

SPX UK Pension Scheme

SIP Implementation Statement

Introduction

This SIP Implementation Statement ("the Statement") has been prepared by the Trustee of the SPX UK Pension Scheme ("the Scheme").

This is the first Statement produced by the Trustee as required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. The regulations state that the Statement must:

- Describe any review of the SIP during the period covered by the Statement including an explanation of any changes to the SIP.
- Set out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, Trustee (including the most significant votes cast by Trustee or on their behalf) during the year and state any use of the services of a proxy voter during that year.

Based on regulatory requirements, the Statement will cover the period from 1st Jan 2020 to the end of the Scheme's financial year on 31st December 2021.

The Statement is split into three sections:

1. An overview of the Trustee's actions and highlights during the period covered (including any reviews and changes to the SIP);
2. The policies set out in the Scheme's SIPs for both the DB and DC sections and the extent to which they have been followed during the reporting period; and
3. The voting behaviour and significant votes undertaken by the fund managers on behalf of the Scheme.

Overview of Trustee's Actions

SIP Updates

Several changes were made to the SIP over the reporting period to bring the Scheme in line with the latest Shareholder Rights Directive II (SRD II) regulations. These included:

- Updates to the Investment Managers policy
- Updates to the Stewardship policy

The above changes were finalised in September 2020. This Implementation Statement reports on these updated policies.

Investment Strategy

Over the period, several changes were made to the Scheme's Strategic Asset Allocation (SAA) in response to its latest valuation results and concerns over the performance of several funds. The changes were made to diversify the Scheme's portfolio and reduce overall risk.

As part of the changes, the Trustee agreed to new allocations in the Amundi Multi-Strategy Growth fund, the Legal & General Investment Management (LGIM) Buy and Maintain Credit fund and the Man Diversified Risk Premia fund, as well as an increased allocation to the TwentyFour Strategic Income fund. These new allocations were funded from a full disinvestment from the AQR Diversified Risk Premia Fund and Invesco Global Targeted Return funds, alongside partial disinvestments from the LGIM Pooled Liability-Driven Investment fund.

Overall, the Scheme's agreed SAA reflects the Trustee's view of the most appropriate investments balancing risk/reward characteristics of the funds the Scheme is invested in.

Liability Benchmark Update

The Scheme's liability benchmark was updated over the period with updated liability cashflows from the 31 December 2018 valuation. The Scheme's Liability-Driven Investment (LDI) manager, LGIM, implemented the new benchmark on 18 September 2020.

Trustee's Policies for Investment Managers

The Trustee rely on Investment Managers for the day-to-day management of the Scheme's assets but retain control over the Scheme's investment strategy.

The majority of the Scheme's assets are invested in pooled investment vehicles, which have standardised fund terms. Given no notifications were received from the relevant Investment Managers, the Trustees do not believe that any material changes were made to the pooled fund terms over the Scheme year.

Final Remarks

The actions the Trustee have undertaken during the relevant reporting period reflects the policies within the Scheme's SIP.

The Trustee, without prejudice, delegates the responsibility for the stewardship activities that apply to the Scheme's investments to its Investment Managers. The Trustee expects the Investment Managers to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value.

The Trustee recognise that stewardship encompasses engagement with the companies in which the Scheme invests, as this can improve the longer-term returns of Scheme's investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

Review of SIP Policies

Policy	Has the policy been followed?	Evidence
Scheme Governance		
The Trustee considers that the governance structure set out in this SIP is appropriate for the Scheme as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Managers or its advisers as appropriate.	Yes, the Trustee is satisfied that this policy has been followed.	There were no issues experienced in relation to the governance structure as set out in the SIP over the period.
Investment Objectives		
The principal objective of the Trustee is to invest the assets of the Scheme to meet its liabilities when they fall due.	Yes, the Trustee is satisfied that this policy has been followed.	All of the Scheme's liability obligations (i.e. pensioner payments) were met over the period.
The investment strategy of the Scheme is managed and monitored using a Pensions Risk Management Framework (PRMF) which outlines the funding objectives and risk constraints set by the Trustee. The PRMF is reviewed and monitored by the Trustee on at least a quarterly basis including the expected return on assets as provided by the Investment Consultant.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee's Investment Consultant deliver and present the PRMF, including the expected return of the Scheme's portfolio, to the Trustee on a quarterly basis. The Trustee are satisfied that the PRMF continues to be useful as a Scheme management and monitoring framework.</p> <p>Over the reporting period the PRMF was reviewed in the following Trustee meetings:</p> <ul style="list-style-type: none"> • 21 April 2020 • 18 June 2020 • 29 September 2020 • 24 November 2020
The Trustee's primary funding objective for the Scheme is to reach full funding using a liability discount rate of Gilts Flat as soon as is practical within a set risk budget.	Yes, the Trustee is satisfied that this policy has been followed.	Over the reporting period, the Scheme continued to use the same primary funding objective, which is monitored using the PRMF.

