

STATEMENT OF INVESTMENT PRINCIPLES IMPLEMENTATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

OVERVIEW

This statement is for the year to 31 March 2022 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 Trustees 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 Trustees 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 Trustees 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 in May 2021 to reflect:

- The Trustees' belief that climate change risk is likely to have a material impact on financial markets and therefore is a risk that should be explicitly managed where appropriate.
- The decision to address the potential impact of climate change on DC members' investments by changing the equity component of the Open Fund's DC lifestyle investment strategies, including the default fund, to an equity fund that seeks to reduce exposure to carbon emissions over time.

It was updated again in December 2021 to document:

- How the Trustees consider climate risk when setting

the DB and DC investment strategy, including reference to the Trustees' Statement on Governance of Climate Related Risks and Opportunities.

- The objective of the DC default arrangement.

CLOSED FUND SIP

The Closed Fund SIP was reviewed and updated in December 2021 for the same changes on climate risk that were made to the Open Fund's SIP. Also, additional wording was included to clarify the Trustees' governance approach to investment managers including their policies, fees, and performance.

The sponsoring employers were consulted over the changes made to both Funds' SIPs and confirmed they were comfortable with them.

The Trustees 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

DB SECTION

SIP INVESTMENT OBJECTIVES	ACTIONS TAKEN BY THE TRUSTEES
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.	Progress against the long-term journey plan was regularly reviewed. The Actuary's 31 March 2021 interim actuarial review reported a small funding deficit and it was decided not to make any changes to the investment strategy.
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.	The Fund remains broadly 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.	The estimated cost to buy-in the Fund's remaining uninsured liabilities was kept under review. The shortfall in assets required to complete a full buy-in is expected to reduce over time and therefore the objective to buy-in all liabilities by 2028 remains realistically achievable.
4. The Trustees will 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.	There were no partial buy-in exercises undertaken due to the expected costs, the price to insure further tranches of pensioner liabilities and potential disruption to the current investment strategy to achieve the overall 2028 funding objective.

DC SECTION

SIP INVESTMENT OBJECTIVES	ACTIONS TAKEN BY THE TRUSTEES
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 Trustees 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 Trustees 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 Trustees make 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 Trustees consider appropriate for a member intending to drawdown in retirement. This default arrangement investment strategy was last reviewed by the Trustees in October 2020, and they concluded it was appropriate to meeting the objective, subject to the changes that were made to the equity component, as described in section 3 below.

2. RISKS

The Trustees 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 Trustees maintain a risk register which covers both investment and non-investment risks and this is discussed at quarterly meetings of the Funds' executive team and overseen by a Trustee sub-committee. The risk register is formally reviewed by the Trustees in April each year.

The risk register was updated during the year to reflect the risks that climate change poses to the financial strength of the participating employers, the achievement of the DB Section's funding target and the amount of DC Section members' funds at retirement.

The Trustees' 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 to the Trustees by the Fund's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

For the DB Section, funding risks are managed by monitoring funding levels and assessing how any changes impact upon the investment strategy. As well as considering the funding position reported by the Actuary's 31 March 2021 interim review, the Trustees informally monitored the Fund's funding position more regularly throughout the year through the investment adviser's online daily funding and investment monitoring tool, 'LCP Visualise'.

For the DC Section, the risk of inadequate returns is managed through 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 provides some protection against the risk of a deterioration in investment conditions near retirement by gradually switching members' investments into lower-risk asset classes as they approach their target retirement date.

The following risks are covered later in this Statement:

- Diversification risk: Section 3

- Climate risk: Sections 4 and 8
- Investment manager risk and excessive charges: Section 6
- Illiquidity/marketability risk: Section 7
- Environmental, Social and Governance (ESG) risks: Section 8.

3. STRATEGY**DB SECTION**

The Trustees' 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 concluded that no changes were required to the global equity, liability driven investment and investment-grade credit target asset allocations. The interest rate and inflation rate liability hedge ratios remained broadly in line with the Trustees' set target of 100% throughout the year.

The Trustees compare the actual and strategic asset allocations each quarter. The actual asset allocation of the Open Fund DB Section did not deviate materially from the strategic allocation over the year.

DC SECTION

The Trustees' investment strategy is for the Open Fund DC Section members to be provided with a range of investment options, having regard to their long-term expected returns and the variability of those returns.

