**15. IMPLEMENTATION STATEMENT**

# Ransomes Pension Scheme

# Implementation Statement for the year ending 31 December 2023

## Introduction

This implementation statement has been prepared by the Trustee of the Ransomes Pension Scheme (the Scheme) in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. The Scheme provides benefits calculated on a defined benefit (DB) basis for members in the DB Section and benefits calculated on a defined contribution (DC) basis for members in the Contracted Out Money Purchase Scheme (COMPS) Section.

The statement:

- sets out how, and the extent to which, the policies set out in the Statement of Investment Principles (the SIP) have been followed during the year;
- describes any review of the SIP, including an explanation of any changes made; and
- describes the voting behaviour by, or on behalf of, the Trustee over the same period, including the most significant votes cast during the year, and whether a proxy voter has been used.

The Trustee's policies contained in the SIP are underpinned by their investor beliefs, which have been developed in consultation with their investment consultant. The SIP was updated in October 2023 to reflect new reporting requirements in respect of the Trustee's stewardship and governance policies as well as changes to the Scheme's investment strategy over the period.

## Trustee's overall assessment

In the opinion of the Trustee, the policies as set out in the SIP have been followed during the year ending 31 December 2023.

## Review of the SIP

The Trustee's policies have been developed over time by the Trustee in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

The SIP was reviewed following the end of the scheme year as a result of changes in investment strategy. In Q2 2023, the Trustee invested in one new fund (namely the BlackRock Over 15 Year Fixed Interest Gilts fund). The updated SIP as at October 2023 reflects the new asset allocations.

## Policy in relation to the kinds of investments to be held

The Trustee has full regard to their investment powers under the Trust Deed and Rules and the suitability of the various types of investments, the need to diversify, the custodianship of assets and any self-investment.

# Investment strategy and objectives

### Investment strategy (DB Section)

The Scheme's investment strategy has been agreed by the Trustee having taken into consideration advice from the investment consultant and takes due account of the Scheme's liability profile along with the level of disclosed surplus or deficit.

The Trustee's agreed investment strategy is based on consideration of the Scheme's liability profile, the required investment return and the returns expected from the various asset classes over the long-term. Long-term returns from equities are expected to exceed the returns from bonds and cash, although returns and capital values may demonstrate higher volatility. The Trustee is prepared to accept this higher volatility in order to aim to achieve the overall investment objectives.

### Policy in relation to the balance between various kinds of investments and the realisation of investments (DB Section)

The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market each manager will maintain a diversified portfolio of securities.

In the event of an unexpected need to liquidate all or part of the assets of the portfolio, the Trustee requires the investment managers to be able to liquidate the Scheme's investments in a reasonable timescale by reference to the market conditions existing at the time the disposal is required and subject to the best interests of the Scheme. The majority of the assets are not expected to take an undue time to liquidate.

During the year, the Trustee discussed the performance of the asset classes invested in and the attributes of the asset classes that contributed to that.

During the year, the Trustees partially disinvested from the BlackRock Over 25 Years Index-Linked Gilt Index Fund and abrdn Corporate Bond Fund and invested in the BlackRock Over 15 Year Fixed Interest Gilts fund.

### Policy in relation to the expected return on investments (DB Section)

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach then maintain a fully funded status under the agreed assumptions.

### COMPS Section

The Scheme provides members in the COMPS Section with a range of funds in which to invest. The fund range has been designed having taken due regard to the membership profile of the Scheme, including consideration of the ways members may choose to use their savings to fund their retirement.

The objective of the investment options available is to allow members to tailor their investments based on their individual investment requirements, while avoiding complexity. The range should assist members in achieving the following:

- maximising the value of retirement benefits;
- protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs; and

- tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

In considering these factors, the Trustee believes they have complied with their SIP regarding investment considerations.

**Policy in relation to the balance between various kinds of investments and the realisation of investments (COMPS Section)**

The investment managers will maintain a diversified portfolio of stocks or bonds within each of the funds offered under the Scheme.

Investments within the COMPS Section are subject to the same liquidity requirements as the DB Section of the Scheme.

The funds in the COMPS Section did not experience any liquidity issues that had any impact on members during the year.

During the year, the Trustee monitored the performance of the funds invested in and the attributes of the asset classes that contributed to that.

**Suitability of Investments (COMPS Section)**

The Trustee is satisfied that the funds offered to members and the appointed investment managers are consistent with the objectives of the Scheme, particularly in relation to diversification, risk, expected return and liquidity.

## Risk capacity and risk appetite

**Policy in relation to risks (DB Section)**

Although the Trustee acknowledges that the main risk is that the Scheme will have insufficient assets to meet its liabilities, the Trustee recognises other contributory risks, including the following. Namely the risk:

- associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- of the Scheme having insufficient liquid assets to meet its immediate liabilities.
- of the investment managers failing to achieve the required rate of return.
- of insufficient diversification of investments.
- of failure of the Scheme's Sponsoring Employer to meet its obligations.

The Trustee manages and measures these risks on a regular basis via actuarial and investment reviews, and in the setting of investment objectives and strategy.