<p>In setting the investment strategy, the Trustee aims to:</p> <ul style="list-style-type: none"> • Target an expected return on assets close to the return required to meet the funding objective. • Manage the investment risk including that arising due to mismatch between assets and liabilities and limit the total risk on the Scheme below the risk budget set in the PRMF • Maintain suitable liquidity of assets such that the Scheme is not forced to buy and sell investments at particular times to pay member benefits or meet potential collateral calls 	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The PRMF monitors the Scheme's expected return on assets, required return to meet funding objective(s), investment risk and liquidity.</p>
Investment Managers		
<p>The Trustee delegates the day-to-day management of the assets to the appropriate Investment Managers.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to delegate the day-to-day management of the assets to appropriate Investment Managers. The list of Investment Managers changed during the reporting period.</p> <p>Over the period, the Scheme invested in three new mandates – LGIM Buy and Maintain Credit, Amundi Multi-Strategy Growth and Man Diversified Risk Premia. The Scheme also disinvested from two mandates – AQR Diversified Risk Premia and Invesco Global Targeted Return.</p>

<p>Investment Managers are carefully selected by the Trustee to manage each of the underlying mandates following guidance and written advice from its Investment Consultant.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In carrying out its Investment Manager recommendations to the Trustee, the Investment Consultant conducts a rigorous and methodical research process to select what they deem to be best-in-class Investment Managers.</p> <p>Over the period, the Scheme invested in three new mandates – LGIM Buy and Maintain Credit, Amundi Multi-Strategy Growth and Man Diversified Risk Premia. The Scheme also disinvested from two mandates – AQR Diversified Risk Premia and Invesco Global Targeted Return. These change of managers were agreed upon after careful consideration by the Trustee, including manager meetings, with advice from the Scheme's Investment Consultant, who provided a letter to the Trustee detailing that the advice was in line with Section 36 of the Pensions Act 1995.</p>
<p>The Trustee assesses the investment managers' performance regularly against a benchmark appropriate to each manager, taking into account the level of risk taken by each manager.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee's Investment Consultant delivers and presents manager monitoring reports to the Trustee on a quarterly basis. The reports include the Scheme's managers' long-term and short-term performance against appropriate benchmarks.</p> <p>The level of risk taken on by each manager is monitored by the Investment Consultant on an ongoing basis and flagged to the Trustee if such levels are deemed to have risen to inappropriate levels.</p> <p>Over the reporting period, manager performance was reviewed in the following Trustee meetings:</p> <ul style="list-style-type: none"> • 21 April 2020 • 16 June 2020 • 18 June 2020 • 22 June 2020 • 29 June 2020 • 29 September 2020 • 24 November 2020

From time to time Investment Managers and/or mandates are changed and this is done after due consideration and the receipt of appropriate advice from an Investment Consultant.	Yes, the Trustee is satisfied that this policy has been followed.	<p>Over the period, the Trustee agreed upon several Investment Manager changes for the Scheme, through appropriate advice from the Investment Consultant, which was demonstrated through the provision of relevant letters from the Investment Consultant detailing adherence to Section 36 of the Pensions Act 1995. These changes were:</p> <ul style="list-style-type: none"> • New investment into LGIM Buy and Maintain Credit (completed on 23 June 2020) • Full disinvestment from AQR Diversified Risk Premia (completed on 28 August 2020) • New investment into Amundi Multi-Strategy Growth (completed on 1 September 2020) • Full disinvestment from Invesco Global Targeted Return (completed on 10 November 2020) • New investment into Man Diversified Risk Premia (completed on 23 November 2020)
Investment Strategy		
Having considered advice from its advisers, and also having due regard for the objectives, the liabilities of the Scheme, the risks of and to the Scheme and the covenant of Radiodetection Limited ('Sponsor'), the Trustee has adopted an appropriate investment strategy.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee received advice from its Investment Consultant (Redington) and actuary (Willis Towers Watson) when considering the appropriate investment strategy.</p> <p>These were obtained formally as part of the triennial valuation process most recently completed in December 2019 for data as at December 2018.</p>
The choice of investments is designed to ensure that the Scheme's investments are adequately diversified given the Scheme's circumstances. The Trustee will monitor the strategy regularly to ensure that they are comfortable with the level of diversification.	Yes, the Trustee is satisfied that this policy has been followed.	<p>During the period, the Trustee introduced a new asset class, Buy and Maintain Credit, to the portfolio which improved overall diversification.</p> <p>At the end of the period, the Trustee were satisfied with the level of diversification in the investment strategy.</p>