A full review of the DC Section investment strategy is undertaken at least once every three



years. The most recent review, completed in 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 lifestyles should be replaced by a climate-tilted 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.

Further details about the 2020 DC Section investment strategy review can be found in last year's Implementation Statement. The Trustees decided that the DC Section global equity fund changes described above should also be implemented for the Open Fund's DB Section AVC arrangements.

4. CONSIDERATIONS IN SETTING THE INVESTMENT STRATEGY

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

During the year climate risk was added as an investment strategy consideration, to reflect the risk that investments may fall in value due to the direct impacts of climate change or policy changes to mitigate the effects of climate change. In setting the investment strategy the Trustees therefore seek to appoint investment

managers who will manage climate risk and other risks appropriately, and review how climate risks are being managed in practice.

The Trustees' key investment beliefs were reviewed during the year and updated to include climate risk as being likely to have a material impact on financial markets and therefore to be explicitly managed where appropriate. The Trustees also considered their climate related risk beliefs and have set these out in a "Climate Related Risk Beliefs" document, a copy of which can be found on the Funds' website.

The Trustees published a "Statement on Governance of Climate Related Risks and Opportunities" document in September 2021, a copy of which can be found on the Funds' website. This document provides further information on the Trustees' processes for identifying, assessing and managing climate related risks and opportunities and its impact on the investments of the Fund.

5. INVESTMENT STRATEGY IMPLEMENTATION

The principal investment activity undertaken during the year to implement the investment strategy was as follows:

DB SECTION

To better align the investment allocation with the Trustees' climate risk investment beliefs, a decision was made to fully divest the £30million 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 after the year-end.

The Actuary's 31 March 2021 interim actuarial review reported a small funding deficit, and it was decided not to make any changes to the investment strategy.

The impact of changes to inflation expectations upon the effectiveness of the Fund's liability hedge investments was considered. It was concluded that no changes to the hedge were necessary but to review again upon receipt of the results of the 2022 Open Fund Actuarial Valuation.

DC SECTION AND DB SECTION AVC MEMBERS

The changes to the global equity fund, described in section 3 above were implemented in July 2021 by replacing the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Global Equity Index Fund in all three lifestyle strategies and by adding the L&G Low Carbon Transition Global Equity Index Fund to the self-select range.

These changes were notified to members in June 2021 through an "Addressing Climate Risk in the Investment Strategies" communication which was distributed by post and published on the Funds' website.

In total, £15.8m of investments were switched into the L&G Low Carbon Transition Global Equity Index Fund in July 2021, of which £0.1m related to the DB Section AVC members. The Trustees' reviewed the implementation of the transition and concluded that the switches were successfully implemented in accordance with the pre-transition plan, with transaction costs broadly in line with expectations.

6. INVESTMENT MANAGER OVERSIGHT

The Trustees have appointed third-party investment managers to undertake the day-to-day investment activity for the Fund.

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 Trustees quarterly and promptly informs 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 Trustees' Investment Committee reviews the investment performance of the Funds' investment managers each quarter and considers it in the context of each manager's benchmark and objectives. Investment manager performance return data is provided by an independent performance measurer. A full presentation of investment managers' performance was considered by the Trustees in July 2021.

During the financial year, the Trustees' Investment Committee held two meetings with Insight and one with Legal & General to satisfy themselves that they continue to carry out their work competently and have the appropriate knowledge and experience to manage the investments in line with their mandates.

The investment managers' fees are monitored to assess whether they represent good value for money. One of the DB Section manager's fee arrangements was renegotiated to a lower level during the year.

In November 2021, the Trustees completed an annual assessment of the value that members receive from the DC and DB AVC arrangements. The assessment covered a range of factors, including the fees payable to Legal & General, which were found to be reasonable when compared against schemes with similar sized mandates. The Trustees concluded that whilst they believed the fund investment management fees to continue to generally provide good value for money for DC and DB AVC

members of the Fund, there could be scope to reduce L&G's platform charge. The outcome of resultant negotiations was that L&G's platform charge of 0.30% pa was reduced to 0.20% pa, with effect from 1 March 2022.

The financial strength of the buy-in providers was reviewed by the Trustees each quarter and the Trustees concluded that they have remained stable.

The Trustees' Investment Committee has obtained and reviewed climate related risk management reporting from the Fund's equity and credit investment managers, in addition to the climate risk and metrics data provided by the Fund's investment adviser, which is covered in section 8.

