Implementation Statement, covering the Scheme Year from 6 April 2022 to 5 April 2023

The Trustee of the Ultra Electronics Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-8 below.

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

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

This Statement is based on the Scheme's SIP dated December 2020 between 6 April 2022 and 27 March 2023 and the SIP dated 28 March 2023 between 28 March 2023 and 5 April 2023, this being the SIP that was in place at Scheme Year End. It should be read in conjunction with the latest SIP which can be found online here:

https://www.ultra.group/about-us/responsibility/pension-scheme/

1. Introduction

The Trustee reviewed and updated the Scheme's SIP during the Scheme Year, on 28 March 2023, to reflect:

- changes to the investment objectives, to better reflect the current position of the Scheme and a revised long-term funding target – this also included the removal of the previous de-risking mechanism;
- changes to the investment strategy for the DB section of the Scheme, reflecting the improvement in the funding position, including changes to the strategic asset allocation and investment manager arrangements; and
- adding details of the Trustee's investment beliefs, including in relation to changes to the Trustee's policies on voting and engagement in light of the DWP's stewardship guidance issued in 2020, including the setting of some priority Environmental, Social and Governance ("ESG") themes to provide focus for the Trustee's monitoring of and engagement with the Scheme's investment managers.

Further detail and the reasons for these changes are set out in Sections 2, 3, 4, 5 and 8. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

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

2. Investment objectives

In relation to the DB arrangements, the Trustee reviewed and updated its investment objectives during the year.

The Trustee's primary objective, as set out in the latest SIP, dated 28 March 2023, is to ensure that the benefit payments are met as they fall due. In addition to this primary objective, the Trustee has agreed the following additional objectives:

- to invest the Scheme's assets to achieve full funding on a low dependency basis, with a secondary target of being fully funded on a buy-out basis in the longer term;
- to limit the risk of the assets failing to meet the liabilities over the long-term, by considering the liability profile of the Scheme;
- to ensure that there will be sufficient liquid assets available to meet benefit payments as they fall due; and
- to reduce the overall volatility of the funding level.

Progress against the Scheme's targets of achieving full funding on a low dependency and an indicative buy-out basis was reviewed as part of regular reporting by the investment adviser and Scheme Actuary at Trustee and Investment Sub-Committee ("ISC") meetings. The Trustee is also able to view the progress on an ongoing basis using LCP Visualise online (a tool provided by the Scheme's investment adviser which show key metrics and information on the Scheme including funding position, expected return and risks of the investment strategy).

As at 5 April 2023, the Scheme was on track to achieve full funding on both the low dependency and an indicative buy-out basis by the target dates.

The Trustee maintains an Integrated Risk Management monitoring document which is updated quarterly, which includes metrics that assess the liquid assets available within the Scheme as well as the liability hedging vs target levels.

For the DC / AVC arrangements, the Trustee's primary objective is to make available a suitable range of investment options to meet members' risk / return objectives. The Trustee has made available to members three alternative lifestyle strategies and a range of self-select funds, covering all major assets classes and a range of risk profiles.

The Trustee assesses the value for money members receive from the DC / AVC arrangements on a regular basis. The last assessment was undertaken in September 2022 as part of the production of the annual DC Chair's Statement.

3. Investment strategy

The Trustee, with the help of its advisers, reviewed the investment strategy for the DB arrangements over the course of the Scheme Year, following a significant improvement in the funding position of the Scheme.