<p>The Trustee has taken advice from the advisers to ensure that the asset allocation strategy is suitable for the Scheme, given its liability profile, any legal requirements, regulatory guidance and specifications in the Trust Deed & Rules.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the period, based on advice from the Investment Consultant, the Trustee implemented a new investment strategy based on the results of the Scheme's latest actuarial valuation (31 December 2018). The implementation of the new investment strategy was completed on 23 November 2020.</p> <p>The new investment strategy involved several changes to the Scheme's asset allocation. These changes included investing into three new mandates – LGIM Buy and Maintain Credit, Amundi Multi-Strategy Growth and Man Diversified Risk Premia, as well as fully disinvesting from two mandates – AQR Diversified Risk Premia and Invesco Global Targeted Return.</p> <p>At the end of the period, the Trustee was satisfied with the advice it received from its relevant advisers in ensuring the asset allocation strategy was suitable for the Scheme.</p>
Monitoring: Investment Managers		
<p>Due to the benefits of cost and ease of implementation, it is the Trustee's preference to invest in pooled investment vehicles. The Trustee recognizes that due to the collective nature of these investments, there is less scope to directly influence how the asset manager invests. However, the Trustee's investment advisers ensure the investment objectives and guidelines of the manager are consistent with that of the Trustee.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>All of the Scheme's investments continued to be invested in pooled vehicles over the reporting period.</p>

When relevant, the Trustee requires its investment managers to invest with a medium to long-term time horizon, and use any rights associated with the investment to drive better long-term outcomes.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Investment Managers currently held by the Scheme, as recommended by the Investment Consultant, implement investment strategies based on generating returns over the medium to long-term time horizon.</p> <p>The Trustee monitor the Investment Managers' performance against a medium to long-term time horizon through the quarterly performance reporting, as provided by the Investment Consultant. Such reports focus on long-term outcomes.</p> <p>Details of the Investment Managers' voting activities over the period are disclosed in the Voting Behaviour section below.</p>
When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe, subject to a minimum of three years. The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors such as a significant change in business structure or the investment team.	Yes, the Trustee is satisfied that this policy has been followed.	<p>Quarterly performance reporting of the Scheme's Investment Managers, as provided by the Investment Consultant, focuses on long-term outcomes.</p> <p>Over the period, the Trustee terminated the AQR DRP mandate, of which the Scheme was invested for less than three years, due to significant concerns around the severity of the fund's underperformance.</p>
Managers are paid an ad valorem fee for a defined set of services. The Trustee reviews the fees annually to confirm they are in line with market practices.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee reviewed the Scheme's Investment Manager fees as part of the annual Investment Consultant review on 24 November 2020. Due to the client relationship with its Investment Consultant, the Scheme benefits from fee discounts on all but one of its Investment Managers.</p> <p>The Trustee was satisfied with Investment Manager fees over the period.</p>

<p>The Trustee reviews the portfolio transaction costs and portfolio turnover range of managers annually, where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the period, the Investment Consultant kept the Trustee updated with the transaction costs incurred from the overall transition process. These transaction costs were monitored on:</p> <ul style="list-style-type: none"> • 22 June 2020 • 27 July 2020 • 4 August 2020 • 28 August 2020 • 23 November 2020 <p>The Trustee were satisfied and found the transactions costs incurred to be reasonable.</p>
SIP		
<p>The Trustee aims to review this SIP annually, or, without delay, following any changes to the investment strategy, and modify it with consultation from their advisers and the Sponsor if deemed appropriate. There will be no obligation to change this SIP as part of such a review.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>As outlined in the Overview of Trustee's Actions section above, over the period, the Trustee updated the Investment Manager policy and Stewardship policy within the SIP. These updates were finalised in September 2020.</p>
Risks		
<p>The Trustee recognises there are a number of risks involved in investing the assets of the Scheme. These include (but are not limited to) deficit risk, manager risk, liquidity risk, currency risk, interest rate and inflation risk, political risk, sponsor risk and counterparty risk. The Trustee monitors and manages these risks through measures specific to each risk. The Trustee will keep these risks and how they are measured and managed under regular review.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee monitor and review its investment risks against an agreed risk budget, through the quarterly funding and risk reporting provided by the Investment Consultant.</p> <p>Over the reporting period, these were monitored and reviewed in the following Trustee meetings:</p> <ul style="list-style-type: none"> • 21 April 2020 • 18 June 2020 • 29 September 2020 • 24 November 2020 <p>Over the period, the Trustee were satisfied that the Scheme's investment risks were within tolerance.</p>
Responsible Investment: Environmental, Social and Governance		

