The Babcock International Group Pension Scheme

Annual Implementation Statement ("the Statement") for the Scheme year ended 31 March 2023

Section 1 - Introduction

1.1 Introduction and purpose of this Statement

This document is the Annual Implementation Statement ("the Statement") prepared by the Trustee of the Babcock International Group Pension Scheme ("the Scheme") covering the scheme year to 31 March 2023. The Scheme is divided into two sections: the Defined Contribution ("DC") Section and the Defined Benefit ("DB") Section and the purpose of this Statement is to:

- detail any reviews of the Statement of Investment Principles ("SIP") the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review

- set out the extent to which, in the opinion of the Trustee, the Scheme's SIP required under section 35 of the Pensions Act 1995 has been followed during the year

- describe the voting behaviour by, or on behalf of, the Trustee over the year

A copy of this Statement will be made available on the following website: www.myoneday.co.uk

1.2 Review of the SIP and changes made during the Scheme year

The latest available version of the SIP is dated September 2023[1] and this Implementation Statement assesses performance against the SIP.

During the year to 31 March 2023 there have been no changes to the SIP. Post year-end, the Trustee is reviewing the SIP, taking formal advice from its investment advisers, to reflect changes in the Scheme's investment strategy.

1.3 Adherence to the SIP

The Trustee believes the content of the SIP has been followed during the 2022/23 Scheme year and the justification for this is set out in the remainder of this section. For ease of reference, compliance with the SIP has been sub-divided into separate DC and DB sections to reflect the different considerations and policies applying to each section.

[1] The latest available version of the SIP can be found at: https://pensions.babcockinternational.com/key_information

Section 2 - DC Section

2.1 Overall investment objectives as set out in the SIP

The Trustee's Objectives for the DC Section, as described in the SIP are to:

- Make available a range of investment funds that enable members to tailor their investment strategy to meet their own personal and financial circumstances.
- Offer funds that facilitate diversification and long-term capital growth (i.e. in excess of price and wage inflation) in order to maximize the value of members' assets, subject to taking appropriate levels of risk.
- Offer a range of funds that allow members to manage the different risks that they can be exposed to, dependent upon how they draw their benefits.
- Offer funds that provide members good value-for-money both in terms of financial cost and administrative, operational and other relevant features.
- Restrict the number of funds to avoid unnecessarily complicating members' investment decisions.
- Provide a default investment option for members who do not make their own investment decisions.
- Offer funds that appropriately reflect the Trustee's investment beliefs.

The Trustee meets these objectives by regularly reviewing the investment strategy - the last review was undertaken in March 2022 with further work being carried out in October 2022. The review considers such matters as: the demographic profile of the membership, the likely income choices members will make at retirement, developments in the money purchase/defined contribution market and legislative changes. Following these reviews, on the recommendation of the DC Committee, the Trustee concluded that a number of recommended changes should be considered further in 2023.

2.2 How does the Trustee meet its investment obligations?

For the DC Section, the Defined Contribution Committee ("DC Committee") has been created to manage its operation, including investment monitoring, under the oversight of the Trustee. Its responsibilities are set out in a Terms of Reference document, under which the DC Committee operates. The DC Committee meets quarterly to conduct its business – including monitoring the DC Section investment strategy and performance. The DC Committee provides a report of its activities to the Trustee at each subsequent Trustee's meeting.

The DC Committee has created a 'dashboard' to enable it to monitor its compliance with the SIP in key areas and which is reviewed at each quarterly DC Committee meeting. The latest results from the dashboard are summarized below, based on a red, amber, green rating:

Key area	Rating	Considerations
Trustee sets investment strategy	Green	Current strategy was set in 2016, with triennial reviews in Q1 2019, and Q1 2022 (with further work then carried out in Q4 2022), and annual review in Q1 2021.

Trustee considers DC risks when setting strategy	Green	Considered as part of annual investment review.
Trustee takes professional advice	Green	Advice received from WTW DC Investment team.
Trustee has established a default	Green	Current default (broadly 'cash facing') was established in 2016 and is reviewed annually.
Trustee offers a range of funds to enable members to meet their personal/financial needs	Green	The Trustee offers 2x additional lifestyles, plus a range of (currently nine) self-select funds to enable members to select funds that meet their risk/return aspirations. The range is reviewed annually.
Trustee limits range of funds to enable easier decision-making by members	Green	The range of funds/lifestyles is reviewed annually and benchmarked against comparable DC arrangements.

Further detail in respect of each of the areas above and other relevant areas is set out below.

Setting investment strategy

Current strategy was set in Q1 2016 in the wake of pension freedoms. The Trustee and DC Committee engaged WTW to support a review of its strategy, taking into account the demographic profile and expected needs of the DC Section's current and expected future membership.

Strategy is ordinarily reviewed in Q1 each year with the results presented and discussed during the Q1 DC Committee meeting, which is typically held in February/March. The objectives for the strategy review are set by the DC Committee and agreed at the prior DC Committee meeting, which is typically held in November.

A more detailed strategy review is undertaken every three years, although triennial reviews can be undertaken more frequently if required (for example in the event of a significant change in membership).