7. REALISATION OF INVESTMENTS

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

DB SECTION

Future cashflow requirements are reviewed on a regular basis and during the year £10.6m was withdrawn from the Insight LDI portfolio to meet the cashflow requirements of the Open Fund DB Section.

The Fund has completed its strategic withdrawal from direct property investment through a sale of the final property that was under Fletcher King's management for £0.7m in March 2022.

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 dealt daily, which enables members to realise and change their investments readily.

Investment realisations during the year were as follows:

- £1.7m upon request from individual members that they wished to withdraw their pension benefits upon retirement or to transfer them to another pension arrangement.
- £0.1m due to member deaths.
- £5.1m 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 Legal & General funds, in accordance with instructions given by members and to implement the target asset allocations of the lifestyle strategy funds, which change as members approach their target retirement date.

8. FINANCIALLY MATERIAL AND NON-FINANCIAL MATTERS

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

In 2020, the Trustees reviewed the approach to responsible investment taken by its investment managers, including ESG factors, voting and engagement. The managers and funds were assigned a responsible investment score based on research and survey data provided by the Fund's investment adviser. There were no 'red flag' issues of concern arising from the review and the Trustees concluded that they were satisfied with the overall results with no further action to be taken.



In February 2021, the Trustees decided to switch the DC section's lifestyle strategies' global equity fund to a climate-tilted version with lower exposures to companies with relatively high carbon emissions. This was to mitigate climate change risks which are considered a financially material issue. As noted in Section 5, the changes were communicated to members and implementation took place in July 2021.

During 2021, the Trustees reviewed how climate change could affect the Fund's investments and funding under different climate change scenarios. The review determined that the Open Fund DB section was well positioned to withstand climate shocks under a range of climate change scenarios, with a funding surplus projected to remain over the longer term, on a low-risk technical provisions basis.

In November 2021, the Trustees reviewed the carbon emissions data from the Fund's equity and credit portfolios using analysis performed by the investment adviser. In February 2022 the Trustees agreed to set a climate target of increasing the percentage of listed equity and corporate bond investments which have Science Based Target initiative (SBTi) targets to 75% by 2030.

9. VOTING AND ENGAGEMENT

The Trustees 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 Trustees have continued to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint investment managers that have strong stewardship policies and processes.

The Fund's listed equity investments are held within pooled funds, meaning that the Trustees 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.

Further information on voting and engagement activity is provided in Section 8 and a description of the investment managers' voting behaviour during the year is provided in Section 11.

10. RESPONSIBILITIES AND INVESTMENT DECISION MAKING STRUCTURE

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

The Trustees' Investment Committee undertook an annual assessment of the investment adviser in November 2021 and concluded that it was satisfied with its performance. The investment adviser was set an additional objective for 2021/22 to provide advice to the Trustees on managing climate-related risks and to bring climate-change opportunities to the Trustees attention.

Investment manager oversight is described in Section 6.

The Trustees' decision-making structure on investment matters was unchanged during the year except for the creation, in May 2021, of a Climate Change Risk Working Party which reports to the Investment Committee. The remit of this Party is to address the requirements of legislation and guidance on climate-related risks. The Party met seven times during the financial year.

The Trustees' Investment Committee has a Business Plan which sets out the planned activities for each year. All work that had been planned for the year was completed.

11. DESCRIPTION OF VOTING BEHAVIOUR DURING THE YEAR

All Open Fund listed equity holdings are within pooled funds and the Trustees have delegated the exercise of voting rights to the investment managers. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

In this section voting data is provided for the funds that hold equities as follows:

DB Section:

- Allianz Global Investors ("Allianz") Best Styles Global AC Equity Fund

The DB Section also invests in a number of other investments but 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, property and index-linked gilts).

DC Section:

- Legal & General Investment Management ("LGIM") Low Carbon Transition Global Equity Index Fund (Unhedged)
- LGIM Low Carbon Transition Global Equity Index Fund (Hedged)
- 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 self-select funds which hold equities that convey voting rights. LGIM has confirmed that there were no voting opportunities during the year for the DC Section funds that do not invest in listed equities.

11.1 MANAGERS' VOTING PROCESSES

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

DB SECTION

Allianz

Allianz sees proxy voting as a core part of its investment and stewardship processes. Allianz' approach to corporate governance and proxy voting is set out in its Global Corporate Governance Guidelines. The Guidelines outline Allianz' expectations with regard to corporate governance practices at investee companies, including composition and effectiveness of corporate boards, shareholder rights, capital related authorities, executive compensation, quality of external audit, and sustainability-related issues.