The result of these reviews was that the Trustee agreed to move from the previous strategy targeting a best estimate return of around gilts + 2.2% pa to one targeting around gilts + 1.2% pa (with a corresponding reduction in investment risk). This took place over three stages:

- In July 2022 the Scheme hit one of its de-risking triggers. As a result, the Trustee agreed to de-risk the Scheme by switching a portion of the Scheme's equity and absolute return allocations into the absolute return bond allocation. The de-risking triggers were subsequently turned off given the step-change in the funding position of the Scheme in light of the 5 April 2022 actuarial valuation and new employer contribution schedule.
- Between September and November 2022, the Trustee agreed to move to a lower risk investment strategy. This involved an increase in the LDI and collateral support allocations, funded by a reduction in the allocation to equities and absolute return as well as the investment of the £21m employer contribution received in August 2022. This was in part made to support the Scheme's LDI portfolio as rising gilt yields meant that the LDI portfolio required additional cash to be invested to maintain the target hedging level of the Scheme's liabilities.
- Between December 2022 and February 2023, the Trustee agreed to further de-risking, predominantly focused around managing LDI collateral risks in light of new LDI guidance issued by DWP and TPR. This involved a further reduction in the equity and absolute return allocations and a corresponding increase in the absolute return bond allocation. At the same time the Trustee rebalanced its LDI portfolio to bring the hedging in line with the target level.

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

The Trustee monitored the asset allocation on a quarterly basis and compared this to the target asset allocation, as well as the expected return on assets, comparing this to the required return needed to achieve the Trustee's funding objectives.

The Trustee did not review its DC / AVC arrangements over the Scheme Year. The last such review was in September 2020. The next review is scheduled for the second half of 2023.

4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy over the Scheme Year, it considered the investment risks set out in the addendum to the SIP (Appendix 2 of the previous SIP). This included considering the overall investment risk (measured using "Value at Risk") to help assess the merits of different investment strategies. Further detail on the key risks considered is set out in Section 4.1 below.

The Trustee considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Scheme (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

The Trustee reviewed its investment beliefs over the course of the year as part of the update to the Scheme's SIP. This included a focus on asset allocation being the key driver of investment returns as well as making clearer the beliefs that responsible investment and consideration of ESG factors, including climate change, can positively impact risk-adjusted returns. These are reflected in the latest SIP.

The Trustee invests for the long term, to provide for the Scheme's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee seeks to appoint managers whose stewardship activities are aligned to the creation of long-term value and the management of long-run systemic risks.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register and this is discussed at quarterly meetings. The Trustee has also agreed an IRM policy that aims to monitor and manage risks in relation to covenant, funding and investment to the Scheme. An IRM dashboard is produced on a quarterly basis and discussed at Trustee meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the investment adviser or information provided to the Trustee by the Scheme's investment managers. These include the risk of inadequate returns, credit risk, equity risk, currency risk and collateral adequacy risk. The Trustee's implementation of its policy for these risks during the year is summarised below.

With regard to the risk of inadequate returns, the Trustee considered the best estimate return of the investment strategy relative to the required return needed to achieve the Scheme's investment objectives. Following a fall in the required return the Trustee agreed to de-risk the investment strategy during the Scheme Year. The expected return on the Scheme's new investment strategy was expected to be sufficient to produce the return needed over the long-term to achieve the investment objectives.

The Trustee's policy is to target an interest rate and inflation hedging level in line with the Scheme's funding level, on the agreed funding basis. This is monitored on an ongoing basis in the quarterly investment monitoring report produced by the investment adviser. Over the Scheme Year the trustee increased the level of interest rate and inflation hedging to reflect the improvement in the funding level of the Scheme.

Equity and currency risk within the Scheme was reduced over the Scheme Year as part of the implementation of the agreed de-risking changes. Conversely, credit risk has increased given the increased allocation to buy & maintain credit and absolute return bonds. However the buy & maintain credit allocation is designed to provide a match to the Scheme's liability cashflows and the absolute return bond allocation provides collateral support for the LDI portfolio.

With regard to collateral adequacy risk, the Trustee holds investments alongside the LDI portfolio, to be used should the LDI manager require additional cash to be invested to support the hedging arrangements. As at 5 April 2023, the Scheme held more than enough liquid assets to meet a potential capital call on the LDI funds.

Together, the investment and non-investment risks give rise generally to funding risk. The Trustee formally reviewed the Scheme's funding position as part of its 5 April 2022 triennial actuarial valuation. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings, and the Trustee has the ability to monitor this daily on LCP Visualise.