The Trustee undertakes monitoring of the investment managers' performance against their targets and objectives on a regular basis. Four monitoring reports were received during the year. These did not highlight any significant concerns over the level of risk being run within the Scheme.

**Policy in relation to risks (COMPS Section)**

The Trustee has considered risk from a number of perspectives. These are the risk that:

- the investment return over members' working lives may not keep pace with inflation and does not, therefore, secure an adequate retirement income,

- investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income,
- investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit,
- fees and transaction costs reduce the return achieved by members by an inappropriate extent.

The investment options have been chosen to provide members with the flexibility to address these risks for themselves.

The Trustee monitors these risks through the annual performance monitoring reports.

One monitoring report was received during the year. The report did not highlight any significant concerns over the level of risk being run within the Scheme.

The self-select funds available have been chosen to provide members with the flexibility to address these risks for themselves.

## Stewardship in relation to the Scheme assets

### Policies in relation to investment manager arrangements

The Scheme's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustee has very limited to no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances).

There have been no changes to the benchmark/objectives of the funds in which the Scheme invests over the year.

The Trustee, in conjunction with its investment consultant, has processes in place to review investment turnover costs incurred by the Scheme on an annual basis. The Trustee receives a report which includes the turnover costs incurred by the investment managers used by the Scheme.

The Trustee does not explicitly monitor turnover, set target turnover or turnover ranges. The Trustee believes that the investment managers should follow their stated approach with a focus on risk and net return, rather than on turnover. In addition, the individual mandates are unique and bespoke in nature and there is the potential for markets to change significantly over a short period of time.

In addition, the Trustee receives information on any trading costs incurred as part of asset transfer work within either the DB or the COMPS Section, as and when these occur. The exercise is only undertaken if the expected benefits outweigh the expected costs. The Trustee notes that, in respect of the COMPS Section, trading costs are also incurred in respect of member switches (including within the lifestyle strategy).

There were three Trustee-led asset transfers during the year, and information on switching costs incurred was included in the 27 July 2022, 27 September 2022 and 25 November 2022 pre-transfer advice from the investment consultant.

The investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustee has paid their investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the investment managers on behalf of the Trustee, including performance reviews, manager oversight meetings and operational due diligence reviews.

**Investment manager monitoring and changes**

During the year the Trustee received quarterly and annual reports from the investment consultant for the DB and COMPS Sections, respectively, examining the performance of the pooled funds used.

Appropriate written advice will be taken from the investment consultant before the review, appointment, or removal of the investment managers.

**Stewardship of investments**

The Trustee has a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns, within an acceptable level of risk, for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustee, in conjunction with its investment consultant, appoints its investment managers and chooses the specific pooled fund to use in order to meet specific Scheme policies. It expects that its investment managers make decisions based on assessments about the financial performance of underlying investments, and that they engage with issuers of debt or equity to improve their performance (and thereby the Scheme's performance) over an appropriate time horizon.

The Trustee also expects its investment managers to take non-financial matters into account as long as the decision does not involve a risk of detriment to members' financial interests.

During the year, the Trustee received an update on regulatory information from their investment consultant on ESG issues, including stewardship and engagement.

**Stewardship - monitoring and engagement**

The Trustee recognises that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee acknowledges that the concept of stewardship may be less applicable to some of its assets, particularly for gilt investments. As such the Scheme's investments in this asset class are not covered by this engagement policy implementation statement.

The Trustee's policy is to delegate responsibility for engagement and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustee's policy is also to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The Trustee has not set out its own voting policy but follow that of the investment managers. The investment managers are expected to provide regular reports for the Trustee detailing their voting activity.

The Trustee has not set out its own stewardship priorities but follow that of the investment managers.

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### Investment manager engagement policies

The Scheme's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on each investment manager's website.

The latest available engagement information provided by the investment managers (for mandates that contain public equities or bonds) is as follows:

| Engagement | | | |
|---|---|---|---|
| | **Baillie Gifford Global Alpha Growth Fund** | **IFP Global Equity Fund** | **BlackRock Currency Hedged World ex UK Equity** |
| Period | 01/01/2023 – 31/12/2023 | 01/01/2023 – 31/12/2023 | 01/01/2023 – 31/12/2023 |
| Engagement definition | Purposeful, targeted communication with an entity (e.g., company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement. | Their definition of engagement has focussed on purposeful, targeted communication. They manage concentrated equity portfolios of typically 20-40 positions. They think about ESG engagement and risks at a company-specific level as part of their consideration of all financially material risks and opportunities. Therefore, with the exception of their engagement on climate, they have provided single entity engagement case studies, detailing their engagements with each of the companies, rather than on a theme basis. | Purposeful, targeted communication with an entity (e.g., company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement. |
| Number of companies engaged with over the year | 58 | 9 | 1,020 |
| Number of engagements over the year | 108 | 19 | 1,684 |

| Engagement |
|---|

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| | abrdn Corporate Bond Fund | BlackRock All Stocks Corporate Bond Fund |
|---|---|---|
| Period | 01/01/2023 – 31/12/2023 | 01/01/2023 – 31/12/2023 |
| Engagement definition | Purposeful, targeted communication with an entity (e.g., company, industry body, collaborative engagements) with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement. | Purposeful, targeted communication with an entity (e.g., company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement. |
| Number of companies engaged with over the year | 1,209 | 40 |
| Number of engagements over the year | 2,008 | 108 |