All proxy voting research and initial voting recommendations are generated on the basis of Allianz' own proxy voting policy. Proxy voting research is provided by Institutional Shareholder Services ("ISS"), a third-party proxy voting service provider. Allianz uses an electronic proxy voting platform provided by ISS to cast its votes. In addition, Allianz has access to MSCI ESG research and corporate governance indicators, as well as sell-side analysis that it uses to supplement its analysis and assessment.

DC SECTION

LGIM

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

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 we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

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

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

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

HSBC

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

We exercise our voting rights as an expression of stewardship for client assets. We 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.

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

We regard the votes against management recommendation as the most significant. With regards to climate, in our engagement we encourage 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, we will generally vote against the re-election of the Chairman. We also generally support shareholder resolutions calling for increased disclosure on climate-related issues.

Please refer to the link below for details on their Global Voting Guidelines: <https://www.global.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/global-voting-guidelines-en.pdf>

11.2 DESCRIPTION OF INVESTMENT MANAGERS' VOTING BEHAVIOUR OVER THE YEAR

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

DB SECTION

MANAGER NAME	ALLIANZ
FUND NAME	BEST STYLES GLOBAL AC EQUITY FUND
Total size of fund at end of reporting period	£109.3m
Value of Funds' assets at end of reporting period	£31.3m
Number of holdings at end of reporting period	490
Number of meetings eligible to vote	401
Number of resolutions eligible to vote	5,583
% of resolutions voted	97.4%
Of the resolutions on which voted, % voted with management	73.2%
Of the resolutions on which voted, % voted against management	25.6%
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	N/A*
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A*

* Manager does not currently track these statistics

DC SECTION

	FUND 1	FUND 2	FUND 3	FUND 4	FUND 5	FUND 6
Manager name	HSBC Global Asset Management (UK) Limited	Legal & General Investment Management	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 (Unhedged)	Low Carbon Transition Global Equity Fund (Hedged)	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	£2.4bn	£1.2bn	£0.8bn	£1.1bn	£4.5bn	£21.7bn
Value of Funds' assets at end of reporting period	£0.02m	£8.4m	£8.3m	£0.55m	£1.3m	£15.4m
Number of holdings at end of reporting period	104	2,785	2,785	1,020	4,283	6,367
Number of meetings eligible to vote	109	3,783	3,783	1,123	7,142	8,842
Number of resolutions eligible to vote	1,642	37,435	37,435	15,785	72,767	88,739
% of resolutions voted	94.5%	99.9%	99.9%	99.9%	99.9%	99.8%
Of the resolutions on which voted, % voted with management	88.4%	80.1%	80.1%	83.2%	82.0%	78.7%
Of the resolutions on which voted, % voted against management	11.4%	19.1%	19.1%	16.5%	16.9%	20.5%
Of the resolutions on which voted, % abstained from voting	0.2%	0.8%	0.8%	0.3%	1.1%	0.8%
Of the meetings in which the manager voted, % with at least one vote against management	60.6%	62.7%	62.7%	74.1%	58.7%	70.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	7.2%	11.0%	11.0%	11.4%	9.2%	12.5%

11.3 MOST SIGNIFICANT VOTES

Commentary on the most significant votes during the year, from the selection of the Fund's investment managers who hold listed equities, is set out below. The Trustees' 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 environmental, social and governance factors. Where information for more than three votes was provided by a fund, the three votes included represent each of one Environmental, Social

and Governance concern. Given the overlap between votes for LGIM funds, three vote examples for the LGIM Low Carbon Transition Global Equity Index Fund are shown and then one unique voting example for the other LGIM funds.

Commentary has been provided by the investment managers.