<p>The Trustee believes the Scheme is a long-term investor and seeks to achieve sustainable returns at an appropriate level of risk over its lifetime. The Trustee believes that Environmental, Social and Governance ("ESG") risks are financially material risks and should be considered as part of the investment strategy and implementation decisions.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In recommending the investment mandates currently held by the Scheme, the Investment Consultant undertook a rigorous research process to endorse such mandates to the Trustee. ESG is taken into account as one of the key selection factors in endorsing these mandates.</p> <p>This was relevant for the Scheme's investment in three new mandates over the period – LGIM Buy and Maintain Credit, Amundi Multi-Strategy Growth and Man Diversified Risk Premia.</p>
<p>The Trustee believes ESG risks are no less important than any other risks to the Scheme's investments and any active asset manager's process should fully incorporate these risks when assessing the attractiveness of investment opportunities.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>As part of their research process in endorsing the Scheme's active Investment Managers, the Scheme's Investment Consultants have assessed the Investment Managers' incorporation of ESG risk assessment within their respective funds. The Investment Consultant was satisfied with this. The Scheme's active Investment Managers over the period included:</p> <ul style="list-style-type: none"> • AQR Diversified Risk Premia (fully divested by the end of the period) • Invesco Global Targeted Return (fully divested by the end of the period) • Man Diversified Risk Premia • Amundi Multi-Strategy Growth • GMO Global Real Return • TwentyFour Strategic Income • LGIM Buy and Maintain Credit

When investing in new asset classes, the Trustee assesses, with advice from their advisers, the relevance of ESG-related risks and the most appropriate way to ensure that they are incorporated into the mandate.	Yes, the Trustee is satisfied that this policy has been followed.	<p>In recommending the investment mandates currently held by the Scheme, the Investment Consultant undertook a rigorous research process to endorse such mandates to the Trustee. ESG is taken into account as one of the key selection factors in endorsing these mandates.</p> <p>Over the period, the Scheme invested into a new asset class – Buy and Maintain Credit. The other fund changes were within existing asset classes – Diversified Risk Premia and Diversified Growth Funds. The Trustee's Investment Consultant confirmed that ESG was taken into account when considering these new mandates.</p>
On an ongoing basis, the Trustee's investment consultant monitors each asset manager's approach to ESG and regularly reports on this to the Trustee.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Scheme's Investment Managers' approach to ESG is summarised through the UN PRI and MSCI ESG ratings within the performance monitoring reports, delivered and presented by the Investment Consultant on a quarterly basis. Over the period, these quarterly reports were presented at the following Trustee meetings:</p> <ul style="list-style-type: none"> • 21 April 2020 • 18 June 2020 • 29 September 2020 • 24 November 2020
Stewardship		
Direct engagement with underlying companies (as well as other relevant persons) of which the Trustee owns shares and debt is carried out by the Scheme's investment managers.	Yes, the Trustee is satisfied that this policy has been followed.	Details of the Investment Managers' voting activities over the period are disclosed in the Voting Behaviour section below.

<p>The Trustee expects their investment managers to practice good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Details of the Investment Managers' voting activities over the period are disclosed in the Voting Behaviour section below.</p>
<p>The Trustee's investment advisers assess the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee on an annual basis covering how the investment managers have acted in line with this policy.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In recommending the investment mandates currently held by the Scheme, the Investment Consultant undertook a rigorous research process to endorse such mandates to the Trustee. ESG is taken into account as one of the key selection factors in endorsing these mandates. Stewardship and engagement is accounted for as one of the components of ESG in this case.</p> <p>In collating and assessing the voting records of the relevant Investment Managers, the Investment Consultant was satisfied with the relevant Investment Managers' engagement with underlying companies over the period. This was reported to the Trustee through the preparation of this Implementation Statement.</p>

When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question.	Yes, the Trustee is satisfied that this policy has been followed.	In recommending the investment mandates currently held by the Scheme, the Investment Consultant undertook a rigorous research process to endorse such mandates to the Trustee. ESG is taken into account as one of the key selection factors in endorsing these mandates. Stewardship and engagement is accounted for as one of the components of ESG in this case. All managers newly appointed over the period, as advised by the Investment Consultant, were subject to the research process detailed above and as such screened for their stewardship and engagement capabilities. In this regard, the Investment Consultant were satisfied with all the Scheme's Investment Managers' stewardship and engagement capabilities.
The Trustee monitors and discloses the voting records of its managers on an annual basis.	Yes, the Trustee is satisfied that this policy has been followed.	Details of the Investment Managers' voting activities over the period are disclosed in the Voting Behaviour section below.
Other Issues: Statutory Funding Objective		
The Trustee will obtain and consider proper advice on the question of whether the investments are satisfactory having regard to both the investment objectives and the requirement to meet statutory funding requirements.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee were satisfied with the advice it received from its relevant advisors over the period, with regards to the appropriateness of investments held by the Scheme. This was demonstrated through the provision of relevant letters from the Investment Consultant detailing adherence to Section 36 of the Pensions Act 1995 .
The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.	Yes, the Trustee is satisfied that this policy has been followed.	The last actuarial valuation took place on 31 December 2018 and the next valuation is due to take place on 31 December 2021.