**Engagement**

| | **Aviva Pension BlackRock UK Equity** | **Aviva Life & Pensions UK Limited Secure Growth** |
|---|---|---|
| Period | 01/01/2023-31/12/2023 | 01/01/2023-31/12/2023 |
| Engagement definition | n/a | n/a |
| Number of companies engaged with over the year | n/a | n/a |
| Number of engagements over the year | n/a | n/a |

**n/a indicates the investment manager did not provide this information when requested*

### Exercising rights and responsibilities

The Trustee recognises that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers. All investment managers use proxy advisers for the purposes of providing research, advice or voting recommendations that relate to the exercise of voting rights, however, all three equity managers for the DB Scheme vote in line with their in-house policy and not with the proxy voting providers' policies. The Trustee does not carry out a detailed review of the votes cast by or on behalf of their investment managers but rely on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

The Trustee considers the proportion of votes cast, and the proportion of votes against management and believe this to be an important (but not the only) consideration of investor behaviour.

The Trustee has been provided with details of what each investment manager considers to be the most significant votes. The Trustee has not influenced the manager's definitions of significant votes but has reviewed these and are satisfied that they are all reasonable and appropriate.

The Trustee has selected the three votes affecting the largest asset holdings for inclusion in this statement. The Trustee did not communicate with the manager in advance about the votes it considered to be the most significant.

The latest available information provided by each investment manager (for mandates that contain public equities) is as follows:

| Voting behaviour | Baillie Gifford Global Alpha Growth Fund | IFP Global Equity Fund | BlackRock Currency Hedged World ex UK Equity |
|---|---|---|---|
| Period | 01/01/2023-31/12/2023 | 01/01/2023-31/12/2023 | 01/01/2023-31/12/2023 |
| Number of meetings eligible to vote at | 90 | 29 | 2,169 |
| Number of resolutions eligible to vote on | 1,228 | 462 | 27,422 |
| Proportion of votes cast | 94.1% | 100% | 92% |
| Proportion of votes for management | 95.2% | 95.2% | 93.7% |
| Proportion of votes against management | 3.2% | 4.8% | 6.3% |
| Proportion of resolutions abstained from voting on | 1.6% | 0.9% | 0% |

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|---|---|---|---|
| Proportion of votes for management | 100% | 90% | 96.9% |
| Proportion of votes against management | 0% | 10% | 3.1% |
| Proportion of resolutions abstained from voting on | 0% | 0% | 0% |

**Trustee's engagement**

The Trustee has reviewed the investment managers' policies relating to engagement and voting activity and how they have been implemented and have found them to be acceptable at the current time.

The Trustee recognises that engagement and voting policies, practices, and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

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## Appendix

Links to the Engagement Policies for the investment managers can be found here:

| **Investment manager** | **Engagement Policy (or suitable alternative)** |
|---|---|
| BlackRock Investment Management | https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf |
| abrdn | https://www.abrdn.com/docs?editionid=d04a53ac-f97b-45a7-b717-b0d000fa8673 |
| Baillie Gifford | hhttps://www.bailliegifford.com/en/uk/individual-investors/literature-library/corporate-governance/voting-disclosure-company-engagement/company-engagement-report-q4-2023/ |
| Independent Franchise Partners | ttps://www.franchisepartners.com/assets/Stewardship%20Policy%20-%20Aug%202023-b77f0e49f566b477509a688802a39d40ef12cb922941b214ecd6339f8a806ae9.pdf |
| Man Group | https://www.man.com/responsible-investment |

Information on the most significant votes for each of the funds containing equities within the DB section is shown in the tables below. Baillie Gifford and IFP provided a list of 10 most significant votes, Buck selected the 3 votes for the highest size holdings as a % of the total portfolio (unless specified otherwise). BlackRock provided a list of 75 most significant votes, as the size of the fund's holding was not indicated Buck selected 3 votes against management and in relation to Board Composition & Effectiveness and Remuneration.

| **Baillie Gifford Global Alpha Growth Fund** | **Vote 1** | **Vote 2** | **Vote 3** |
|---|---|---|---|
| Company name | MARTIN MARIETTA MATERIALS, INC. | MARTIN MARIETTA MATERIALS, INC. | ELEVANCE HEALTH, INC. |
| Date of Vote | 11/05/2023 | 11/05/2023 | 10/05/2023 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 3.5% | 3.5% | 3.3% |