DB SECTION

Allianz Best Styles Global AC Equity Fund

VOTE 1

Royal Dutch Shell Plc,
May 2021

Vote: Against

Summary of resolution:

Request Shell to set and publish targets for Greenhouse Gas (GHG) Emissions

Rationale: This was a shareholders' resolution. Shell's management recommended voting against the resolution on the grounds that it was unnecessary because the actions being taken to support society in meeting the goals of the Paris Climate Agreement targets were set out in Shell's Energy Transition Strategy. Allianz believes that the oil and gas sector remains critical today and is a key stakeholder to support society during the energy transition. Shell has led the industry in several respects including reports on climate-related lobbying, net-zero commitments; inclusion of climate-related KPIs within executive compensation and acknowledgement of the challenge/responsibility around Scope 3. Allianz recognises progress to date but also that there is much more to do - and that this is the starting point on the transition for Shell. The company has set out a clear roadmap and Allianz has engaged management and the Board to understand its approach and the thinking underlying its strategy. As Allianz pushes companies to reduce emissions in line with its net-zero ambitions it remains committed to engagement and appreciates the continued dialogue with investors through CA100+. Shell is also leading its peers with triennial votes on strategy and annual votes on progress reports. On balance Allianz look to support management in its efforts to set strategy, so has voted against this shareholder proposal in line with management's recommendation, but Allianz will continue to hold the company and directors accountable with future votes should it not see sufficient/tangible progress in line with expectations.

VOTE 2

Tesla, Inc.,
October 2021

Vote: For

Summary of resolution: Additional Reporting on Human Rights

Rationale: A vote FOR this resolution was warranted, as the requested report would benefit shareholders by providing them additional means to assess the effectiveness of the company's human rights risk management practices and policies.

VOTE 3

FedEx Corporation,
Inc, September 2021,

Vote: For

Summary of resolution:

Report on Lobbying Payments and Policy

Rationale: A vote FOR this resolution was warranted, as additional information on the company's lobbying expenses and trade association memberships, payments, and oversight mechanisms would give shareholders a better understanding of the company's management of its lobbying activities and any related risks and benefits.

DC SECTION

HSBC Islamic Global Equity Index Fund

VOTE 1Rio Tinto,
April 2021

Vote: Against

Summary of resolution:Approve Remuneration Report for
UK Law Purposes

Rationale: HSBC were concerned that the out-going CEO received £5.7 million from vesting of 2016 LTIP. The Remuneration Committee had reduced vesting by £1 million and he had received no bonus due to destruction of Juukan Gorge historic site. Total pay exceeded previous year; HSBC believe committee should have exercised further discretion in light of the severity of the incident.

Criteria against which this vote has been assessed as “most significant”: HSBC voted against the resolution and this company’s management, and selected a range of issues that are representative of its voting guidelines.

VOTE 2Chevron Corporation,
May 2021

Vote: For

Summary of resolution:

Reduce Scope 3 emissions

Rationale: We support the principle of adopting quantitative GHG emission reduction targets. The company had fallen short of investors’ expectations and was lagging its peers in commitments to action on climate transition.

Criteria against which this vote has been assessed as “most significant”: HSBC voted in favour of this resolution, which was against the recommendation of this company’s management.

Pfizer Inc,

April 2021

VOTE 3

Vote: For

Summary of resolution:Report on Access to COVID-19
Products

Rationale: Pfizer stated that it did not receive U.S. government funding for the development of the COVID-19 vaccine. However, BioNTech – Pfizer’s partner – received funding for the COVID-19 vaccine development from the German government. In addition, Pfizer and BioNTech benefited from research funded by government which laid the scientific foundation for the development of the vaccine. Lastly, Pfizer’s CEO before the AGM signalled that the company would likely increase the price of the vaccine as things get back to normal market conditions. Given past controversies with drug pricing increases and the reputational risks associated, the company and its shareholders would benefit from more information on factors the company will consider in pricing and affecting access to its COVID-19 vaccine.

Criteria against which this vote has been assessed as “most significant”: HSBC voted in favour of this resolution, but this was against the recommendation of this company’s management.

LGIM Low Carbon Transition Global Equity Index Fund (votes apply to both hedged and unhedged versions)

VOTE 1Intel Corporation,
May 2021

Vote: For

Summary of resolution:Report on Global Median Gender/
Racial Pay Gap

Rationale: Transparency: A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. LGIM views gender diversity as a financially material issue for our clients, with implications for the assets it manages on their behalf. For 10 years, LGIM has been using its position to engage with companies on this issue. As part of its efforts to influence its investee companies on having greater gender balance, LGIM expect all companies in which it invests globally to have at least one female on their board. Please note LGIM have stronger requirements in the UK, North American, European and Japanese markets, in line with its engagement in these markets. For further details, please refer to its vote policies on our website.