The Trustee will consider with their advisers, whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the statutory funding objective.	Yes, the Trustee is satisfied that this policy has been followed.	Over the period, based on advice from the Investment Consultant, the Trustee implemented a new investment strategy based on the results of the Scheme's latest actuarial valuation (31 December 2018). The implementation of the new investment strategy was completed on 23 November 2020.
Other Issues: Defined Contribution (DC) Section and Additional Voluntary Contributions (AVCs)		
The Trustee reviews these arrangements regularly having regard to their performance, the objectives and the views of their advisers.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee monitor the DC Section's performance on a 6-monthly basis. This most recently took place on:</p> <ul style="list-style-type: none"> • 29 September 2020 <p>The Trustee were satisfied with the Scheme's DC and AVC arrangements over the period.</p>

Overview of the Trustee's Voting and Engagement Policies

Summary of Scheme Policies

The Trustee has delegated all aspects of monitoring the behavior of the investee companies to the individual Investment Managers who are, in the Trustee's opinion, best placed to make judgments and to engage in dialogue with the underlying issuers.

Stewardship refers to the responsible allocation and management of capital to create long-term value and sustainable benefits for the economy, the environment and society.

The Trustee's stewardship policy includes:

- The Trustee expects their investment managers to practice good stewardship. This includes monitoring, engaging with issuers of debt or equity on relevant matters such as performance, strategy, risks, capital structure, conflicts of interest and environmental, social or governance considerations, and using voting rights to effect the best possible long-term outcomes.
- The Trustee's investment advisers assess the ability of each investment manager in engaging with underlying companies in order to promote the long-term success of the investments, and reports to the Trustee on an annual basis covering how the investment managers have acted in line with this policy.
- When selecting, monitoring and de-selecting asset managers, stewardship is factored into the decision-making process to the appropriate level for the specific asset class in question. Engagement with relevant persons includes the exercise of rights (including voting rights) attaching to the Scheme's equity investments which are exercised by the asset managers of the Scheme. The Trustee monitors and discloses the voting records of its managers on an annual basis.

The Trustee's ability to influence Investment Managers' voting and stewardship activities will depend on the nature of the investments held. As the majority of the Scheme's assets are invested in pooled funds, where the Trustee holds units in a fund rather than having any direct ownership rights over the underlying assets, the Trustee has limited scope to influence managers' voting and stewardship activities. However, the Trustee does take stewardship into account when selecting, monitoring, and retaining its Investment Managers.

How have the policies been followed for the Scheme?

All of the Scheme's Investment Managers are signatories to the UN Principles of Responsible Investment (UN PRI) and are all rated A+ except for TwentyFour, who are signatories but awaiting a rating.

The use of voting rights is most likely to be financially material in the sections of the portfolios where physical equities are held. Given that a portion of the Scheme's assets are invested with Investment Managers that hold credit assets in their portfolios, over the period, voting was only relevant for mandates held with Invesco, AQR, Amundi, Man and GMO for the DB section, and BlackRock and LGIM for the DC section. As the holdings are made via pooled funds, where the Investment Manager is responsible for voting and engagement on the underlying assets rather than the Trustee, the Trustee's ability to influence voting activities undertaken is limited.

Voting Behaviour

The Scheme invests in pooled fund arrangements and, as such, it is not necessary for managers to consult with the Trustee before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Trustee requests that the managers produce information that demonstrate the manager is exercising good stewardship.

The Trustee's investment advisor circulated voting information templates to the Scheme's relevant investment managers, who then directly filled these in (unless explicitly stated otherwise). **References to "we", "us" and "our" in these sections refer to the relevant investment manager, rather than the Trustee.** Under the 'Most significant vote(s)' section for each manager below, of the managers that completed this, only a maximum sample of three significant votes for this Implementation Statement have been included per manager.

All DB managers' voting disclosures cover the period in which the Scheme was invested with them:

- **Invesco:** 1 January – 9 November 2020
- **AQR:** 1 January – 28 August 2020
- **Amundi:** 28 August – 31 December 2020
- **Man:** 27 July – 31 December 2020
- **GMO:** 1 January – 31 December 2020