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| Summary of the resolution | Shareholder Resolution - Climate | Remuneration | Shareholder Resolution - Governance |
|---|---|---|---|
| How the fund manager voted | Against | For | For |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | Yes | Yes | N/A |
| Rationale for the voting decision | Baillie Gifford opposed a shareholder proposal on carbon reduction targets. While they are supportive of the proposal in principle, they engaged with the board and received a clear commitment to make the climate efforts requested, albeit on a longer timescale. | Baillie Gifford were comfortable to support pay, as they could see a link between pay and performance. | Baillie Gifford supported a shareholder resolution to lower the threshold to call special meetings, as they believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right. |
| Outcome of the vote | Fail | Pass | Fail |
| Implications of the outcome | Following their engagement, the Company committed to them to set SBTi targets, but requested a longer period than 12 months. Baillie Gifford will be monitoring the progress. | Upon engagement, Baillie Gifford encouraged the company to improve its remuneration disclosure to make the link between pay and performance more transparent. | Baillie Gifford have explained their rationale to the company, which reflects changes to their firm-wide approach on the appropriate threshold for shareholders to call special meetings and is not specific to the company, and they will monitor the evolution of their governance practices. |

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| Criteria on which the vote is assessed to be "most significant" | This resolution is significant because it was submitted by shareholders and received greater than 20% support. | This resolution is significant because it received greater than 20% opposition. | This resolution is significant because it was submitted by shareholders and received greater than 20% support. |

| **IFP Global Equity Fund** | **Vote 1** | **Vote 2** | **Vote 3** |
|---|---|---|---|
| Company name | Philip Morris International | Bristol Myers Squibb | Zillow |
| Date of Vote | 03/05/2023 | 02/05/2023 | 06/06/2023 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 4.9% | 4.9% | 4.4% |
| Summary of the resolution | Executive Compensation | Board Governance | Election of Directors |
| How the fund manager voted | IFP voted 'For' (which was with Management but against ISS)Management but with ISS) | IFP voted 'For' (which was with Management and against ISS) | IFP voted "For" (which was with management but against ISS) |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | Not applicable. | Yes | Not applicable. |
| Rationale for the voting decision | IFP voted in favour of executive compensation at PMI, against the recommendation of ISS.<br><br>In 2022, they voted against PMI's executive | IFP voted against management and ISS on a shareholder proposal advocating for an independent board chair. While they highly rated the CEO/Chair in place at | IFP voted with management but against ISS on the election of three directors.<br><br>ISS recommended a vote against the election of two of the |

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| | compensation in 2022 due to the large severance payment made to the outgoing head of PMI America. While the vote passed, it only received 70% support, compared to 95-99% for all other items. They felt the company listened to their concerns and PMI committed to seeking more shareholder feedback in future.<br><br>In 2023, ISS advised shareholders to vote against executive compensation. ISS believed PMI had not taken sufficient action in response to the prior year's vote and had not engaged adequately with shareholders. This was inconsistent with their experience of the company's response, and they viewed ISS's recommendation as backward-looking. Therefore, they voted in favour of the proposed management compensation plan. | the time, they think companies are best served with a segregation of duties. | directors due to their participation on the compensation committee and the compensation committee's decision to reprice certain named executive officer options in 2022. They are not generally in favour of such practises; however, they think this was a sensible staff retention tool given many options were significantly out of the money due to the substantial decline in Zillow's share price following its exit from the Homes buying business and then the increase in interest rates and the impact on the housing market.<br><br>The ISS rationale to vote against the third director, Gregory Maffei, was due to concerns that he is over boarded. Mr Maffei is currently the CEO of Liberty Media and on the board of a number of other Liberty-related entities. Given these directorships are all related and that Liberty Media is a holding company rather than an operating entity, they think it makes sense to prioritise his experience over concerns of over |

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| | | | boarding in this instance. |
| Outcome of the vote | The vote was successful, the proposed compensation plan was approved. | The vote was unsuccessful, the proposal was not approved. | The vote was successful, the proposals were approved. |
| Implications of the outcome | IFP will continue to monitor material risks related to this topic. | IFP will continue to monitor material risks related to this topic. | IFP will continue to monitor material risks related to this topic |
| Criteria on which the vote is assessed to be "most significant" | This was a selected as it is a vote against ISS and it demonstrates that their voting is based on their own research and reflects their investment views, not the views of an external research provider or ISS. | This was a selected as it is a vote against management and ISS and it demonstrates that their voting is based on their own research and reflects their investment views, not the views of an external research provider or ISS. | This was a selected as it is a vote against ISS and it demonstrates that their voting is based on their own research and reflects their investment views, not the views of an external research provider or ISS. |

| **BlackRock Currency Hedged World ex UK Equity** | **Vote 1** | **Vote 2** | **Vote 3** |
|---|---|---|---|
| Company name | Danske Bank A/S | The Goldman Sachs Group, Inc. | Marathon Petroleum Corporation |
| Date of Vote | 16/03/2023 | 26/04/2023 | 26/04/2023 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | BIS does not typically provide this information. BlackRock have directed clients to look this information up themselves. | | |
| Summary of the resolution | Climate Action Plan: Asset Management Policy | Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development | Report on Asset Retirement Obligation |

