Implementation Statement, covering the Scheme Year from 1 January 2022 to 31 December 2022

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

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

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on the Scheme's latest SIP which was in place during the Scheme Year - dated September 2020. This Statement should be read in conjunction with the SIP which can be found online. The Scheme has both Defined Benefit ("DB") and Defined Contribution ("DC") Sections, and this Statement covers both DB and DC Sections.

1. Introduction

No review of the SIP was undertaken during the Scheme Year. The last time the SIP was formally reviewed was September 2020. No changes were made to the voting and engagement policies in the SIP during the Scheme Year.

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

2. Investment objectives

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

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

3. Investment strategy

DB Section

The Trustee, with the help of its adviser, reviewed the DB investment strategy in both March and August 2022. Following a prolonged period of poor performance, the Trustee redeemed its holding in the GMO DGF, investing the proceeds in Legal & General Investment Management ("LGIM") low carbon equities and TwentyFour multi asset credit. Additionally, the Trustee agreed to transition its LDI portfolio from LGIM to Columbia Threadneedle Investments ("CTI"). These changes have all been implemented since the end of the Scheme Year.

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

The Trustee monitors the Scheme's required return to achieve full funding on self-sufficiency basis on a monthly basis. If a trigger is hit, the Trustee would consider the appropriateness of de-risking or re-risking (as required).

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

DC Section

During the Scheme Year, as part of the annual DC investment review (presented to the Trustee in March 2022), the Trustee considered the appropriateness of the Default and recommendations that its investment adviser had previously made to improve these arrangements. For the growth phase, these recommendations included incorporating Environmental, Social, and Governance ("ESG") factors, reducing the overweight to UK equities, and increasing the overall allocation to equities to 100%. For the pre-retirement phase, these recommendations proposed de-risking from 15 years to retirement and reducing the reliance on bonds in the de-risking phase by introducing a diversified multi-asset fund.

The Trustee has made a range of self-select funds available to members. The Trustee monitors the take up of these funds and it has been limited. The Trustee reviews membership information each year as part of an annual review, which is produced by its investment adviser. Over the Scheme Year, there were no material changes. As part of the annual review, the Trustee considered its investment adviser's recommendations to consolidate the range due to low take up and duplication in investment exposures amongst the funds offered. As at the time of writing the Trustee is still considering the recommended changes.

4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy in March and August 2022, it considered the investment risks set out on page 4 of the SIP. t also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Scheme (eg the investment objectives, funding position and level of contributions).

The Trustee considered this investment strategy of the DC default in its meeting on 21 March 2022. In that meeting the Trustee's advisers reminded of the changes recommended from advice it had issued in September 2021 and presented an update on the performance of the DC default and other DC funds. As part of re-considering the recommended changes the Trustee considered the investment risks set out on page 4 of the SIP.

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

The Trustee monitors the performance of the Scheme's DB investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser.

Policy towards risk (Page 4 of SIP)

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

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Scheme's investment adviser or information provided to the Trustee by the Scheme's investment managers. These include, but are not limited to, credit risk, equity risk, currency risk, and counterparty risk.

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

DB Section

The DB Scheme's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the Scheme Year the Scheme's hedging levels were broadly in line with the target levels.

The Trustee will review the Scheme's LDI hedging levels in 2023 as part of the transition of the scheme's LDI portfolio to Columbia Threadneedle (CTI).

With regard to collateral adequacy risk, the Trustee holds investments in the LGIM Sterling Liquidity Fund and LGIM Buy & Maintain Credit Fund alongside the LDI portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. As at 31 December 2022 the Scheme held sufficient liquid assets to cover any potential capital calls that may arise from the LGIM LDI portfolio, which may be required to sustain sufficient levels of leverage and hedging in the portfolio. The Trustee monitors the Scheme's liquidity on a quarterly basis through its performance monitoring reports.