DB Funds**Voting summary**

Voting criteria	Invesco GTR	AQR DRP	Amundi MSG	Man DRP	GMO RR
Value of trustees' assets (as at 31 Dec 2020)	N/A – fully disinvested on 9 November 2020	N/A – fully disinvested on 28 August 2020	£13,027,763	£11,739,768	£12,650,263
Number of holdings (as at 31 Dec 2020)	N/A – fully disinvested on 9 November 2020	N/A – fully disinvested on 28 August 2020	1,462	3,137	1,377
No of meetings eligible to vote during the period	319	489	11	132	1,984
No of resolutions eligible to vote during the period	4,857	5,848	74	1210	20,577
% of resolutions voted	98.33%	94.15%	39%	99.7%	97.02%
% of resolutions voted with management	94.26%	93.43%	69%	84.7%	90.25%
% of resolutions voted against management	5.74%	6.57%	31%	14.4%	7.76%
% of resolutions abstained	0.56%	0.02%	0%	0.7%	1.99%
% of meetings with at least one vote against management	35.44%	28.83%	36%	50.4%	38.31%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	3.33%	0.09%	Amundi does not use a proxy voting recommendation	4.9%	0.02%

Any use of proxy voting services during the period	Institutional Shareholder Services (ISS)	Institutional Shareholder Services (ISS)	Institutional Shareholder Services (ISS) to cast votes	Glass Lewis to electronically vote shares, receive research reports and custom voting recommendations	Institutional Shareholder Services (ISS) used to implement GMO's policy
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Most Significant Votes

Invesco Global Targeted Return (GTR)

Invesco provided 1 example of a 'most significant vote' cast during the period.

Question	
Company name	China Oilfield Services Limited
Approximate value of trustees' holding at time of vote [as % of portfolio]	>1% Invesco Ownership
Is this one of your top 5 (or 10) holdings?	It is one of the >1% Invesco Ownership security
Summary of resolution	Approve Provision of Guarantees for Other Parties
How manager voted	In line with Management recommendations
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No
Rationale (brief) for voting decision	At this time Invesco supports this proposal as there is no significant known issues concerning the nominees and the company.
Outcome of vote	Pass
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	N/A
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	>1% Invesco Ownership and Includes Key ESG proposal

AQR Diversified Risk Premia (DRP)

AQR does not differentiate between significant or non-significant votes. While AQR does not categorize votes (and generally vote all proxies), AQR's portfolio companies may request reactive engagement on certain votes based on their assessment of significance.

Amundi Multi-Strategy Growth

The period during the Scheme year of which the Scheme was invested in Amundi is regarded as the relatively 'out of voting season'. Of the small number of meetings that Amundi Multi-Strategy Growth was involved in, none of those meetings met Amundi's 'significant votes' criteria.

Amundi has determined that its list of significant votes comprises three sub-groups based on the following criteria:

- Shareholder proposals of an E or S nature,
- Votes on all items for meetings of issuers that have been noted as a conflict of interest as per Amundi's voting policy (see below).
- Emblematic votes, as encountered by the voting analysts from time to time (linked for example to controversies that have been highly mediatized).

Man Diversified Risk Premia

Question	Significant Vote 1	Significant Vote 2	Significant Vote 3
Company name	Cisco Systems, Inc. (Dec 10, 2020)	Fedex Corp (Sep 21, 2020)	Fedex Corp (Sep 21, 2020)
Approximate value of trustees' holding at time of vote [as % of portfolio]	Man Group are unable to disclose this level of information.		
Is this one of your top 5 (or 10) holdings?	Man Group unable to disclose this level of information.		
Summary of resolution	Shareholder Proposal Regarding Independent Board Chair	Shareholder Proposal Regarding Lobbying Report	Shareholder Proposal Regarding Report on Linking Executive Compensation to ESG Metrics
How manager voted	FOR	FOR	FOR
Where manager voted against management, did the manager communicate intent to company ahead of vote?	No	No	No
Rationale (brief) for voting decision	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda	Favour review/limit political spending	Favour linking executive compensation to social criteria

Outcome of vote	FOR: 32.39%	FOR: 28.71%	FOR: 9.47%
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	A key component of Man Group's ESG Proxy Voting Policy is shareholder proposals. Man Group's policy is particularly supportive of positive environmental and social-related shareholder proposals and Man Group's Stewardship Team reviews all shareholder proposals to ensure that their voting instructions are appropriate and aligned with the promotion of higher ESG principles and standards. Man Group think that active voting, particularly through shareholder proposals, is essential to their stewardship responsibilities and a powerful way of making their investee companies to think and act on important topics.		
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	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 ESG area and / or is considered materially important based on the % of shares outstanding held by Man or 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 prior to voting.		

GMO Real Return

The GMO Global Real Return UCITS fund is managed by their Asset Allocation team and they take investment exposures from a number of underlying GMO investment teams, some of which are fundamental, quantitative or combined in style. As such "Significant" votes at the portfolio level are very difficult to determine so they have provided the list of votes cast over the reporting period to the Trustee, including the types of votes that may be considered significant.