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|---|---|---|---|
| How the fund manager voted | Against | Against | Against |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | BlackRock endeavours to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. They apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. Their voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and their active investment colleagues. Their market-specific voting guidelines are available on their website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines | | |
| Rationale for the voting decision | BlackRock believes this proposal is not in the best interest of shareholders. | The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. | The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company. |
| Outcome of the vote | Fail | Fail | Fail |
| Implications of the outcome | - | - | - |
| Criteria on which the vote is assessed to be "most significant" | Vote Bulletin | Vote Bulletin | Vote Bulletin |

| **Aviva Pension BlackRock UK Equity** | **Vote 1** | **Vote 2** |
|---|---|---|
| Company name | Shell Plc | Shell Plc |
| Date of Vote | 23/05/2023 | 23/05/2023 |

| | | |
|---|---|---|
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | - | - |
| Summary of the resolution | Approve the Shell Energy Transition Progress | Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement |
| How the fund manager voted | For | Against |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | BlackRock endeavor to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. They publish their voting guidelines to help clients and companies understand their thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. They apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. Their voting decisions reflect their analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.<br><br>Their market-specific voting guidelines are available on our website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines | |
| Rationale for the voting decision | - | The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company |
| Outcome of the vote | Pass | Fail |
| Implications of the outcome | BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. Our Global Principles describe our philosophy on stewardship, including how they monitor and engage with companies. These high-level principles are the framework for their more detailed, market-specific voting guidelines. They do not see engagement as one conversation. They have ongoing direct dialogue with companies to explain their views and how they evaluate their actions on relevant ESG issues over time. Where they have concerns that are not addressed by these | |

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| | conversations, they may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, they monitor developments and assess whether the company has addressed our concerns. |
| Criteria on which the vote is assessed to be "most significant" | Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Their vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins |

| **Schroder Global Equity Alpha fund (part of the Aviva Life & Pensions UK Limited Secure Growth** | **Vote 1** | **Vote 2** | **Vote 3** |
|---|---|---|---|
| Company name | CSL Limited | BHP Group Limited | Oracle Corporation |
| Date of Vote | 11/10/2023 | 01/11/2023 | 15/11/2023 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | N/A | N/A | N/A |
| Summary of the resolution | Approve Grant of performance Share Units to Paul McKenzie | Approve Remuneration Report | Amend Omnibus Stock Plan |
| How the fund manager voted | Against | Against | Against |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | N/A | N/A | N/A |
| Rationale for the voting decision | CSL has made positive changes to | Schroder believe BHP have gone beyond | Support for this plan is not warranted due |

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| | the structure of the LTI programme for FY24. For the ROIC performance measure (70% weighting) the four-year lookback component in the seven-year performance period (four year lookback/three year forward look) in prior LTI grants has been removed leaving only the three year forward look performance period. This is more in line with other listed ASX200 companies and global pharma biotech peers. However, given the long-term nature of CSL's business and investments, we would prefer a longer performance period. The performance metrics for the FY24 LTI PSU grant may not be enough of a stretch - CSL only has to achieve an average ROIC over FY24-FY26 of 10.2% for the CEO to receive ~$4m worth shares at current prices. CSL's earnings guidance for FY24 implies EPS growth of ~17% suggesting a ROIC in FY24 of at least 10.2% and management has stated ROIC is expected to improve over time. The 30% weighting to EPS | reasonable remuneration outcomes, with the CEO being paid almost US$14m in FY23 and almost $16m in FY22. The exceptional remuneration permeates through the executive and board ranks (the Chairman receives almost US$1m for his efforts) and we believe it has gone beyond an acceptable level. It appears the pay is reflective of the size of the company and cashflows (mostly courtesy of strong commodity prices) rather than truly exceptional performance from management. We fully acknowledge the company has performed well, and has made some good strategic moves, such as DLC unification and the Petroleum demerger, however we have strong concerns about more recent transactions with a very full price paid for Oz Minerals on one side and a very generous sale of coal assets to Whitehaven on the other. We suspect both of these moves will reduce value compared to the status quo and would | to the potential to cause excessive dilution to shareholders' holdings. |

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| | growth vests if compound average EPS growth FY24 - FY26 averages at least 15.6%, but FY24 company guidance already implies >17% EPS growth. EPS for the LTI is now going to be calculated using CSL's new preferred reporting measure NPATA from FY24. NPATA removes the amortisation of capitalised intellectual property (IP) spend. In FY23 CSL capitalised US$452m in IP spend, which was mostly cash. Amortisation of this cost is removed from NPATA and hence EPS for determining vesting of 30% of LTI from FY24. It would be better if the EPS measure more closely reflected cash earnings and hence would be more aligned with shareholders. Removing amortisation of IP spend especially when mostly cash could reduce management accountability and make it easier to deliver EPS growth targets. The large step up in Goodwill (+US$6.9bn) and Capitalised Intellectual Property expenditure | prefer to vote on this view now rather than waiting for confirmation in future years. Finally, the very modest modifier applied to STI outcomes following two fatalities was a long way from the appropriate level. This combined with no acknowledgment or adjustment to remuneration outcomes following the admission of staff underpayment to the tune of $430m over the past decade left us thoroughly underwhelmed, noting the Woolworths CEO forwent 100% of his STI under similar circumstances in recent years. With all of this in mind we are voting against the remuneration report and would intend to vote more widely (i.e., against director reappointment) if there are no signs of change in the coming years. | |