The last triennial review of investment strategy was presented and discussed during the DC Committee meeting held on 9 March 2022, with further work being carried out and discussed at an additional DC Committee meeting on 7 October 2022. Given the timing of this additional 2022 work, the annual review scheduled for Q1 2023 primarily focused on continued fund suitability, sustainability and market developments

Consideration of DC risks

The DC-specific risks described in the SIP (and how the DC Committee endeavours to mitigate these risks) are set out below. The original investment strategy set in 2016 and each subsequent review of strategy takes account of the overall balance of these risks. The most recent (triennial) investment review was presented to the DC Committee in March 2022 and subsequently in October 2022, and concluded that the current fund range continues to cover the risks described below:

Risk of capital loss in nominal terms – This is considered over the medium-term (three years plus) to enable short-term volatility to be smoothed. In this context, the use of equity and diversified growth funds is considered appropriate.

Inflation risk – The use of equity and diversified growth funds are expected to deliver above-inflation investment returns over the medium to long-term. Over the shorter term (less than three years), the DC Committee acknowledges that the investment return in some funds (Money Market) may not cover the inflation risk, but shorter-term considerations focus on mitigation of other risks (see below).

Annuity pricing risk – The DC Committee recognises that relatively few members will use their DC savings to purchase annuities. Nevertheless, for those members that may want to purchase annuities, the DC Committee offers two funds which are designed to protect members against changes in annuity pricing – for level and increasing annuities.

Conversion risk **–** The DC Committee is mindful of the risk of market movements that impact members expected retirement outcomes at the point they decumulate their DC savings. The current strategy makes available lifestyle strategies that cover cash, drawdown and annuity outcomes and are designed to minimise conversion risks so far as possible.

Market risk **–** The DC Committee remains willing to accept market risk over the medium to long term in order to try to generate higher investment returns for members.

Environmental, Social and Governance (ESG) risk – This is a relatively new risk that was added to the SIP as part of the changes that were made to the SIP during the 2019/20 Scheme year. The DC Committee recognises the growing interest in ESG factors – both from a regulatory perspective as well as from a member perspective. In light of this, the Trustee added a climate focused fund to the self-select fund range in January 2022.

Liquidity risk – All DC assets are invested in pooled funds, which are daily-priced and are readily accessible to meet benefits as they fall due. There is no exposure to commercial property funds, where disinvestment may be restricted. The DC Committee has started to tentatively consider the potential opportunities (and risks) from investing in illiquid areas (again as part of the annual investment review) but haven't formed any conclusions.

Professional advice

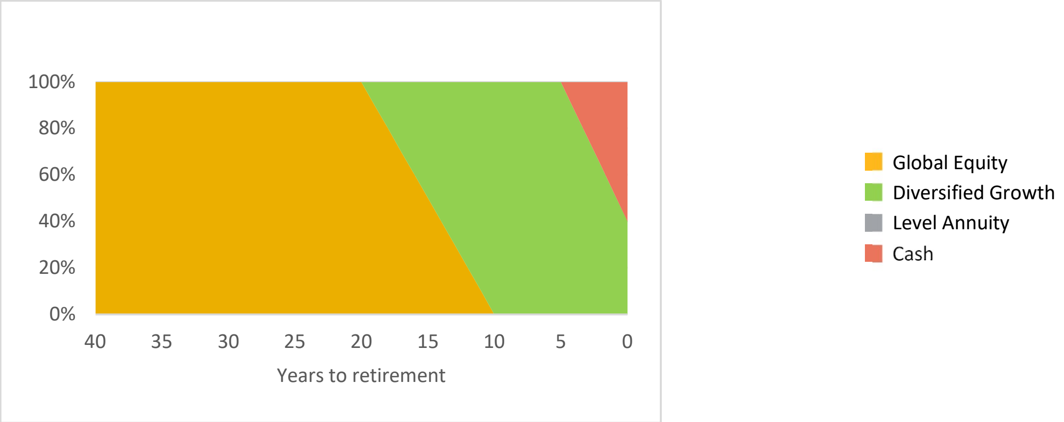
The Trustee and DC Committee are aware of the requirement to take professional advice when setting and reviewing investment strategy.

The Trustee has appointed WTW to provide such advice under a contract which is in force until 31 March 2025. In accordance with this engagement, WTW provides an annual investment strategy review (supplemented by a more detailed triennial strategy review) which includes recommendations in relation to the default, additional lifestyles and wider fund range.

Default strategy

The current default was constructed in 2016 following an analysis of member demographics and expected retirement outcomes. Based on the analysis carried out at that time, the construction of the default targets a (broadly) cash outcome on retirement as the overwhelming majority of pot sizes were expected to be relatively low in value (below £25,000 in most cases). The default is reviewed annually.

The default uses a lifestyle strategy as follows:



The strategy was last reviewed during the DC Committee meeting on 9 March 2022 and subsequently in October 2022 with the support of WTW. The DC Committee concluded that a number of recommended changes should be considered further in 2023. The Trustee concluded that the current strategy does however remain consistent with the aims and objectives of the default, as stated in the SIP.

Self-select fund range

In line with the Trustee's objective to enable members to set their own investment strategy, the Trustee makes available a range of self-select funds.