Criteria against which this vote has been assessed as “most significant”: LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

VOTE 2McDonald's
Corporation,
May 2021

Vote: For

Summary of resolution:Report on Antibiotics and Public
Health Costs

Rationale: LGIM voted in favour as it believes the proposed study will contribute to informing shareholders and other stakeholders of the negative externalities created by the sustained use of antibiotics in the company's supply chain and its impact on global health, with a particular focus on the systemic implications. Antimicrobial resistance (AMR) is a key focus of the engagement strategy of LGIM's Investment Stewardship team. LGIM believe that, without coordinated action today, AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, its people, and global GDP. Whilst LGIM applauds the company's efforts over the past few years on reducing the use of antibiotics in its supply chain for chicken and beef as well as pork, it believes AMR is a financially material issue for the company and other stakeholders, and LGIM want to signal the importance of this topic to the company's board of directors.

Criteria against which this vote has been assessed as “most significant”: LGIM consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring its vote intention is an important tool for its engagement activities. LGIM decided to pre-declare its vote intention for a number of reasons, including as part of its escalation strategy, where it considers the vote to be contentious, or as part of a specific engagement programme.

VOTE 3Apple Inc,
March 2022

Vote: For

Summary of resolution:

Report on civil rights audit

Rationale: Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.

Criteria against which this vote has been assessed as “most significant”: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Legal & General Ethical Global Equity Index Fund

VOTE Johnson & Johnson,
April 2021**Vote:** Against**Summary of resolution:**
Elect Director Alex Gorsky

Rationale: 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 it has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it is voting against all combined board chair/CEO roles. Furthermore, LGIM have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and it has reinforced its position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.

Criteria against which this vote has been assessed as “most significant”: LGIM 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 Global Equity (30:70) Index Fund – 75% Currency Hedged

VOTE AT&T,
April 2021**Vote:** Against**Summary of resolution:**
Vote to Ratify Named Executive
Officers' Compensation

Rationale: LGIM identified serious issues with the structure and quantum of AT&T's executive remuneration. In particular, the \$48 million sign-on equity award to the incoming CEO of its Warner Media division and a \$9 million retention grant to the General Counsel. The awards and payments made by AT&T did not meet LGIM's expectations of fair and balanced remuneration both in respect to their magnitude and the lack of performance criteria.

Criteria against which this vote has been assessed as “most significant”: LGIM considers this vote to be significant as a majority of investors (51.7%) voted against the advisory resolution, sending a strong signal to management that its remuneration policy needs revision.

LGIM Multi Asset Fund

VOTE Amazon.com Inc,
May 2021**Vote:** Against**Summary of resolution:**
Elect Director Jeff Bezos

Rationale: 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 it has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 it is voting against all combined board chair/CEO roles. Furthermore, it has published a guide for boards on the separation of the roles of chair and CEO (available on its website), and LGIM have reinforced its position on leadership structures across its stewardship activities – e.g. via individual corporate engagements and director conferences.

Criteria against which this vote has been assessed as “most significant”: LGIM 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).

3. CLOSED FUND SIP

1. OBJECTIVES

SIP INVESTMENT OBJECTIVES	ACTIONS TAKEN BY THE TRUSTEES
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 a 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 Trustees consider a wide range of risks when deciding how to invest the assets and these are set out in Appendix A of the SIP.

As described earlier in the Open Fund section of this Statement, the Trustees maintain a risk register which is formally reviewed by the Trustees in April each year.

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 Trustees 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 8
- Investment manager risk and excessive charges: Section 6
- Illiquidity/marketability risk: Section 7
- Environmental, Social and Governance (ESG) risks: Section 8.3.

STRATEGY

The Trustees' 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 Trustees compare actual and strategic asset allocations of the Reserve Assets each quarter and have instructed BlackRock to take action to bring the asset allocation back into line with the strategy whenever there is a divergence of 2.5% or more for any asset class.

4. CONSIDERATIONS IN SETTING THE INVESTMENT STRATEGY

The SIP sets out the Trustees' considerations when setting the investment strategy and some of the Trustees' 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 STRATEGY IMPLEMENTATION

During the year the Trustees agreed to change the equity

allocation to better align it with the Trustees' climate risk investment beliefs. This was completed after the year-end in April 2022 through a disinvestment from the BlackRock Aquila Life MSCI World Equity Fund and reinvestment of the proceeds into the BlackRock ACS World Low Carbon Equity Tracker Fund.

The results of the Actuary's 31 March 2021 triennial valuation were considered by the Trustees during the year. This showed the Fund's surplus to be £41.3m and its funding level 221%. It was decided not to make any immediate changes to the investment strategy as a result.