With regard to the risk of inadequate returns in the DB Section, the required return for the Scheme to be fully funded on a Self-Sufficiency basis (gilts + 0.3% pa) by 31 December 2025 was assessed as gilts + 2.8% pa. The best estimate expected return on the Scheme's strategic asset allocation was gilts + 1.5% pa. Therefore, the expected return on the Scheme's assets was not expected to be sufficient to produce the return needed over the long-term. The Trustee monitors both the expected and required returns on a quarterly basis and, at the time of writing, the Trustee is in the process of reviewing how it can ensure the Scheme gets on track with meeting its long term funding objective.

Together, the investment and non-investment risks set out in the SIP give rise generally to funding risk for the DB Section. The Trustee formally reviews the Scheme's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis, the Trustee reviews the funding position allowing for membership and other experience.

The Trustee reviews sponsor risk and political risk on an ad hoc basis when necessary.

DC Section

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

5. Implementation of the investment arrangements

The Trustee appointed LGIM to manage a low carbon equity allocation during the Scheme Year. Since Scheme Year End, the Trustee has also appointed CTI to manage the Scheme's LDI portfolio. Before appointing the managers, the Trustee received information on the investment process and philosophy, the investment team and past performance. The Trustee also considered the managers' approach to responsible investment and stewardship.

For both of these appointments, the Trustee obtained formal written advice from its investment adviser, LCP, before investing in the funds and made sure the investment portfolios of the funds chosen were adequately and appropriately diversified. The Trustee relies on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

The Trustee was comfortable with its investment manager arrangements over the Scheme Year.

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

The Trustee monitors the performance of the DC Section's investment managers via an annual performance report. The report shows the performance of each fund over short-term (12 month) and longer-term (3 year and 5 year) periods. Performance is considered in the context of the managers' benchmarks and broader market events. The Trustee also assesses the appropriateness of the Default on an annual basis, given that changes in member demographics can have a significant impact on the DC Section, due to the small number of members in it. The recommendations of the investments adviser from the last investment strategy review (September 2021) were reconsidered as part of the "value for members" assessment carried out during the Scheme Year (presented to the Trustee in March 2022). The Trustee decided not to make any changes to the investment arrangements during the Scheme Year and is still considering the future of the DC assets at the time of writing.

The value for members assessment carried out during the Scheme Year covered a range of factors, including the fees payable to managers in respect of the DC Section, which were found to be high when compared to Schemes with similar size mandates. Overall, the assessment concluded that the DC arrangements provide poor value for members, and recommended that the Trustee make improvements to the Default at least to address various investment related concerns, or move the DC assets to a DC consolidation vehicle.

6. Realisation of investments

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

In October 2022, the Trustee switched £7.5m out of the Man Group diversified risk premia fund and into the LGIM Sterling Liquidity Fund in October, to rebalance Scheme assets back towards the strategic allocation and increase the collateral reserves held alongside the LDI portfolio.

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

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

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

7. Financially material considerations and non-financial matters

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

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

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

For the DC Section, the Trustee's investment advisers raised ESG matters as part of its investment strategy review, presented to the Trustee in September 2021 and reconsidered in March 2022, and suggested ESG factors could be incorporated into the funds used in the Default. The Trustee decided not to make any changes during the Scheme Year and is still considering these changes at the time of writing.

8. Voting and engagement

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

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

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed the stewardship priorities for the Scheme during Q1 2023. The Trustee chose the following as their priorities:

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

The Trustee will report on them in the next Implementation Statement in more detail, including explaining how managers have taken regard for the priorities in their voting activity. Due to the priorities being agreed post year end, the Trustee has reported significant votes against them where possible, noting that the managers would not have known the priorities at the time of providing significant votes.

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

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

The Trustee invested in LGIM low carbon equities in February 2022. In selecting and appointing this manager and fund, the Trustee reviewed LCP's RI assessments of the manager. The key reason for investing in this fund was to reduce the Scheme's exposure to climate risks.