The following risks are covered elsewhere in this Statement: investment manager, counterparty and excessive charges in Section 5, valuation and illiquidity/marketability risk in Section 6 and climate-related and ESG risks in Section 7.

The quarterly reports reviewed during the year showed that the Scheme's assets in aggregate have produced performance broadly in line with expectations over the long-term.

5. Implementation of the investment arrangements

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

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and may consider alternative arrangements where managers are not meeting performance objectives.

Over the Scheme Year performance was monitored on a quarterly basis, using an investment monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter, one year and three years (where available). Performance is considered net of manager fees and in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by its investment adviser, on an annual basis.

The Trustee also regularly invites the Scheme's investment managers to present at Trustee meetings, aiming to see each manager approximately once every other year. Over the Scheme Year, the Trustee met with BlackRock twice to discuss the Scheme's investments managed by it. This predominantly focused on the LDI arrangements, including the management of leverage, collateral and counterparty risks within the funds.

Over the Scheme Year the Trustee fully redeemed from three funds, the BlackRock Aquila Life Currency Hedged Overseas Equity Index Fund, BlackRock Aquila Life Emerging Markets Equity Index Fund and Baillie Gifford Global Alpha Growth Fund. The primary reason for these redemptions was as part of wider de-risking of the Scheme's investment strategy, although the Trustee did have some concerns over Baillie Gifford's recent performance. The Trustee was comfortable with all the Scheme's other investment manager arrangements and did not make any further changes to its manager arrangements over the Scheme Year.

For the DC / AVC arrangements, the Trustee considered the investment charges incurred by the funds available to members as part of the production of the annual DC Chair's Statement.

6. Realisation of investments

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

The IRM dashboard includes KPIs that focus on the liquidity of the Scheme's assets to cover collateral requirements on the Scheme's LDI portfolio and expected benefit payments over the next 2 years. Neither of these KPIs were breached during the Scheme Year.

The Scheme's investment adviser and administrator discuss on a monthly basis the Scheme's short term cashflow needs and will advise the Trustee on any necessary disinvestments or investments. The Trustee receives income from several of the Scheme's investments that is used to meet these cash flow requirements.

For the DC/ AVC arrangements it is the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC / AVC funds which the Trustee made available during the Scheme Year are daily priced.

7. Financially material considerations, non-financial matters

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

In May 2022, the Trustee reviewed the investment adviser's responsible investment (RI) scores for the Scheme's existing managers and funds, along with its qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on the investment adviser's ongoing manager research programme, and it is these that directly affect its manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2022. The Trustee was satisfied with the results of the review and no further action was taken.

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

For the DC / AVC arrangements, the Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available an ethical UK equity fund as an investment option to members.

8. Voting and engagement

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

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

At the 7 December 2022 Trustee meeting the Trustee received training from its investor adviser on DWP's new stewardship guidance. The Trustee agreed to set three stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors, which were:

- Climate Change;
- Board Renumeration; and
- Modern Slavery.

These priorities were selected as market-wide risks and areas where the Trustee believes that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. The investment adviser communicated these priorities to the Scheme's managers on behalf of the Trustee in February 2023. In the communication to managers, the Trustee also set out its expectation that managers:

- take account of financially material factors (including climate change and other ESG factors) when investing the Scheme's assets, and to improve their ESG practices over time, within the parameters of their mandate;
- undertake voting and engagement on the Trustee's behalf in line with their stewardship policies, considering the long-term financial interests of the Scheme; and
- provide information on their stewardship policies, activities, and outcomes (as requested by the Trustee's investment advisor from time to time), to enable the Trustee to monitor them.

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

9. Description of voting behaviour during the Scheme Year

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

In this section the Trustee has sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Scheme's funds that hold equities. For the DB arrangements these are as follows:

- BlackRock Aquila Life Currency Hedged Overseas Equity Fund;
- BlackRock Aquila Life Overseas Fixed Benchmark Equity Fund;
- BlackRock Aquila Emerging Markets Equity Fund;
- Ruffer Absolute Return Fund; and
- Baillie Gifford Global Alpha Growth Fund.

