of the vote and next steps: For. HSBC will likely vote against a similar proposal in future should it see insufficient improvements.

Vote 3 | Company: Novartis AG | Date: March 2024

Summary of resolution: To re-elect Patrice Bula (Lead Independent Director and Chair of the Governance, Sustainability and Nomination Committee) as a Director.

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 – Diversity and Inclusion.

Novartis AG management recommendation: For.

Fund manager vote: Against.

Rationale: HSBC has concerns about insufficient gender diversity on the Novartis board. The Novartis Governance, Sustainability and Nomination Committee reviews the composition and size of the Board and because Mr Bula is the Committee's Chair, HSBC voted against his re-election.

Outcome of the vote and next steps: For. HSBC will likely vote against a similar proposal in future should it see insufficient improvements.

3. CLOSED FUND SIP

1. Objectives

The Closed Fund's investment objectives are shown below. There were no changes made to the objectives during the year.

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.

A risk register is maintained to identify, manage and monitor key risks associated with the Closed Fund, including investment risks. The risk register review process is the same as described earlier in this Statement for the Open Fund.

Benefits payable by the Fund are expected to be fully met 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 meet future payments of benefits.

The risk of the Closed Fund's buy-in insurer failing to pay benefits has been mitigated by the same actions that were described earlier in this Statement for the Open Fund.

The nature of some investment risks is such that the Trustee Directors' policy 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.

Further information about risks is provided later in this Statement including diversification risk (Section 3), climate risk (Sections 4 and 7), investment manager risk and excessive charges (Section 5), illiquidity/ marketability risk (Sections 4 and 6) and environmental, social and governance (ESG) risks (Sections 7 and 8).

3. Investment Strategy

The Trustee Directors' investment strategy provides for the Closed 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 instruct 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 policy resulted in £1.4m being switched into index-linked gilt funds during the year, £0.7m of which came from the equity fund, and the other £0.7m from the buy and maintain credit fund.

The results of the Fund's 31 March 2023 annual funding update were considered by the Trustee Directors during the year. This showed the Fund's estimated funding surplus to have fallen over 12 months from £46.3m to £39.5m. No immediate changes were made to the investment strategy as a result but later in the year the Trustee Directors decided to protect the Fund's funding position by fully disinvesting the equity allocation and reinvesting the proceeds into cash, gilts, and high-quality corporate bonds. Implementation of these changes took place after the year-end and will be reported upon in next year's Statement.

4. Considerations in setting the investment strategy

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

A wide range of risks and asset classes is considered when setting the investment strategy. The considerations for the Closed Fund on climate risk are the same as those described earlier in this Statement for the Open Fund.

A key consideration when setting the Closed Fund's investment strategy is how the funding surplus is expected to be distributed in future. The needs and objectives of the expected recipients of the funding surplus distribution are considered when determining the level of risk and return to be incorporated into the investment strategy.

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 with BlackRock to obtain an update on investment strategy, performance, governance processes and investment stewardship, including voting and engagement activities. The meeting provided assurance that BlackRock was aligned with the Trustee Directors' key investment objectives and had the appropriate skills and expertise to operate its investment mandate.

The financial strength of the buy-in provider, Pension Insurance Corporation (PIC), 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 met all benefit outgoings during the year.

The Closed Fund is effectively locked-in to the PIC buy-in policy as there is no right to surrender the policy if PIC's financial standing deteriorates. All other investments are considered liquid and, under normal market conditions, can be realised within a short timeframe if required.

The Closed Fund invests cash that is surplus to near-term expense requirements in the same Fidelity Liquidity Fund that is used by the Open Fund.

7. Financially material and non-financial matters

The Trustee Directors expect BlackRock to take account of financially material considerations, including climate change and other ESG considerations, and encourage Blackrock to improve its ESG practices. However, as the Fund's investments with BlackRock are held in pooled funds, this limits the Trustee Directors' ability to directly influence how financially material considerations in investee companies are addressed, including the incorporation of ESG factors.

In relation to responsible investment, ESG governance processes, stewardship priorities, investee company engagement and climate change matters, the actions undertaken to implement the Closed Fund's SIP are broadly the same as those described for the Open Fund earlier in this Statement.

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 Trustee Directors believe that engaging with investee companies and exercising voting rights helps to protect and enhance the long-term value of investments.

The exercise of rights attached to investments, including voting rights and engagement activities, has been delegated to the Closed Fund's investment manager, BlackRock. Listed equity is the principal asset class where voting rights can be exercised. As the Closed Fund's listed equities are held in a pooled fund, the Trustee Directors monitor and review how votes are being exercised by BlackRock rather than having any direct involvement in voting or by using proxy voting services.