Members who prefer to make their own investment choices can therefore choose from a range of individual funds which were selected by the Trustee in February 2016 after taking professional investment advice. The Trustee introduced a Shariah fund in July 2018 to help meet the needs of a diverse membership and a new climate-focused fund was added to the self-select range in January 2022 to meet likely member demand for such a fund and offer an appropriate choice within an ESG framework.

The current range of self-select funds and the purpose of these funds is as follows:

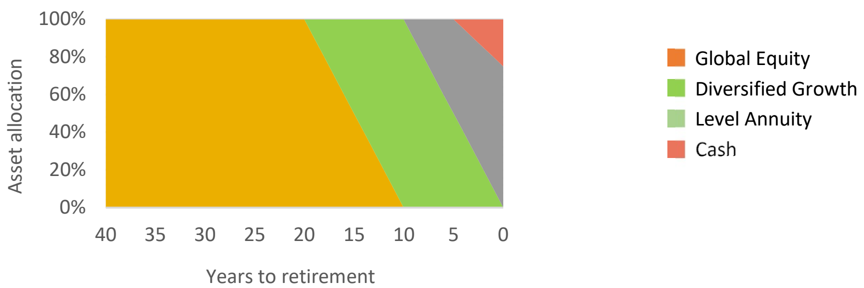
Current fund range	Purpose
Aviva Pension Emerging Market Equity (BIGPS)	Higher risk growth
Aviva Pension Global Equity (BIGPS)	High risk growth
Aviva Pension Diversified Growth (BIGPS)	Moderate risk growth
Aviva Pension HSBC Islamic Global Equity	Specialist Ethical (Religious) beliefs investment
Aviva Pension Stewardship (BIGPS)	Ethical beliefs investment
Aviva Pension Climate Focused (BIGPS)	Environmental beliefs investment
Aviva Pension Target Increasing Annuity (BIGPS)	Match inflation-linked annuity
Aviva Pension Target Level Annuity (BIGPS)	Match level annuity
Aviva Pension Money Market (BIGPS)	Capital preservation

The self-select fund range was reviewed in March 2022 and subsequently in October 2022 and the DC Committee concluded the current range is broadly appropriate and meets the objectives set out in the SIP. This conclusion was reached having regard to the fund choices exercised by members (only around 4% of members selected alternatives to the default), whether the current underlying funds are best in class, how other schemes incorporate ESG factors into their investment strategy and how suitable are the underlying fund benchmarks.

Alternative lifestyle strategies

Other final stage lifestyle strategies have also been made available for members who may wish to target an annuity purchase or an ongoing investment drawdown. These were also established in February 2016 and are constructed as follows:

Target annuity purchase



Target Drawdown

The alternative lifestyles were reviewed in March 2022 and the DC Committee concluded the current number of lifestyles is appropriate and meets the objectives set out in the SIP. This conclusion was reached having regard to the fact that only a small number of members select these alternatives (3% as at 31 March 2023) and based on the typical number of lifestyles available from other large DC schemes (80% of trust-based schemes offer 2-3 lifestyles. Source: WTW FTSE350 DC Survey 2020).

2.3 Investment performance monitoring

Performance of all funds is monitored on a quarterly basis with reports presented and discussed at each quarterly DC Committee meeting. A more detailed assessment of performance is undertaken as part of the annual review – as presented during the March 2023 DC Committee meeting.

Performance is measured against the relevant benchmarks set out in Section 4.3.2 of the SIP. As the majority of funds are passive, their benchmarks are the relevant indices for the asset classes/geographical areas represented. For active funds, the benchmarks have been agreed after receiving advice from the Trustee's professional advisers. The appropriateness of these benchmarks is considered annually as part of the annual investment review.

During the Scheme year, the majority of funds performed in line with their benchmarks. The DC Committee accepts that there may be deviations from benchmarks from time to time and, provided these are over short periods of time, will not normally take any action. Sustained or longer-term under-performance would be subject to further investigation.

2.4 ESG considerations

During the 2019/20 Scheme year, the SIP was updated to take account of new requirements coming in to force from 1 October 2019 – particularly around Environmental, Social and Governance ('ESG') factors and sustainability. Post year-end, the Trustee is reviewing the SIP to reflect the Trustee's stewardship priorities.

Considering that the DC Section of the Plan is delivered via a bundled platform, and the investment funds are predominantly passively managed, the Trustee takes a pragmatic approach to ESG considerations. This is reflected in the SIP.

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the underlying investment managers. The Trustee recognises that long-term sustainability issues, including climate change, may have a material impact on investment risk and outcomes. At the present time the strategy is to invest predominantly in the passive funds listed above which do not explicitly take account of social, environmental and governance considerations in the selection, retention and realization of investments. However, the Trustee does review the strategy on an ongoing basis and will reflect these factors in any subsequent changes to the strategy or to underlying investment managers.

The Trustee's policy is to delegate responsibility for exercising of ownership rights (including engagement and voting rights) to the investment managers, including those in relation to the Default Lifestyle, but acknowledge that any actions taken by the investment managers are on the Trustee's behalf. The Trustee seeks to exercise its stewardship responsibilities across a range of material sustainability issues, but in-particular recognises climate change, and an orderly transition to a net zero economy, as a priority.