For the DC / AVC arrangements we have included data on the funds available to members that hold listed equities through the ReAssure platform as follows:

- LGIM Multi-Asset (formerly Consensus) Index Fund;
- LGIM Ethical UK Equity Index Fund;
- LGIM Global Equity 50:50 Index Fund;
- LGIM UK Equity Index Fund; and

- LGIM World (Ex-UK) Equity Index Fund.

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

9.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

BlackRock

BlackRock's voting guidelines are market-specific to ensure it takes into account a company's unique circumstances by market, where relevant. BlackRock informs its vote decisions through research and engage as necessary. BlackRock welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them.

BlackRock's voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs its vote decisions through research and engages as necessary.

BlackRock's voting process is led by the BlackRock Investment Stewardship team ("BIS"), which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa - located in seven offices around the world. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

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

Ruffer

Ruffer has internal voting guidelines as well as access to proxy voting research, currently from Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer is cognisant of proxy advisers' voting recommendations, in general, Ruffer does not delegate or outsource its stewardship activities when deciding how to vote on its clients' shares.

Research analysts are responsible, supported by Ruffer's responsible investment team, for reviewing the relevant issues on a case-by-case basis and exercising their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer. Ruffer looks to discuss with companies any relevant or material issue that could impact its investment. Ruffer will ask for additional information or an explanation, if necessary, to inform its voting discussions. If Ruffer decides to vote against the recommendations of management, it will endeavour to communicate this decision to the company before the vote along with its explanation for doing so. Collaborative engagement can also provide a platform to engage on wider sector, regulatory and policy matters with investors and other stakeholders.

Ruffer is open to working alongside other investors on both policy and company specific matters. The decision to collaborate on company specific matters will be judged on a case-by-case basis by the responsible investment team with input from research analysts and portfolio managers as well as the legal and compliance teams. Ruffer engages regularly with the Investment Association and the Institutional Investor Group on Climate Change (IIGCC). Through its commitment to Climate Action 100+ Ruffer has collaborated extensively with other investors or asset owners engaging with a number of European and American companies, including making statements at AGMs and co-filing shareholder resolutions.

Baillie Gifford

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. Baillie Gifford does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then it will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Thoughtful voting of its clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. Baillie Gifford believes that voting should be investment led, because how it votes is an important part of the long-term investment process, which is why its strong preference is to be given this responsibility by Baillie Gifford's clients. The ability to vote its clients' shares also strengthens Baillie Gifford's position when engaging with investee companies. The Governance and Sustainability team oversees its voting analysis and execution in conjunction with investment managers.

Whilst Baillie Gifford is cognisant of proxy advisers' voting recommendations (ISS and Glass Lewis), it does not delegate or outsource any of its stewardship activities or follow or rely upon their recommendations when deciding how to vote on its clients' shares. All client voting decisions are made in-house. Baillie Gifford votes in line with its in-house policy and not with the proxy voting providers' policies. Baillie Gifford also has specialist proxy advisors in the Chinese and Indian markets to provide it with more nuanced market specific information.

Legal & General Investment Management (as underlying investment manager for the ReAssure funds)

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all of LGIM's clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. However all voting decisions are made by LGIM and LGIM does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that it receives from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards, which LGIM believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with LGIM's voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

9.2 Summary of voting behaviour

A summary of voting behaviour over the Scheme Year is provided in the tables below. During the Scheme year, the Scheme fully redeemed its holdings in the BlackRock Aquila Emerging Markets Equity Fund, the BlackRock Aquila Life Currency Hedged Overseas Equity Fund, and the Baillie Gifford Global Alpha Growth Fund. Voting information for these funds is for the entire 12-month period – as the managers were unable to provide part period data. The data below is as at 31 March 2023, because managers are unable to provide data for the Scheme year (6 April 2022 – 5 April 2023).