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| | (+US$6.8bn) in the balance sheet in FY23, for the most part relating to the Vifor acquisition, has moved CSL into the bottom quartile of our universe for NTA growth over 5 years. NTA growth over 5 years is our preferred measure of shareholder value. If CSL has not paid too much for this acquisition, then it should deliver improving free cash flow and ROIC over time, moving CSL out of the bottom quartile for NTA growth over 5 years. | | |
| Outcome of the vote | Pass | Pass | Pass |
| Implications of the outcome | N/A | N/A | N/A |
| Criteria on which the vote is assessed to be "most significant" | Significant Vote - MGT Governance Proposals; Votes against mgmt. | Significant Vote - MGT Governance Proposals; Votes against mgmt. | Significant Vote - SH E&S Proposal; Significant Vote - MGT Governance Proposals; Significant Vote - SH Governance Proposal; Votes against mgmt. |

| **Schroder Strategic Global Equity Fund (part of the Aviva Life & Pensions UK Limited Secure Growth** | **Vote 1** | **Vote 2** | **Vote 3** |
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Implementation Statement for the year ending 31 December 2023

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| Company name | Cal-Maine Foods, Inc. | The Procter & Gamble Company | The Procter & Gamble Company |
| Date of Vote | 06/10/2023 | 10/10/2023 | 10/10/2023 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | N/A | N/A | N/A |
| Summary of the resolution | Advisory Vote to Ratify Named Executive Officers' Compensation | Advisory Vote to Ratify Named Executive Officers' Compensation | Elect Director Brett Biggs |
| How the fund manager voted | Against | Against | Against |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | N/A | N/A | N/A |
| Rationale for the voting decision | LTIP Structure: The majority of LTI awards are not performance-based. | The threshold target of the relative TSR metric is set below median performance. | Overboarding: Nominee sits on a number of external boards which may impact their role. |
| Outcome of the vote | Pass | Pass | Pass |
| Implications of the outcome | N/A | N/A | N/A |
| Criteria on which the vote is assessed to be "most significant" | Significant Vote - MGT Governance Proposals; Votes against mgmt. | Significant Vote - SH E&S Proposal; Significant Vote - MGT Governance Proposals; Significant Vote - SH Governance Proposal; Votes against mgmt. | Significant Vote - SH E&S Proposal; Significant Vote - MGT Governance Proposals; Significant Vote - SH Governance Proposal; Votes against mgmt. |

Implementation Statement for the year ending 31 December 2023

| **Walter Scott & Partners Limited UKLAP WP FPLP Asset Share Walter Scott (FPWW) (part of the Aviva Life & Pensions UK Limited Secure Growth** | **Vote 1** | **Vote 2** | **Vote 3** |
|---|---|---|---|
| Company name | Microsoft | LVMH | LVMH |
| Date of Vote | 07/12/2023 | 20/04/2023 | 20/04/2023 |
| Approximate size of fund's holding as at the date of the vote (as % of portfolio) | 4.3% | 3.2% | 3.2% |
| Summary of the resolution | Report on Risks of Operating in Countries with Significant Human Rights Concerns | Authorise Issuance of Equity or Equity-Linked Securities with Preemptive Rights up to Aggregate Nominal Amount of EUR 20 Million | Authorize Issuance of Equity or Equity-Linked Securities without Preemptive Rights With Binding Priority Right up to Aggregate Nominal Amount of EUR 20 Million |
| How the fund manager voted | For | Against | Against |
| Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote | Yes | Yes | Yes |
| Rationale for the voting decision | Shareholder proposal - In long-term financial interest of shareholders. | Due to potential dilution >10% | Due to potential dilution >10% |
| Outcome of the vote | Pass (88.7% votes for) | Passed (99.4% votes for) | Passed (81.3% votes for) |

Implementation Statement for the year ending 31 December 2023

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| Implications of the outcome | All significant votes are reviewed and approved by the Proxy Voting and Engagement Group. Any potential learnings from our significant votes are then taken into account for periodic reviews of our Proxy Voting Policy. | All significant votes are reviewed and approved by the Proxy Voting and Engagement Group. Any potential learnings from our significant votes are then taken into account for periodic reviews of our Proxy Voting Policy. | All significant votes are reviewed and approved by the Proxy Voting and Engagement Group. Any potential learnings from our significant votes are then taken into account for periodic reviews of our Proxy Voting Policy. |
| Criteria on which the vote is assessed to be "most significant" | Vote against management. | Vote against management. | Vote against management. |

Information on the most significant engagement case studies for each of the managers containing public equities or bonds is shown below.