9. Description of voting behaviour during the Scheme Year

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

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities as follows:

DB Section

- Amundi Multi-Strategy Growth Fund
- GMO Global Real Return Fund
- Man Group Diversified Risk Premia Fund

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

DC Section

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

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

DB Section

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

Amundi

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

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

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

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

GMO

GMO has selected the ISS Sustainability Policy as their starting point for decisions on proxy voting. ISS provides GMO with analysis and voting recommendations in accordance with GMO’s Proxy Voting Guidelines and includes sustainability criteria to inform their decision-making process. The final decision on how to vote on any shareholder matter rests with the investment team.

Proxies generally will be voted in accordance with the voting recommendations contained in the applicable ISS Sustainability Proxy Voting Guidelines, as in effect from time to time, subject to such modifications as may be determined by GMO.

Man Group

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

Man Group appointed Glass Lewis as its proxy service provider. It uses Glass Lewis’s voting platform ‘Viewpoint’ to vote their shares electronically, receive research reports and custom voting recommendations. Man Group have monitoring controls in place to ensure that the recommendations provided are in accordance with the custom voting policy and that its votes are timely and effectively instructed. Specifically, Man Group’s voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, Man Group also has in place electronic alerts to inform it of votes against its policy, votes that need manual input and rejected votes that require further action.

DC Section

BlackRock

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

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

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

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

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

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and Glass, Lewis & Co ("Glass Lewis"), this is just one among many inputs into their voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format so that BlackRock's investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, the views of their active investors, public information and ESG research.

9.1 Summary of voting behaviour over the Scheme Year

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

DB Section

	Fund 1	Fund 2	Fund 3
Manager name	Amundi	GMO	Man Group
Fund name	Multi-Strategy Growth Fund	Global Real Return Fund	Diversified Risk Premia Fund
Total size of fund at end of the Scheme Year	£1,048.7m	£645.2m	£377.0m
Value of Scheme assets at end of the Scheme Year	£7.2m	£7.6m	£7.5m
Number of equity holdings at end of the Scheme Year	65	1,357	1,638
Number of meetings eligible to vote	57	1,577	982
Number of resolutions eligible to vote	896	17,421	11,425
% of resolutions voted	100.0%	95.7%	99.8%
Of the resolutions on which voted, % voted with management	81.0%	88.0%	86.9%
Of the resolutions on which voted, % voted against management	19.0%	11.8%	13.1%
Of the resolutions on which voted, % abstained from voting	0.0%	0.2%	0.2%
Of the meetings in which the manager voted, % with at least one vote against management	75.0%	51.0%	84.6%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	N/A	0.5%	6.6%

DC Section

	Fund 1	Fund 2	Fund 3
Manager name	BlackRock	BlackRock	BlackRock
Fund name	UK Equity Index Fund[1]	Aquila Connect Overseas Consensus Equity Fund[2]	Emerging Markets Equity Index Fund
Total size of fund at end of the Scheme Year	£10,313m	£181m	£1,340m
Value of Scheme assets at end of the Scheme Year	£0.7m[3]	£0.3m[4]	£0.3m
Number of meetings eligible to vote	715	4,728	2,767
Number of resolutions eligible to vote	10,301	50,289	24,892
% of resolutions voted	100%	94.6%	98.3%
Of the resolutions on which voted, % voted with management	96.2%	90.8%	88.1%
Of the resolutions on which voted, % voted against management	3.8%	9.2%	11.9%
Of the resolutions on which voted, % abstained from voting	0.5%	2.1%	3.6%
Of the meetings in which the manager voted, % with at least one vote against management	21.2%	36.8%	41.8%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.0%	0.6%	0.7%

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

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

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

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

12.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below. The votes selected as significant are those from a subset provided by the manager, which the manager deems as significant. The Trustee's investment advisor has aimed to select votes from companies with the largest holding sizes and/or cover a range of topical ESG issues. The Trustee's criteria for what is a significant vote will develop over time with input from its investment adviser and underlying investment managers.