DC Funds

Voting summary

Voting criteria	Aegon LGIM Global Equity 50:50 Index	Aegon LGIM Overseas Equity Consensus Index
Value of Trustee assets (as at 31 Dec 2020)	£116,064	£19,865
Number of holdings at period end	2,830	3,897
No of meetings eligible to vote during the period	3,533	6,315
No of resolutions eligible to vote during the period	43,630	65,050
% of resolutions voted	99.97%	99.63%
% of resolutions voted with management	83.72%	82.87%
% of resolutions voted against management	16.19%	16.28%
% of resolutions abstained	0.10%	0.85%

% of meetings with at least one vote against management	5.44%	5.64%
% of resolutions where manager voted contrary to recommendation of proxy adviser?	0.41%	0.14%
Any use of proxy voting services during the period	<p>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 they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. For more details, please refer to LGIM's Voting Policy document (https://www.lgim.com/landg-assets/lgim/document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf).</p>	

Voting criteria	Aegon BlackRock UK Equity Index	Aegon BlackRock Emerging Markets Equity Index	Aegon BlackRock 70/30 Global Growth
Value of Trustee assets (as at 31 Dec 2020)	£15,416	£442,705	£38,036
Number of holdings at period end	617	1,628	219
No of meetings eligible to vote during the period	769	2,417	271
No of resolutions eligible to vote during the period	11,035	22,849	3,170
% of resolutions voted	100.00%	97.05%	93.94%
% of resolutions voted with management	95.19%	91.33%	94.56%
% of resolutions voted against management	4.81%	8.67%	5.44%
% of resolutions abstained	0.67%	3.06%	2.55%
% of meetings with at least one vote against management	Data for this is currently unavailable		
% of resolutions where manager voted contrary to recommendation of proxy adviser?	<p>Excerpt taken from BlackRock's Investment Stewardship report:</p> <p>BlackRock does not follow any single proxy research firm's voting recommendations</p>		
Any use of proxy voting services during the period	Excerpt taken from BlackRock's Investment Stewardship report:		

	<p>While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote.</p> <p>We use Institutional Shareholder Services' (ISS) electronic platform to execute our vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.</p>
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As the Aegon BlackRock 70/30 Global Equity Index fund is a blended fund composed of BlackRock ACS UK Equity Tracker and Aquila Connect Overseas Equity fund, the voting information of both funds has been provided below.

Voting criteria	Aegon BlackRock 70/30 Global Equity Index	
	BlackRock ACS UK Equity Tracker	BlackRock Aquila Connect Overseas Equity fund
Value of Trustee assets (as at 31 Dec 2020)	£1,266,491	
Number of holdings at period end	617	3,018
No of meetings eligible to vote during the period	769	4,399
No of resolutions eligible to vote during the period	11,035	47,822
% of resolutions voted	100.00%	95.18%
% of resolutions voted with management	95.19%	92.76%
% of resolutions voted against management	4.81%	7.24%
% of resolutions abstained	0.67%	1.70%
% of meetings with at least one vote against management	Data for this is currently unavailable	
% of resolutions where manager voted contrary to recommendation of proxy adviser?	<p>Excerpt taken from BlackRock's Investment Stewardship report:</p> <p>BlackRock does not follow any single proxy research firm's voting recommendations</p>	
Any use of proxy voting services during the period	<p>Excerpt taken from BlackRock's Investment Stewardship report:</p> <p>While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote.</p>	

We use Institutional Shareholder Services' (ISS) electronic platform to execute our vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

Most significant votes

Aegon LGIM Overseas Equity Consensus Index Fund

Question	Significant Vote 1	Significant Vote 2	Significant Vote 3
Company name	Qantas Airway Limited	Whitehaven Coal	Lagardere
Approximate value of trustees' holding at time of vote [as % of portfolio]	LGIM are currently unable to provide this level of detail.		
Is this one of your top 5 (or 10) holdings?			
Summary of resolution	Resolution 4 – approve remuneration report	Resolution 6 – approve capital protection. Shareholders are requesting for a report on the potential wind-down of the company's coal operations, with the potential to increase capital returns to shareholders.	Shareholder resolutions A to P. Activist Amber Capital, which owned 16% of the share capital at the time of engagement, proposed 8 new directors to the Supervisory Board (SB) of Lagardere, as well as to remove all the incumbent directors (apart from two 2019 appointments).
How manager voted	Supported resolution 4	Voted for the resolution	LGIM voted in favour of five of the Amber-proposed candidates (resolutions H,J,K,L,M) and voted off five of the incumbent Lagardere SB directors (resolutions B,C,E,F,G).
Where manager voted against management, did the manager	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		

communicate intent to company ahead of vote?			
Rationale (brief) for voting decision	The circumstances triggered extra scrutiny from LGIM as we wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. We supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic.	LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets.	Proposals by Amber were due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures.
Outcome of vote	91% of shareholders supported resolution 4.	The resolution did not pass, as a relatively small amount of shareholders (4%) voted in favour.	While the resolutions did not receive majority support, they received approx. between 30-40% support.
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to monitor this company.	LGIM will continue to monitor this company.	LGIM will continue to engage with the company to understand its future strategy and how it will add value to shareholders over the long term, as well as to keep the structure of SB under review.