Manager Name	BlackRock	BlackRock	BlackRock	Ruffer	Baillie Gifford
Fund name	Aquila Life Currency Hedged Overseas Equity Fund	Aquila Life Overseas Fixed Benchmark Equity Fund	Aquila Emerging Markets Equity Fund	Absolute Return Fund	Global Alpha Growth Fund

Total size of fund at end of the Scheme Year	£730.5m	£919.9m	£83.3m	£4,649.5m	£2,577.5m
Value of Scheme assets at end of the Scheme Year	-	£11.4m	-	£10.7m	-
Number of equity holdings at end of the Scheme Year	1,907	1,907	2,381	65	92
Number of meetings eligible to vote	2,090	2,090	4,421	77	94
Number of resolutions eligible to vote	26,156	26,156	37,097	1,305	1,173
% of resolutions voted	91%	91%	99%	100%	98%
Of the resolutions on which voted, % voted with management	92%	92%	87%	94%	97%
Of the resolutions on which voted, % voted against management	7%	7%	12%	6%	3%
Of the resolutions on which voted, % abstained from voting	0%	0%	2%	0%	0%
Of the meetings in which the manager voted, % with at least one vote against management	31%	31%	44%	42%	21%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	0%	0%	7%	N/A

*The sum of % of votes for, against and abstaining from voting may not sum to 100% due to rounding.

A summary of voting behaviour for the funds in the DC / AVC arrangements over the period (excluding Clerical Medical which is solely AVC) is provided in the table below.

Manager Name	LGIM	LGIM	LGIM	LGIM	LGIM
Fund name	Multi-Asset (formerly Consensus) Fund	Ethical UK Equity Index Fund	Global Equity 50:50 Index Fund	UK Equity Index Fund	World (Ex-UK) Equity Index Fund
Total size of fund at end of the Scheme Year	£641.0m	£229.8m	£3,431.4m	£13,896.7m	£4,376.4m
Value of Scheme assets at end of the Scheme Year	£0.5m	£0.0m	£0.8m	£0.3m	£0.3m
Number of equity holdings at end of the Scheme Year	6,288	208	3,435	541	3,203
Number of meetings eligible to vote	9,817	267	3,197	733	3,008
Number of resolutions eligible to vote	100,084	4,479	41,099	10,870	36,202
% of resolutions voted	100%	100%	100%	100%	100%
Of the resolutions on which voted, % voted with management	78%	94%	82%	94%	78%
Of the resolutions on which voted, % voted against management	22%	6%	18%	6%	22%

Of the resolutions on which voted, % abstained from voting	1%	0%	0%	0%	1%
Of the meetings in which the manager voted, % with at least one vote against management	71%	42%	70%	38%	77%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	12%	4%	12%	4%	15%

*The sum of % of votes for, against and abstaining from voting may not sum to 100% due to rounding.

9.3 Most significant votes

Commentary on the most significant votes over the Scheme Year, from the Scheme's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a list of most significant votes by requesting each manager to provide a shortlist of votes, which comprises a minimum of ten significant votes, and suggested the managers could use the PLSA's criteria[1] for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- are associated with companies in which the fund has a significant holding;
- might have a material impact on future company performance; and
- have a high media profile or are seen as being controversial.

The Trustee has selected a total of 12 most significant votes, reporting on at least one of these most significant votes per fund. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee. For the funds in which the Scheme fully disinvested during the Scheme year, only votes prior to the disinvestment date have been included.

Votes have been grouped by investment manager rather than by fund given there is significant overlap between holdings within funds managed by the same investment manager.

Please note that some of the managers were unable to provide certain voting information, including whether their voting intention was communicated to management ahead of each vote, management recommendation and what the manager's next steps were. The Trustee will engage with these managers to try and ensure complete voting data is available for inclusion in future statements.