DB Section

Amundi

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

Multi-Strategy Growth Fund

- **Caterpillar Inc., June 2022. Vote:** For. **Outcome of the vote:** Rejected.

  Summary of resolution: Report on Long-Term Greenhouse Gas Targets Aligned with Paris Agreement

Rationale: Additional information on meeting Paris Agreement goals would be useful to shareholders to assess potential risks and increase their understanding on how the company is managing its transition.

Criteria against which this vote has been assessed as "most significant": It is an important environmental and social shareholder proposal.

- **AT&T, May 2022. Vote:** For. **Outcome of the vote:** Rejected.

  Summary of resolution: Consider Pay Disparity Between Executives and Other Employees

  Rationale: Amundi considers that social cohesion represents a systemic risk for companies, as well as an opportunity for those who wish to integrate it in a positive way, in particular through controls of the wage balance within the framework of compensation policies, so Amundi considers this proposal to have merit.

  Criteria against which this vote has been assessed as "most significant": It is an important environmental and social shareholder proposal.

GMO

GMO does not have specific criteria for determining significant votes. As such, the Trustee has determined significant votes based on the holding sizes of companies within the portfolio. GMO has been unable to provide the outcome relating to their significant votes, however the Trustee has fully disinvested from this mandate during the Scheme year.

Global Real Return Fund

- **Activision Blizzard Inc, June 2022. Vote:** For. **Outcome of the vote:** N/A.

  Summary of resolution: Report on Efforts Prevent Abuse, Harassment, and Discrimination

  Rationale: Voted in line with the ISS recommendation.

  Criteria against which this vote has been assessed as "most significant": The Trustee has deemed this vote as significant because the subject company makes up a large equity holding of the fund.

- **Tegna Inc, June 2022. Vote:** For. **Outcome of the vote:** N/A

  Summary of resolution: Provide Right to Call a Special Meeting at a 10 Percent Ownership Threshold

  Rationale: Voted in line with the ISS recommendation.

  Criteria against which this vote has been assessed as "most significant": The Trustee has deemed this vote as significant because the subject company makes up a large equity holding of the fund.

Man Group

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

Man Group has been unable to provide the stock name, country or outcome relating to their significant votes. The Trustee will work with its advisers and Man Group with the aim of providing this voting information in future implementation statements.

- **June 2022. Vote:** For. **Outcome of the vote:** N/A

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

Rationale: Favour increased environmental reporting/responsibility.

Criteria against which this vote has been assessed as "most significant": Shareholder proposal regarding climate action.

- **May 2022. Vote:** For. **Outcome of the vote:** N/A

  Summary of resolution: Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement

  Rationale: The Company has pay for performance issues and does not link any long-term incentive grant to sustainability metrics.

  Criteria against which this vote has been assessed as "most significant": Shareholder proposal regarding climate action.

DC Section

BlackRock UK Equity Index Fund

- **Rio Tinto, April 2022**

  Summary of resolution: Approve climate action plan

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

  Size of mandate's holding at voting date: 2.8%

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

  Rationale for the voting decision: BlackRock voted for the management proposal seeking shareholders' approval of the Rio Tinto Group's Climate Action Plan, which is described in their report "Our Approach to Climate Change 2021." The Group's climate action plan, targets, and disclosures are consistent with what BlackRock looks for and which BlackRock believes demonstrate management and board responsiveness to shareholder feedback. Accordingly, BlackRock determined that it is in the best interests of its clients as long-term shareholders to support the proposal to approve the Climate Action Plan. The Plan articulates the steps the Group will take in alignment with their commitment to net zero by 2050, which includes setting more ambitious interim targets and clear board oversight. It acknowledges the physical and transition risks that climate change poses across the group's portfolio, in particular as it relates to their fossil-fuel-based steel and aluminium production activities. Whilst acknowledging that the carbon efficiency of the steelmaking process is partly outside of the Group's control, Rio Tinto has articulated a plan that relies on the development of innovative new technologies and partnerships to address the scope 3 emissions resulting from the processing by their clients of the iron ore that the Group produces.