During the Scheme year, the DC Committee undertook the following ESG monitoring activities:

- Sustainable investment reports for two of the investment managers (BlackRock and LGIM) were provided as part of the triennial investment review (presented at the March 2022 DC Committee meeting).
- The Trustee's professional advisers concluded that BlackRock and LGIM merited a 'strong' rating in relation to their integration of ESG risks within their passive equity funds.
- Additional information was sought (and received) from Aviva Investors in relation to their own approach to ESG which is available via this link https://www.avivainvestors.com/en-gb/about/responsible-investment/policies-and-documents/ – although, to date, no independent assessment of their ESG 'performance' has been undertaken.
- No work has been undertaken, thus far in relation to the other investment manager (HSBC).

The Trustee continues to develop its approach to ESG monitoring but is in the process of assessing, managing and reporting ESG-related climate risks in line with the TCFD recommendations.

2.5 Voting policy and behaviour

During the 2019/20 Scheme year, the SIP was updated to take account of new requirements coming in to force from 1 October 2019 in relation to the Trustees' policies on voting rights and engagement.

The Trustee continues to consider carefully how it can ensure its views and priorities are reflected in how votes are cast in respect of the investments held within the Scheme.

As all investments are held within pooled funds, which are made available via a bundled platform with Aviva, the key area of activity during the Scheme year was to consider how to monitor (and measure) the investment managers' (Aviva, BlackRock, HSBC, LGIM, Pictet and Impax) performance in relation to voting policy and stewardship.

The DC Committee undertook the following activities during the Scheme year:

- It was noted that all four managers have statements describing how they comply with the UK Stewardship Code.
- An assessment of BlackRock's and LGIM's **voting policy** and **corporate engagement** is provided as part of the annual investment review and the triennial investment review (presented at the March 2022 DC Committee meeting).

- The Trustee's professional advisers concluded that LGIM merited a strong rating in relation to its **voting policy** and a neutral rating in relation to its **corporate engagement** with companies with whom it holds investments.
- The Trustee's professional advisers concluded that BlackRock merited a neutral rating for **corporate engagement** and in relation to its **voting policy.** The reasons for the neutral rating were due to regional variances in voting practice and limited transparency around some of their voting activities.
- Information was received from Aviva Investors in relation to their voting policy and corporate engagement, with further information being available via this link https://www.avivainvestors.com/en-gb/about/responsible-investment/policies-and-documents/ To date, no independent assessment of their voting policy and corporate engagement activities has been undertaken.
- Limited activity has been undertaken in relation to HSBC, but their stewardship report is available via this link https://www.global.assetmanagement.hsbc.com/about-us/responsible-investing

Details of the investment managers engagement activity, voting policies and significant votes cast are appended to this Statement. Due to the nature of the pooled funds being utilised by the Trustee, the determination as to what constitutes a 'significant vote' lies solely with the managers and is described in Appendix A.

2.6 Additional Voluntary Contributions ('AVCs')

The Trustee takes a proportionate approach in the application of the SIP policies to the AVCs.

Assets in respect of members' AVCs are invested utilising the same fund options available to DC Section members. These AVC funds benefit from the same oversight and governance as the main DC Section.

In addition, the Scheme retains a small AVC policy with Utmost Life & Pensions for four members who are over age 75 (the Trustee is in the process of tracing these members to arrange settlement of their AVC funds so that this Utmost AVC policy can be closed).

Section 3 - DB Section

3.1 Investment Objectives

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set.

The primary objectives of the DB Section included in the SIP are:

- To ensure that the Scheme's benefit obligations can be met.
- That, overall, there is a high level of security of benefits.

In addition, the Trustee recognises that a "least risk" approach to investment strategy would substantially increase the cost of the Scheme (possibly to unacceptable levels). The Trustee has thus decided to pursue a strategy which takes on some investment risk in a controlled fashion and which is consistent with the Trustee's assessment of the financial strength of the Sponsoring Company. This leads to two further specific objectives:

- To aim for a long term return which, if achieved, should improve and then maintain the Scheme's funding level.
- To adopt a strategy which aims to limit the level of investment risk, and the resulting funding level, deficit and contribution volatilities, to an acceptable level.

During the period the Trustee is satisfied that the objectives have been met

3.2. Assessment of how the policies in the SIP have been followed for the Scheme year

The information provided in the following section highlights the work undertaken by the Trustee during the Scheme year and sets out how this work followed the Trustee's policies in the SIP.

In summary, it is the Trustee's view that the policies in the SIP for the DB Section have been followed during the Scheme year.

3.2.1 Asset Allocation

The assets of the Scheme were broadly invested as follows:

Asset Class	Asset Allocation	
	Start of Year (%)	End of Year (%)
Global Equity	5.1	5.7
Total Multi-Strategy	0.0	0.0
Total Multi-Asset Credit	5.0	6.7
Global High Yield	1.3	-
Property	1.9	2.9
Total Low Risk and Income and Matching Portfolios	86.7	84.7
Total	**100.0**	**100.0**

Source Investment Managers and Mercer. Figures subject to rounding. Figures exclude cash balances held in Northern Trust cash custody account and Trustee Bank Account balance.