| IFP Global Equity Fund | Case study 1 | Case study 2 | Case study 3 |
|---|---|---|---|
| Name of entity engaged with | RB Global | Nintendo | News Corp |
| Topic | Governance - Board effectiveness - Independence or Oversight | Environment - Climate change | Strategy, Financial and Reporting - Strategy/purpose |
| Rationale | IFP have selected this series of engagements as it is a good example of their long-term engagement work to maximise shareholder value.<br>In August 2023, RB Global announced the unexpected departure of its CEO and CFO due to a "significant discrepancy" around expectations for compensation. The | IFP have selected this engagement as an example of on-going, multiyear engagement with a portfolio company to improve its climate risk management and governance/board composition & diversity. | IFP selected this engagement as it is a good example of their long-term engagement work to maximise shareholder value. It demonstrates that they take significant action in instances where they believe companies are not taking shareholders' best interests into account, including taking their engagements public. |

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| | announcement came just six months after the completion of the acquisition of IAA in March. CEO Ann Fandozzi was replaced by COO Jim Kessler. Kessler received positive reviews in their due diligence and importantly led the integration plan for the IAA transaction. However, the timing of the change so soon after the acquisition was disappointing and reflected poorly on the board and the quality of governance at the company. | | |
| What the investment manager has done | IFP undertook a series of engagements following the management change and governance failures. These included a letter to the board, as well as a number of meetings with the Chair, other members of the board and management. These engagements focused on management compensation arrangements, board composition, and the progress of the integration. These engagements were led by the lead investor covering RB Global, supported by the ESG analyst and the wider investment team. | IFP have been engaging with Nintendo since 2021 to improve its climate risk management strategy. This has included direct, individual engagement such as meetings with company management and letters to the Chair, as well as collaborative engagement through the CDP's non-disclosure campaign. They have also been engaging with Nintendo on its board composition since 2021. This has included encouraging the company to further increase the number of foreign directors given the majority of its sales are international, as well as to increase its low female board representation. In 2023, they addressed both topics in a meeting with Nintendo's head of General Affairs, who is also a member of the executive committee. | IFP have been engaging with News Corp for the past few years to encourage the company to make structural changes to maximise shareholder value. They think it makes strong strategic sense for News Corp to combine its publishing and news assets with Fox Corp. However, they think this should follow the sale or spin-off of News' valuable real estate portal assets. In 2022, the Murdoch Family Trust proposed re-combining the two companies. However, they were concerned the transaction would not maximise the value of News Corp's assets as it did not include the sale or spin-off of its real asset portal businesses. They therefore engaged with both companies, outlining our concerns. |

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| | | Following the meeting, they put their requests in writing. They thanked Nintendo for its progress in measuring scope 3 emissions and disclosing to the CDP. They encouraged the company to continue this momentum and develop a science-based emissions reduction target.<br>They also encouraged Nintendo to add international technology expertise to its board given the increasing importance of Nintendo Switch and mobile gaming to the company. We had commissioned a survey of third-party developers and publishers that highlighted that while these groups hold Nintendo's intellectual property in high regard, they believe that broader and more global technological expertise would help enhance the company's hardware and online capabilities. They shared the results of the survey to support their request. They recommended Nintendo select an international director given the global availability of technology expertise. | This included a letter to News Corp's independent board members and a statement to the press. They were pleased when the proposal to re-combine was formally withdrawn in January 2023.<br>In 2023 they continued to strongly advocate for structural change in engagements with News Corp. This included meetings with News Corp's CEO and with Lachlan Murdoch, who is both Chair of News Corp as well as Fox Corp's Chair and CEO. |
| Outcomes and next steps | In December, the company announced that current Chair Erik Olsson will not stand for re-election at the 2024 AGM and that existing director Bob Elton has been elected Vice-Chair of the Board. IFP will | Nintendo has made incremental progress on its climate risk management strategy and board composition since IFP started engaging with the company on both topics in 2021. Nintendo has made positive | As mentioned, the proposal to recombine the two companies was formally withdrawn in early 2023. It was determined that a combination was "not optimal" for both companies' shareholders |

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| | continue their regular close engagement with the new CEO and Chair during this important integration period and beyond. | progress in measuring scope 3 emissions and disclosing to the CDP. IFP were also pleased to see Nintendo add a foreign director to the board a couple of years ago. They think there is further progress required in relation to both areas, as well as on its disclosure to shareholders of its progress within its Nintendo Switch Online division. | "at this time". IFP were pleased that shareholders' concerns - including theirs - were heard and that News Corp publicly committed to actively assess opportunities to optimise the value of its digital real estate assets and to maximise shareholder value. They will continue to engage with News Corp to try to maximise shareholder value. |

| abrdn Corporate Bond Fund | Case study 1 | Case study 2 | Case study 3 |
|---|---|---|---|
| Name of entity engaged with | SSE | ENEL SPA | AT&T INC |
| Topic | Environment - Climate change | Social - Human Rights and labour rights<br>Environment - Climate change | Social - Human and labour rights<br>Environment - Climate change |
| Rationale | Broadly speaking, SSE is one of the leading companies in terms of the strength of its commitment to driving the energy transition, coupled with strong social policies. The three principal areas of engagement for the CA100+ working group are now: how the company balances its short and long-term targets and strategy; the potential for additional discussions on anticipated emissions | Of the 150 companies targeted by Climate Action, Enel is the best performer among the electric utilities and top 3 globally. In 2022, Enel was the first company to fully align its corporate disclosures with the CA100+ Net Zero Benchmark. The Enel Board was renewed earlier in the year but the strategy of being Net Zero by 2040 has remained the same. It is committed to Euro 160bn investment into | AT&T has set an industry-leading target to help businesses collectively reduce a gigaton of greenhouse gas (GHG) emissions — 1 billion metric tons — by 2035, an effort which will contribute to a better, more sustainable world. The company will work with businesses including Microsoft, Equinix, and Duke Energy, along with research universities, |