The Trustee Directors have adopted the AMNT Red Lines as the Closed Fund's voting policy. An ongoing review to determine the extent to which BlackRock's exercise of equity voting rights was aligned with the AMNT Red Lines was suspended in February 2024 when the decision was made to fully disinvest BlackRock's equity allocation.

Further information about BlackRock's voting behaviour during the year is provided in Section 10.

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.

10.1 BlackRock's voting processes

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believes 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.

BlackRock's team, and its voting and engagement work, continuously evolve in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure BlackRock takes 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 its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets. It welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its 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 its 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 applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs vote decisions through research and engages as necessary. If a client wants to implement its own voting policy, it will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy itself, 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 subscribes to research from the proxy advisory firms ISS and Glass Lewis, it is just one among many inputs into the vote analysis process and BlackRock does not blindly follow their recommendations on how to vote. 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 prioritises its work around themes that it believes 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 BlackRock looks 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	£6,687.7m
Value of Funds' assets at end of reporting period	£12.3m
Number of holdings at end of reporting period	849
Number of meetings eligible to vote	927
Number of resolutions eligible to vote	13,623
% of resolutions voted	97%
Of the resolutions on which voted, % voted with management	96%
Of the resolutions on which voted, % voted against management	3%
Of the resolutions on which voted, % abstained from voting	0%
Of the meetings in which the manager voted, % with at least one vote against management	22%
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 their investment adviser and investment managers.

For the purposes of this report, the "most significant votes" are selected based on those which BlackRock considers to be significant, and which are most relevant to the Trustee Directors' stewardship priorities which are climate change, diversity and inclusion and executive pay. Commentary has been provided by BlackRock.

BlackRock ACS World Low Carbon Equity Tracker Fund

BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Vote 1	Company: Dollar Tree Inc	Date: June 2023

Summary of resolution: The Company's shareholders to approve, on an advisory basis, the compensation of Dollar Tree's named executive officers, as disclosed in the proxy statement for the Annual Meeting of Shareholders.

Approx size of holding: 0.06% of total fund size

Why this vote is considered to be most significant:

- By BlackRock: The vote was against management.
- By the Trustee Directors: It relates to one of the stewardship priorities – Executive Pay.

Dollar Tree management recommendation: For.

Fund manager vote: Against.

Rationale: Due to the high value of the Executive Chairman's front-loaded pay award, BlackRock was concerned that there was a misalignment between pay and long-term shareholder financial interests.

Outcome of the vote and next steps: For. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assesses whether the company has addressed its concerns.

Vote 2	Company: Restaurant Brands International ("RBI")	Date: May 2023

Summary of resolution: Shareholder proposal to report on the reduction of plastic use to reduce the company's contribution to ocean plastics pollution.

Approx size of holding: 0.05% of total fund size

Why this vote is considered to be most significant:

- By BlackRock: The agenda for the 2023 Annual General Meeting (AGM) included a number of items where BlackRock did not support management, as well as several shareholder proposals, which it did not support.
- By the Trustee Directors: It relates to one of the stewardship priorities – Climate change.

RBI management recommendation: Against.

Fund manager vote: Against.

Rationale: BlackRock engages with companies in certain sectors on their approach to plastic packaging. Given the impact on long-term shareholder value (such as potential reputational risk related to waste management and increasing customer demand for recyclable packaging), BlackRock appreciates when companies who produce or rely heavily on plastics in their products or operations disclose information on how waste is managed. Where a matter such as plastic usage is material to a company's long-term strategy, BlackRock looks for the company's disclosures to assess risk oversight, and to understand how such impacts and dependencies are managed. Specifically, BlackRock finds it helpful when companies disclose any targets for managing these factors, how they monitor progress against these stated goals, and how these efforts might contribute to process and resource efficiencies.

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

Outcome of the vote and next steps: The shareholder proposal was not approved. Where concerns are raised either through voting or during engagement, BlackRock monitor developments and assesses whether the company has addressed its concerns.

Vote 3	Company: Techtronic Industries Company Limited	Date: May 2023

Summary of resolution: To elect Horst Julius Pudwill as Director

Approx size of holding: 0.03% of total fund size

Why this vote is considered to be most significant:

- By BlackRock: The vote was against management.
- By the Trustee Directors: It relates to the stewardship priority on Diversity and Inclusion.

Techtronic management recommendation: For.

Fund manager vote: Against.

Rationale: BlackRock did not support the election of the Chairman, Mr. Horst Julius Pudwill, because he also chairs the Nomination Committee, which BlackRock believes should be chaired by an independent director to ensure objectivity, transparency, and independence in the board recruiting process.

Outcome of the vote and next steps: For the resolution. BlackRock will continue engaging with Techtronic as it believes Techtronic would benefit from enhancing its board nomination procedures to support an effective board which takes into consideration the interests of all shareholders and supports the company in delivering durable, long-term financial value creation.