	Policy	How the policy has been met over the Scheme year
1	**Kind of investments to be held and the balance between different kinds of investments** (Section 3.3 of SIP)	The Trustee continued to review its investment strategy throughout the Scheme year. After taking professional advice, changes made to the Scheme's investments during the period are outlined below. Most of these changes were made to raise cash to support the Scheme's LDI portfolio during the gilt market crisis in Q3/Q4 2022. • Partial redemption from Insight Liquid ABS • Partial redemption from LGIM Buy and Maintain Credit • Terminating the Wellington High Yield Debt Fund • Terminating the Janus Henderson Buy and Maintain Credit Fund • Terminating the Insight synthetic minimum volatility equity mandate • Investing in the Insight synthetic low carbon equity mandate • Terminating the M&G Alpha Opportunities Fund • Topping up the Insight LDI mandate • Reducing the allocation to M&G Secured Finance Post year-end, the Trustee is reviewing the DB Section's strategic asset allocation and will update the SIP subsequently.
2	**Risks, including the ways in which risks are to be measured and managed** (Section 3.1 of SIP)	As part of its regular quarterly investment performance monitoring, the Trustee monitored changes in the Scheme's exposure to various risks, including active management and manager-related risks. The Trustee manages interest rate and inflation risk by investing in LDI assets. The Trustee keeps collateral risk under review as part of quarterly monitoring. In response to heightened collateral risk arising from significant increases in gilt yields, the Trustee liquidated assets to manage the risk of collateral being depleted. The Trustee also temporarily reduced the liability hedge between 13 October 2022 and 13 December 2022 to reduce collateral risk. The Trustee has also considered liquidity risk following the gilt market crisis, and is monitoring the liquidity of the Scheme's investments on a quarterly basis. As part of the implementation of the strategy changes mentioned above, the Trustee considered the impact on risk.

3	**Expected return on investments** (Sections 3.3. and 3.4 of SIP)	The Trustee reviewed the expected return on investments in connection with the changes in the investment strategy that occurred during the Scheme year, and to allow for changes in market conditions. As part of the quarterly investment performance reports, the Trustee monitored actual performance for each investment manager, relative to their respective benchmarks, and monitored managers' ability to meet their return targets via Mercer's manager ratings. There were some changes to the investment manager ratings over the Scheme year. These have been considered by the Trustee. The Trustee also reviewed the return on the "growth", "low risk and income", "matching" and total portfolios relative to the relevant strategic targets on a quarterly basis.

3.2.2 Investment Mandates

	Policy	How the policy has been met over the Scheme year
4	**Securing compliance with the legal requirements about choosing investments** (Section 1 of SIP)	The Scheme's investment adviser provided updates on Scheme performance and, where required, appropriateness of the funds used, as well as advice on asset allocation and investment risks, during the Trustee and Investment Committee ("IC") meetings and via the quarterly investment reports. Most notably, the Trustee received advice in relation to the aforementioned changes to the investment arrangements that occurred over the Scheme year.
5	**Realisation of investments** (Section 7 of SIP)	The Trustee made disinvestments where required during the year to meet cashflow requirements, in line with the agreed cashflow policy.
6	**Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments** (Sections 3.1 and 8 of SIP)	The investment performance reports were reviewed by the Trustee on a quarterly basis, which include Mercer's investment and ESG research ratings for each fund. The Trustee (via the IC) liaised with the investment managers, as part of the regular manager monitoring. The Trustee continues to closely monitor ratings and any significant developments for the managers. The Trustee also agreed an ESG policy during the year, which is communicated to the investment managers, and each time a manager presents to the IC, they are asked to confirm how they comply with the ESG policy. The Trustee also receives details of any relevant voting and engagement activity from the Scheme's investment managers on an annual basis. Member views are not taken into account in the selection, retention and realisation of investments.

3.2.3 Monitoring the Investment Managers

	Policy	How the policy has been met over the Scheme year
7	**Incentivising investment managers to align their investment strategies and decisions with the Trustee's policies** (Section 9 of SIP)	The Trustee used the information set out in the quarterly investment reports, including manager performance and Mercer's investment ratings, to review their manager appointments over the Scheme year. The Trustee (via the IC) also met with investment managers (Oak Hill, CQS, LGIM and Insight) over the Scheme year to receive updates on the portfolio management team and to review the characteristics of the funds relative to the Scheme's objectives. Over the year, the Trustee terminated the appointments of Wellington, Janus Henderson, M&G (Alpha Opportunities mandate) and Insight (synthetic minimum volatility equity mandate) as referred to in Section 1 of this table.
8	**How the arrangement incentivises the investment manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term** (Section 9 of SIP)	The Trustee assessed each manager's performance over the long term (3 years, or since inception if longer) during the year. Longer term performance has been given more focus than short term performance in line with the Trustee's policy. Over the year, the Trustee also monitored how each investment manager chooses assets for investment and embeds ESG and climate change considerations into their investment process via changes in the investment and ESG ratings assigned by Mercer and through meetings with managers. The Trustee has also received and considered key voting information from the managers, which is summarised in the Voting section that follows. The Trustee remains satisfied that managers are choosing investments based on their medium to long-term financial and non-financial performance and are increasingly engaging with issuers of debt and / or equity on factors that will affect the issuer's long-term performance, such as ESG considerations.
9	**Evaluation of the investment manager's performance and the remuneration for asset management services** (Section 9 of SIP)	The Trustee received, and considered, performance reports produced on a quarterly basis, which presented performance information and commented on the funds they invest in over various time periods. The Trustee reviewed absolute performance and relative performance against a suitable index used as a benchmark and / or against the managers' stated target performance on a net of fees basis.