BlackRock

Marathon Petroleum Corporation, 27 April 2022

- **Summary of the resolution:** Report on climate strategy consistent with ILO's (International Labor Organization) "Just Transition Guides"
- **Fund manager vote:** Against.
- **Management recommendation:** Against
- **Approximate size of the holding at the date of the vote:** 0.05%

[1] Vote reporting template for pension scheme implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

- **Rationale:** BlackRock did not support this shareholder proposal because it believes the company's recently published disclosure addresses the topic of a 'just transition' and provides BlackRock with meaningful information to understand the company's approach and risk oversight process.
- **Stewardship priority:** Climate Change
- **Outcome:** Failed

Equinor ASA, 11 May 2022

- **Summary of the resolution:** Various shareholder resolutions (11-18) relating to climate change eg Item **16:** Increase investment in renewable energy, stop new exploration in Barents Sea, discontinue international activities and develop a plan for gradual closure of the oil industry
- **Fund manager vote:** Against
- **Management recommendation:** Against
- **Approximate size of the holding at the date of the vote:** 0.2%
- **Rationale:** BlackRock did not support these shareholder proposals because it believes that the company has disclosed an Energy Transition Plan to manage climate-related risks and opportunities. In BlackRock's assessment, there is a significant amount of overlap between information sought in the shareholder proposals and Equinor's existing Plan. It also recognises the progress Equinor has made against this plan to date.
- **Stewardship priority:** Climate Change
- **Outcome:** Failed

Intel Corporation, 12 May 2022

- **Summary of the resolution:** Advisory vote to ratify named executive officers' compensation
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Approximate size of the holding at the date of the vote:** 0.2%
- **Rationale:** BlackRock did not support management's proposal to ratify their named executive officers' (NEOs) compensation program due to its continuing concerns that compensation as currently structured is not aligned with sustained long-term shareholder value creation.
- **Stewardship priority:** Board Remuneration
- **Outcome:** Failed

Grupo Mexico S.A.B de C.V, 28 April 2022

- **Summary of the resolution:** Annual election of board members
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Approximate size of the holding at the date of the vote:** 0.2%
- **Rationale:** BlackRock determined that it is in the best interests of its clients as long-term shareholders to not support the director bundled ballot election at the 2022 AGM. The company has not updated their sustainability related reporting, and in particular, their climate-related disclosures since the release of their "2020 Sustainable Development Report." In addition, the company has not addressed shareholder concerns, including BlackRock's, regarding the quality and effectiveness of their Board of Directors.
- **Stewardship Priority:** Climate Change
- **Outcome:** Passed

Ruffer

BP, Plc, 12 May 2022

- **Summary of the resolution:** Approve shareholder resolution on climate change targets
- **Fund manager vote:** Against
- **Management recommendation:** Against

- **Approximate size of the holding at the date of the vote:** 3.1%
- **Rationale:** Ruffer has done extensive work on BP's work on the energy transition and climate change and thinks they are industry leading. Ruffer supports management in their effort to provide clean, reliable and affordable energy and therefore Ruffer voted against the shareholder resolution.
- **Stewardship Priority:** Climate Change
- **Was the voting intension communicated to the company ahead of the vote:** Yes
- **Outcome:** Failed

Meta Platforms, Inc., 25 May 2022

- **Summary of the resolution:** Provide report on child exploitation online
- **Fund manager vote:** For
- **Management recommendation:** Against
- **Approximate size of the holding at the date of the vote:** 0.3%
- **Rationale:** The company has experienced some recent controversy related to its alleged failure to catch hundreds of cases of child exploitation on its platform. There are also concerns that the company's plans to apply end-to-end encryption by default across its messaging platforms will severely hinder investigations of child predators. Although the company says that in some instances, Facebook Safety Advisory Board members are informed about future product launches in order to share their insights on the company's approach to safety before the products are released, the company does not provide an indication that this includes the safety of end-to-end encryption technologies as they are developed. Given the potential financial and reputational impacts of potential controversies related to child exploitation on the company's platforms, shareholders would benefit from additional information on how the company is managing the risks related to child sexual exploitation, including risks associated with end-to end encryption technologies.
- **Stewardship Priority:** N/A
- **Was the voting intension communicated to the company ahead of the vote:** No
- **Outcome:** Failed