On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.	The vote received media scrutiny and is emblematic of a growing wave of green shareholder activism.	LGIM noted significant media and public interest on this vote given the proposed revocation of the company's board.
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Aegon LGIM Global Equity (50:50) Index

Question	Significant Vote 1	Significant Vote 2	Significant Vote 3
Company name	International Consolidated Airlines Group	Medtronic plc	Olympus Corporation
Approximate value of trustees' holding at time of vote [as % of portfolio]	LGIM are currently unable to provide this level of detail.		
Is this one of your top 5 (or 10) holdings?			
Summary of resolution	Resolution 8 – Approve Remuneration Report	Resolution 3 - Advisory Vote to Ratify Named Executive Officers' Compensation	Resolution 3.1 - Elect Director Takeuchi, Yasuo
How manager voted	Voted against the resolution	Voted against the resolution	Voted against the resolution
Where manager voted against management, did the manager communicate intent to company ahead of vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale (brief) for voting decision	The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial	Following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no	Last year in February we sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at

	<p>performance and business model. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. We were concerned about the level of bonus payments, which are 80% to 90% of their salary for current executives and 100% of their salary for the departing CEO.</p>	<p>bonus being paid out during the financial year. LGIM voted against the one-off payment as we are not supportive of one-off awards in general and in particular when these are awarded to compensate for a payment for which the performance criterion/criteria were not met. Prior to the AGM we engaged with the company and clearly communicated our concerns over one-off payments.</p>	<p>executive level, indicating that we expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. We opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue.</p>
Outcome of vote	28.4% of shareholders opposed the report.	8.23% of shareholders voted against the resolution	94.9% of the shareholders supported the election of the director
Implications of outcome – eg manager's lessons learned and likely future steps in response, in line with the new Stewardship Code reporting framework	LGIM will continue to engage closely with the renewed board.	LGIM will continue to monitor this company.	LGIM will continue to engage with and require increased diversity on all Japanese company boards.
On which criteria – with reference to PLSA pack/guidance – has the manager assessed this vote to be "significant"?	LGIM considers this vote significant as it illustrates the importance for investors of monitoring our investee companies' responses to the COVID crisis.	We believe it is contrary to best practice in general and our pay principles in particular to award one-off awards, especially if they are to compensate for a forgone payment.	This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.

Aegon BlackRock funds

BlackRock do not currently provide "most significant votes" at the fund level (only at the firm level). Aegon are currently engaging with them on this as they work on their voting correspondence with clients.

BlackRock have an overarching set of principles which inform their voting decisions in relation to specific ballot items for shareholder meetings. These principles cover seven key themes:

- Boards and directors
- Auditors and audit-related issues
- Capital structure, mergers, assets sales, and other special transactions
- Compensation and benefits
- Environmental and social issues
- General corporate governance matters and shareholder protections
- Shareholder proposals

BlackRock periodically publish vote bulletins on key votes at shareholder meetings to provide insight into certain vote decisions that they expect will be of particular interest to clients. These bulletins are intended to explain BlackRock's vote decisions relating to a range of business issues including environmental, social, and governance matters that they consider, based on our global principles and engagement priorities, material to a company's sustainable long-term financial performance.

The vote bulletins can be found here: <https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins>

Significant vote examples for each of the relevant funds are listed below. By following the link above you can see further detail on each significant vote.

Fund	Significant vote examples
BlackRock ACS UK Equity Tracker (part of the Aegon BlackRock 70/30 Global Equity Index)	<ul style="list-style-type: none"> • Barclays Plc • BHP Group Plc • Evraz Plc • Ocado Group Plc
BlackRock Aquila Connect Overseas Equity fund (part of the Aegon BlackRock 70/30 Global Equity Index)	<ul style="list-style-type: none"> • Maersk • Air Liquide • Amazon • Equinor • Exxon Mobil • Qualcomm • Siemens AG • Disney • Uniper

Fund	Significant vote examples
Aegon BlackRock 70/30 Global Growth	<ul style="list-style-type: none"> • Alphabet • Amazon • Chevron • Facebook • Walmart
Aegon BlackRock UK Equity Index	<ul style="list-style-type: none"> • Barclays Plc • BHP Group Plc • Evraz Plc • Ocado Group Plc
Aegon BlackRock Emerging Markets Equity Index	<ul style="list-style-type: none"> • CEZ • Korea Electric Power Corp (KEPCO) • PGE • PT Indofood CBP Sukses Makur (ICBP)