10	**Monitoring portfolio turnover costs** (Section 9 of SIP)	The Trustee received, where applicable, MiFID II reporting from the investment managers. The Trustee assessed investment performance net of the impact of costs and fees. The Trustee continues to monitor industry improvements concerning the reporting of portfolio turnover costs.
11	**The duration of the arrangement with the investment manager** (Section 9 of SIP)	Over the Scheme year, the Trustee terminated the appointments of Wellington, Janus Henderson, M&G (Alpha Opportunities mandate) and Insight (synthetic minimum volatility equity mandate).

3.2.3 ESG, Stewardship and Climate Change

	Policy	How the policy has been met over the Scheme year
12	**Undertaking engagement activities in respect of the investments** (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters) (Section 8 of SIP)	Details of the Scheme's investment managers' status regarding the UK Stewardship Code are provided in this statement. As outlined above, the Trustee monitored the investment and ESG ratings assigned to each manager by Mercer, and communicated its ESG policy to those managers presenting to the IC.

3.2.4 Voting Disclosure

	Policy	How the policy has been met over the Scheme year
13	**The exercise of the rights (including voting rights) attaching to the investments** (Section 8 of SIP)	The Trustee has requested key voting activities from the managers over the Scheme year. The information received is summarised in the appendix to this statement.

3.3 Engagement Activity

3.3.1 Stewardship

The Trustee has given its investment managers discretion in evaluating ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to the Scheme's investments in accordance with their own corporate governance policies, and current best practice, including the UK Corporate Governance Code and the UK Stewardship Code.

Insight, LGIM, M&G, CQS, ICG-Longbow, Cambridge Associates and Aviva are signatories of the current UK Stewardship Code 2020 (the "Code"). CBRE have submitted their application to become signatories, but they are currently not signatories of the Code. Oak Hill is included in the T. Rowe Price Group's UK Stewardship Code report for 2022 following the acquisition of Oak Hill.

H2O does not consider the Code to be relevant to the assets and asset classes they manage and therefore are not signatories of the Code.

3.3.2 Voting Activity

The Trustee has delegated its voting rights to the investment managers, principally through being invested in pooled funds (noting that in this case votes are cast on behalf of the pooled fund not the Trustee, which does not own underlying assets directly). As a result, the Trustee does not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustee.

Investment managers are expected to provide voting summary reporting on a regular basis, at least annually, and details of the voting activity of relevant managers, including significant votes, for the DB section are set out in Appendix D.

Over the period of this report, Insight managed the Scheme's dedicated equity market exposure. For reasons of efficiency and cost effectiveness this was achieved via the use of commercial investment contracts as opposed to actually investing and holding shares. As a result of this, the Scheme achieved exposure to capital gains and dividends but was not entitled to vote on management resolutions.

3.3.3 Significant Votes

The DWP released a set of Implementation Statement requirements on 17 June 2022, "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" to be adopted in all Implementation Statements for schemes with years ending on or after 1 October 2022. The most material change is that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustee defines a significant vote as one that is linked to the Scheme's stewardship priorities/themes. The Trustee has decided to report on votes related to material holdings (more than c.5% of the relevant fund's holdings) in the following stewardship areas, with regards to the DB Section of the Scheme:

- **Environmental (E) – Climate change**
- **Social (S) - Human rights** (including modern slavery)
- **Governance (G) – Executive remuneration** (any vote against a remuneration report where executives are awarded bonuses despite missing targets)
- **Governance (G) – Diversity** (any vote against chair when the board is not sufficiently diverse)
- **Governance (G) – Financial outcomes** (any vote which has the potential to substantially impact financial or stewardship outcomes (e.g. through over-leveraging the business or through implementing proposals that would weaken the corporate governance))

As part of this monitoring, the Trustees will engage with the Scheme's investment managers where appropriate to understand the activity undertaken in relation to these topics.

Appendix A – DC section – Managers' Voting policies

Aviva Investors

Policy on consulting clients before voting:

'Whilst we do not consult clients ahead of each vote (given the significant practical challenges this will create), we are always keen to understand client views on particular issues / companies and are happy to provide details of how we voted after the event. We have also been involved in a pilot enabling end investors to have a voice and be empowered to be part of the voting process. More broadly, we have been working with our client experience project team and we are going to institutionalize a standard question asking clients about their stewardship preferences and priorities. This will be invaluable in shaping our voting policy and engagement plans to continue to meet client aims and expectations'.