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| | from different investments; risks associated with hitting SSE's 2030 climate-related targets. Company's own targets: Reduce absolute Scope 1 and 2 GHG emissions by 72.5% by 2030 (2017/18 baseline year); Reduce carbon intensity of Scope 1 GHG emissions from electricity generated by 80% by 2030 (gCO2/kWh) (2017/18 baseline year); Engage with 50% of suppliers by spend to set science-based targets by March 2024; Reduce absolute emissions from products sold by 50% between 2018 and 2034. Milestone based on CA100+ assessment: provide specificity on the company's emissions trajectory in the short-term, as SSE does not have a short-term emissions reduction targets. Progress so far: On track. To be reviewed following publication of next annual report. | low carbon technology by 2030 and also reducing fossil fuel maintenance capex to 3% by 2030. About 80% of current capex (2023-2025) is aligned with EU taxonomy. It aims to exit the coal business by 2027 and natural gas business by 2040 and provide customers with only renewable energy by 2040. We will continue to focus on those targets set by the company. During our call we followed up on a recent engagement to discuss the orange controversy on MSCI regarding Windpeshi windfarm. Enel was asked by the Columbian government to build a windfarm in the north of Columbia in the LaGuajira department. Whilst Enel has decided the stop building the windfarm it is undergoing a full review of its human rights policies. We are monitoring a few human rights milestones, amongst them a milestone in relation to disclosing processes for engaging with indigenous groups on its website. | and a range of other organizations to deliver broadband-enabled climate solutions at global scale. This collaborative builds on AT&T's standing commitment to aggressively reduce their own emissions, while enabling the transition to a net-zero economy. |
| What the investment manager has done | abrdn are members of the CA100+ working group for SSE. As part of this ongoing engagement, they have regular meetings with the company's head of sustainability and representatives from IR | abrdn have engaged with Enel several times this year on Net Zero strategy, either directly or through collaborative engagement with Climate Action 100 (CA100+) where abrdn is co-lead on Enel. They | abrdn met with AT&T in response to the allegations made by the Wall Street Journal in the Summer. The WSJ article detailed legacy lead cable exposure across the US, many of which were laid from the |

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| | and operations. The purpose of this meeting was to discuss the working group's engagement priorities for 2024 for SSE and to get an update from the company following the publication of its half-year results. For context, the findings from the CA100+ assessment also inform the milestones monitored under abrdn's financed emitters engagement programme. | also met with Enel to discuss their approach to community relations in emerging markets with regard to renewables projects on indigenous land. Enel spoke though their policies and procedures in light of allegations in Columbia. They feel that Enel could have done more to engage the indigenous population and they encouraged Enel to formalise the process of providing written documents in local languages. | late 1800s through to the 1960s by predecessors Bell Systems which AT&T and VZ's assets came from. Since the WSJ article was published, VZ, AT&T and the US Environmental Protection Agency (EPA) have published independent testing reports signalling there is no higher than naturally occurring levels of lead in the areas cited by the WSJ and therefore no heightened risk to human health. They wanted to meet with the large US telcos to understand their views on this, what their next steps are and what testing they have/continue to do. |
| Outcomes and next steps | Milestone based on CA100+ assessment: improve disclosures in order to meet the CA100+ indicator requiring that a company discloses the methodology used to determine the Paris alignment of its future capital expenditures. Progress so far: To be reviewed following publication of upcoming annual report. Previously completed company target: verification obtained from SBTi for SSE's decarbonisation targets aligned with a 1.5 degrees scenario. | During their call, abrdn followed up on a recent engagement to discuss the orange controversy on MSCI regarding Windpeshi windfarm. Enel was asked by the Columbian government to build a windfarm in the north of Columbia in the LaGuajira department. Whilst Enel has decided the stop building the windfarm it is undergoing a full review of its human rights policies. They are monitoring a few human rights milestones, amongst them a milestone in relation to disclosing processes for engaging with indigenous groups on its website. | Meeting with AT&T following the Wall Street Journal's article on lead contamination in the summer. AT&T's independent testing programme in addition to the EPAs results are reassuring as no evidence of heightened lead exposure has been found by either party. They asked the company to publicly disclose a map of potential lead sheathed cabling and encouraged AT&T to continue providing a high degree of transparency on this issue with the public and investors. The company's impressive physical climate risk framework was also discussed. |