A realignment of actual and target asset allocations is triggered when the allocation to a fund diverges from its strategic target by 2.5%. There were two realignments during the year. In December 2021, £1.4m was switched out of the All-Stocks UK Index-Linked Gilt Fund and into the Up to 5 Years Index-Linked Gilt Fund; and in March 2022, £0.8m was switched out of the Up to 5 Years Index-Linked Gilt Fund and into the MSCI World Equity Fund.



6. INVESTMENT MANAGER OVERSIGHT

The Trustees have appointed third-party investment managers to undertake the day-to-day investment activity for the Fund.

The processes and actions in relation to the Trustees' oversight of investment manager developments, ratings, mandate compliance and performance returns are the same as those described for the Open Fund earlier in this Statement.

During the financial year, the Trustees' Investment Committee reviewed BlackRock's performance quarterly and held one meeting with it to obtain assurance that it continues to carry out its work competently and has the appropriate knowledge and experience to manage the investments in line with its mandate.

The financial strength of the buy-in provider, PIC, was reviewed by the Trustees quarterly and concluded to have remained stable.

7. REALISATION OF INVESTMENTS

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

Receipts from the PIC insurance buy-in policy covered all benefit outgoings during the year. Cash of £1million was withdrawn from the Reserve Assets managed by BlackRock to provide liquidity to settle investment and administration expenses.

8. 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.

9. 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.

10. 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.

11. DESCRIPTION OF VOTING BEHAVIOUR DURING THE YEAR

All Closed Fund listed equity holdings are within a pooled fund managed by BlackRock and the Trustees have delegated the exercise of voting rights to BlackRock. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

In sections 11.2 and 11.3 voting data is provided for the BlackRock Aquila Life MSCI World Fund, which is the only fund managed by BlackRock that holds equities.

The Closed Fund also invests in a number of other investments but either the manager confirmed no voting opportunities (eg BlackRock Buy and Maintain Credit fund) or voting disclosures were not relevant for the asset class (eg index-linked gilts).

11.1 BLACKROCK'S VOTING PROCESSES

BlackRock has voting guidelines which it applies pragmatically to ensure that it considers each company's unique circumstances. BlackRock's voting decisions are based on research, and it also welcomes discussions with its clients to get their perspective and better understand which issues are important to them.

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 determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

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

BlackRock uses ISS' electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.

11.2 DESCRIPTION OF BLACKROCK'S VOTING BEHAVIOUR OVER THE YEAR

MANAGER NAME	BLACKROCK
FUND NAME	AQUILA LIFE MSCI WORLD FUND
Total size of fund at end of reporting period	£5,051m
Value of Funds assets at end of reporting period	£13.0m
Number of holdings at end of reporting period	1,505
Number of meetings eligible to vote	958
Number of resolutions eligible to vote	13,045
% of resolutions voted	99.8%
Of the resolutions on which voted, % voted with management	90.7%
Of the resolutions on which voted, % voted against management	8.5%
Of the resolutions on which voted, % abstained from voting	0.8%
Of the meetings in which the manager voted, % with at least one vote against management	38.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.2%

11.3 MOST SIGNIFICANT VOTES

VOTE 1

BP plc,
May 2021

Vote: For

Summary of resolution:

Approve Shareholder Resolution on Climate Change Targets

Rationale: BlackRock recognise the company's efforts to date but believe that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight.

VOTE 2

Fortescue Metals
Group Ltd., November
2021

Vote: Against

Summary of resolution:

Approve Support for Improvement to Western Australian Cultural Heritage Protection Law

Rationale: BlackRock voted against the three-part resolution as the different requests, taken in their entirety, risk becoming overly prescriptive. Specifically, BlackRock maintains company management and the board are best positioned to determine whether making public comment on legislation will serve long-term shareholders' economic interests. BlackRock is also concerned that the proponents ask shareholders to set the company's position on specific policy matters. Regarding industry associations, BlackRock maintains the ultimate decision again lies with company management, with appropriate review and oversight by the board.

VOTE 3

Canadian National
Railway Company,
April 2021

Vote: Against

Summary of resolution:

SP 1: Institute a New Safety-Centred Bonus System

Rationale: BlackRock believes that executive compensation matters should be left to the board's compensation committee, which can be held accountable for its decisions through the election of directors.