  Outcome and next steps: BlackRock is encouraged by the actions the Group has taken to date and its improving transparency in this regard. BlackRock will continue to engage to further assess progress, especially in relation to the Group's strategy of "combining investments in commodities that enable the energy transition with actions to decarbonise its operations and value chains."

BlackRock Aquila Connect Overseas Consensus Equity Fund

- **ExxonMobil, May 2022**

  Summary of resolution: Set greenhouse gas (GHG) emissions reduction targets consistent with Paris Agreement goal

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

  Size of mandate's holding at voting date: 0.67%

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

  Rationale for the voting decision: BlackRock did not support this shareholder proposal in recognition of the steps the company has taken in the past year on setting scope 1 and 2 GHG emissions reduction targets. BlackRock also acknowledges the current complexities surrounding scope 3 emissions reduction targets for the oil and gas industry in particular. The shareholder proposal requested that the company "set and publish medium-and long-term targets to reduce the GHG of the Company's operations and energy products (Scope 1, 2, and 3) consistent with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C." Exxon currently has an ambition to achieve scope 1 and 2 net zero GHG emissions from all operated assets by 2050 and to reach scope 1 and 2 net zero emissions in the Upstream Permian Basin by 2030. Exxon has also made notable improvements on its medium-term target setting since the 2021 AGM. The company has not set scope 3 emissions reduction targets; however, BlackRock recognises that the issue of scope 3 emissions targets is complex, particularly for the oil and gas industry, given the methodological complexity, regulatory uncertainty, concerns about double-counting, and lack of direct control by companies. Therefore, BlackRock considered the proposal to be overly prescriptive and not in the long-term economic interests of its clients.

  Outcome and next steps: In BlackRock's engagements over the past twelve months, it has discussed Exxon's efforts toward their net zero goals. BlackRock look forward to continuing to engage with the company on scope 3 emissions and learning about the avenues for consistent frameworks across the oil and gas industry

BlackRock World Emerging Markets Equity Index Fund

- **Grupo Financiero Banorte, April 2022**

  Summary of resolution: Election of board members as proposed by the Nominating Committee

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

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

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

  Rationale for the voting decision: Grupo Financiero Banorte, S.A.B. de C.V. ("Banorte") is a Mexican financial institution that offers universal banking services and other financial products. BlackRock supported all 14 directors up for election given that the company provided robust and timely disclosures, articulating how the proposed board is well positioned to oversee the company's strategic aims over the long-term. In line with BlackRock's views of governance best practices and following BlackRock's multi-year engagement with the Company, Banorte published their annual report and financial statements for 2021 30 days prior to the 2022 AGM, describing the company's overall strategy and progress achieved during the reporting period. Available both in Spanish and English, the company's report also includes an explanation of the structure of the board, as well as details on the board members' independence, diversity, tenure, and attendance rates for 2021. Moreover, the company reported they underwent a rigorous assessment, with the assistance of a third-party, to measure the effectiveness of the board and to identify areas of improvement for 2022. Notably, the company also holds annual, individual director elections, compared to other companies in the Mexican market that hold biannual or triannual, grouped (or slate) elections. In BlackRock's view, this governance best practice allows shareholders to annually assess the suitability and performance of each director. This also promotes better understanding of how the overall composition of the board supports management in driving the company's strategy and long-term value creation for all investors, including minority investors such as BlackRock's clients.

Outcome and next steps: BlackRock will continue engaging with Banorte to monitor progress on their annual board refreshment process, especially as the company seeks to enhance diversity in the coming years. While BlackRock supported the election of all 14 directors – including one director that identifies as a woman – BlackRock believes boards should aspire to 30% diversity of membership and encourage companies to have at least two directors on their board who identify as female and at least one who identifies as a member of an underrepresented group.