'There may also be occasions where voting exceptions have been specifically agreed with our clients in segregated funds, but generally we retain responsibility for ensuring voting is carried out in a manner consistent with their own approach to stewardship. If a pooled fund investor asked us to vote a certain way, we would not be able to do this unless it was consistent with our view / the vote direction was in the best interests of all investors in that fund'.

'We may also contact clients if there is a conflict of interest situation - for example, in relation to the exercise of voting rights for shares in our parent company Aviva plc (our default position is not to vote these holdings as Aviva Investors will exercise no discretion)'.

Process followed for determining the 'most significant' votes

'We looked at a number of criteria for the list of votes undertaken for the fund including: the impact on the company (both short and long term) if the resolution was or wasn't approved; the materiality of the shareholder resolutions; the level of public and / or media interest in certain companies and resolutions; and how significant the holdings are in relation to the fund and to Aviva Investors (acknowledging that the larger the aggregate / percentage holding, the more ability we have in affecting change). It is evident in some of the votes that these reflected multiple criteria explained above, but it is important to note that this the selection process was quite subjective'.

Confirmation of use made of proxy voting services

'We subscribe to ISS research and receive both their benchmark reports (which we use for data analysis) only and do not automatically follow their voting recommendations) and custom research based on our own policy, which we can override in consideration of other factors, including internal views, additional context provided in external research, and company explanations. This we feel is the most efficient approach to voting at thousands of meetings a year.

Conflicts Management

'Any conflicts identified 'are managed appropriately and subject to regular review' and 'our voting considerations should always be based on the best interests of the funds/clients holding shares in the company for which the vote is applicable to'.

BlackRock

Policy on consulting clients before voting:

'BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. We believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, we believe BlackRock has a responsibility to monitor and provide feedback to companies, in our role as stewards of our clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given us authority, through voting proxies in the best long-term economic interests of our clients. We also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with our clients' interests as long-term shareholders.

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with our view of what supports sustainable long-term value creation, we will engage with a company and/or use our vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides us with the opportunity to improve our understanding of the business and ESG risks and opportunities that are material to the companies in which our clients invest. As long-term investors on behalf of clients, we seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where we believe they could be enhanced. We primarily engage through direct dialogue but may use other tools such as written correspondence to share our perspectives. Engagement also informs our voting decisions.

iBlackRock's approach to corporate governance and stewardship is explained in our Global Principles. These high-level Principles are the framework for our more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe our philosophy on stewardship (including how we monitor and engage with companies), our policy on voting, our integrated approach to stewardship matters and how we deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews our Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year'.

BlackRock's Global Principles are available on their website at https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf

Process followed for determining the 'most significant' votes

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

BlackRock periodically publish “vote bulletins” setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company’s sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Confirmation of use made of proxy voting services

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship 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 subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company’s own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients’ assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed
- We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial
- We do not follow any single proxy research firm’s voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company’s own disclosures, in our voting and engagement analysis
- We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision
- The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

Conflicts Management

'As an investment manager, BlackRock has a duty of care to its clients. BlackRock's duty extends to all of its employees and is critical to our reputation and business relationships, and to meeting the requirements of our various regulators worldwide. Employees are held responsible by BlackRock to seek to avoid any activity that might create potential or actual conflicts with the interests of clients.

BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through our employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training.

Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place our clients' interests first and to identify and manage any conflicts of interest that may arise in the course of our business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:

- Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;
- Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;
- Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect our clients' interests; and
- Where appropriate, disclose conflicts of interest to clients prior to proceeding with a proposed arrangement'.

'BlackRock Legal & Compliance conducts mandatory annual compliance training, which includes a discussion of the Global Conflicts of Interest Policy. Read more about how we manage conflicts of interest in our Global Corporate Governance and Engagement Principles found here https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf, and in our stand alone statement found here https://www.blackrock.com/corporate/literature/publication/blk-statement-conflicts-of-interest.pdf. For more information about securities lending, please see our commentary, Securities Lending Viewed through the Sustainability Lens here: https://www.blackrock.com/corporate/literature/publication/securities-lending-viewed-through-the-sustainability-lens.pdf'

LGIM

Policy on consulting clients before voting:

'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 our clients. Our voting policies are reviewed annually and take into account feedback from our 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 we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries'.

Process for deciding how to vote

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

Process followed for determining the 'most significant' votes

'As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what we deemed were 'material votes'. We are evolving our approach in line with the new regulation and are committed to provide our clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications. The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

Confirmation of use made of proxy voting services

'LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions.

Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions'.

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

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

Conflicts Management

'Our conflict of interest document can be found at: https://www.lgim.com/api/epi/documentlibrary/view?id=1116980ea5bf43fa9801c212be73f487&old=literature.html?cid= '

HSBC

Policy on consulting clients before voting:

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

Process followed for determining the 'most significant' votes

'We regard the votes against management recommendation as the most significant. With regards to climate, in our engagement we encourage companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, we will generally vote against the re-election of the Chairman. We also generally support shareholder resolutions calling for increased disclosure on climate-related issues'.