Baillie Gifford

The Trade Desk, Inc., 26 May 2022

- **Summary of the resolution:** Executive remuneration
- **Fund manager vote:** Against
- **Approximate size of the holding at the date of the vote:** 1.4%
- **Rationale:** Baillie Gifford opposed the executive compensation due to concerns over the quantum and performance conditions attached to the large off-cycle grant made during the year.
- **Stewardship Priority:** Board Remuneration
- **Was the voting intension communicated to the company ahead of the vote:** No
- **Outcome:** Passed

Tesla, Inc., 4 August 2022

- **Summary of the resolution:** Additional disclosure on the company's efforts to address harassment and discrimination in the workplace
- **Fund manager vote:** For
- **Approximate size of the holding at the date of the vote:** 1.8%
- **Rationale:** Baillie Gifford has been engaging with the company on their approach to human capital management for a number of years. While its engagement indicates that they are committed to addressing these issues and are investing in human capital management, we believe that additional quantitative disclosure would help investors understand and monitor the company's efforts. While a standalone report may not be necessary Baillie Gifford would like to encourage the company to continue to enhance their disclosures on this topic via their annual Impact Report.
- **Stewardship Priority:** N/A

- **Was the voting intension communicated to the company ahead of the vote:** No
- **Outcome:** Failed

Legal & General

NextEra Energy, Inc., 19 May 2022

- **Summary of the resolution:** Elect Director Rudy E. Schupp
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Approximate size of the holding at the date of the vote:** N/A
- **Rationale:** LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM is targeting the largest companies as it believes that these should demonstrate leadership on this critical issue. Additionally, LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
- **Stewardship Priority:** N/A
- **Was the voting intension communicated to the company ahead of the vote:** No
- **Outcome:** Passed

Rio Tinto Plc, 8 April 2022

- **Summary of the resolution:** Approve climate action plan
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Approximate size of the holding at the date of the vote:** N/A
- **Rationale:** LGIM recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while LGIM acknowledges the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, LGIM also remains concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
- **Stewardship Priority:** Climate Change
- **Was the voting intension communicated to the company ahead of the vote:** No
- **Outcome:** Passed

Informa Plc, 16 June 2022

- **Summary of the resolution:** Approve remuneration report
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Approximate size of the holding at the date of the vote:** N/A
- **Rationale:** LGIM has noted concerns about the company's remuneration practices for many years, both individually and collaboratively. The company's prior three Remuneration Policy votes – in 2018, June 2020 and December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the June 2021 meeting, more than 60% of votes were cast against the Remuneration Report, meaning it did not pass. Despite significant shareholder dissent at the 2018 and 2020 meetings, and the failed Remuneration Report vote at the 2021 AGM, the company nonetheless implemented the awards under the plan and continued its practice of making in-flight changes to the existing Long-Term Incentive Plan ('LTIP') awards' performance measures. The Remuneration Policy is being put to a vote again at this AGM. Although there are some positive changes, the post-exit shareholding requirements under the policy do not meet LGIM's minimum standards and with regard to pensions, it is unclear whether reductions will align with the wider workforce.
- **Stewardship Priority:** Board Remuneration
- **Was the voting intension communicated to the company ahead of the vote:** No

- **Outcome:** Failed

Royal Dutch Shell Plc, 24 May 2022

- **Summary of the resolution:** Approve the Shell energy transition progress update
- **Fund manager vote:** Against
- **Management recommendation:** For
- **Approximate size of the holding at the date of the vote:** N/A
- **Rationale:** LGIM acknowledges the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remains concerned about the disclosed plans for oil and gas production and feel investors would benefit from further disclosure of targets associated with the upstream and downstream businesses.
- **Stewardship Priority:** Climate Change
- **Was the voting intension communicated to the company ahead of the vote:** No
- **Outcome:** Passed