Confirmation of use made of proxy voting services

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

Conflicts Management

'HSBC Funds and client mandates may hold shares in our parent HSBC Holdings PLC. We have a special procedure for voting these shares to manage this conflict. We also have procedures for managing other conflicts that may arise.

Pictet

Policy on consulting clients before voting:

'As per Pictet Asset Management's proxy voting guidelines listed in the Active Ownership Policy, where voting rights are delegated to us we would not consult with clients before voting. However, for segregated accounts, including mandates and third-party (i.e. sub-advisory) mutual funds managed by Pictet Asset Management, clients who delegate the exercise of voting rights to us have the choice between Pictet Asset Management's voting guidelines or their own voting guidelines'.

Process followed for determining the 'most significant' votes

'We consider a vote to be significant due to the subject matter of the vote, for example a vote against management, where we vote out of line with our standard voting policy; important shareholder resolutions; if the company is one of the largest holdings in the portfolio, and/or we hold an important stake in the company'. Not every vote against management would be included in the above list.

Confirmation of use made of proxy voting services

'To assist us in performing our proxy voting responsibilities, Pictet Asset Management uses the services of third-party specialists (ISS) to provide research and to facilitate the execution of voting decisions at all relevant company meetings worldwide.

ISS are tasked with collecting meeting notices for all holdings and researching the implications of every resolution according to voting guidelines as defined by Pictet Asset Management'.

Our proxy voting policy is based on generally accepted standards of best practice in corporate governance including board compensation, executive remuneration, risk management, shareholder rights. Because the long-term interests of shareholders are the paramount objective, we do not always support the management of companies and may vote against management from time to time.

ISS are used on a continuous basis and all recommendations are communicated to relevant Investment teams and Pictet's in-house ESG team. Therefore, ISS recommendations have been followed with minor exceptions on direct holdings within the Investment trust space'.

Conflicts Management

Pictet confirmed they are not impacted by any of the conflicts set out in the PLSA template but did not provide any further details.

Impax

Policy on consulting clients before voting:

'Impax's voting policies and approach are typically extensively discussed at the due diligence phase with new clients, as well as during regular management updates and reviews. Where voting rights have been granted to Impax, Impax votes in-line with those policies and consulting is not usually taking place at that stage'.

Process followed for determining the 'most significant' votes

'For Impax's reporting across all strategies on proxy voting, (for example on our website) we would define "significant votes" as all votes that are not just procedural items. However for reporting to clients we focus on the most significant resolutions in terms of decisions, focus or potential weakness in the investee companies, i.e. where we have voted either abstain, against or withhold.

Confirmation of use made of proxy voting services

'Proxy advisers provide a platform for voting and simple and clear voting research, which is easier to use than companies' proxy statements. We value the views and research recommendations of proxy advisers, but at the end of the day, we determine our votes based on our own voting guidelines and research.

Impax reviews the vote recommendations provided by Glass Lewis & Co. but assesses every meeting and resolution individually, based on Impax's own proprietary ESG analysis of the companies. Ultimately Impax makes its own voting decisions, based on our ESG and voting policies'.

Conflicts Management

Impax confirmed they are not impacted by any of the conflicts set out in the PLSA template but did not provide any further details.

Appendix B – DC section - Summary of voting over the year to 31 March 2023

A summary of the votes made on behalf of the Trustee over the year to 31 March 2023 is provided in the table below:

Manager and fund	Voting Rights	Voting activity
Aviva Global Equity Underlying Fund 1 - BlackRock World (ex UK) Equity Index (under	Aviva	• Number of meetings at which the manager was eligible to vote: 2,102 • Number of resolutions on which manager was eligible to vote: 26,553 • Percentage of eligible votes cast: 94.45% • Percentage of votes with management: 67.6% • Percentage of votes against management: 30.3% • Percentage of votes abstained from: 2.1% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 85.73% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 25.0%
Aviva Global Equity Underlying Fund 2 BlackRock UK Equity Index Tracker	Aviva	• Number of meetings at which the manager was eligible to vote: 711 • Number of resolutions on which manager was eligible to vote: 10,480 • Percentage of eligible votes cast: 99.76% • Percentage of votes with management: 93.0% • Percentage of votes against management: 6.0% • Percentage of votes abstained from: 1.0% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 50.21% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 6.0%

Manager and fund	Voting Rights	Voting activity
Aviva Global Equity – Underlying Fund 3 BlackRock Emerging Markets Equity Tracker	BlackRock	• Number of meetings at which the manager was eligible to vote: 2,782 • Number of resolutions on which manager was eligible to vote: 25,350 • Percentage of eligible votes cast: 98% • Percentage of votes with management: 88.0% • Percentage of votes against management: 11.0% • Percentage of votes abstained from: 3.0% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 42.0% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 0.0%
Aviva Diversified Growth Underlying Fund – LGIM Diversified	LGIM	• Number of meetings at which the manager was eligible to vote: 9,541 • Number of resolutions on which manager was eligible to vote: 99,252 • Percentage of eligible votes cast: 99.82% • Percentage of votes with management: 77.36% • Percentage of votes against management: 21.94% • Percentage of votes abstained from: 0.70% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 72.78% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 12.51%

Manager and fund	**Voting Rights**	**Voting activity**
Aviva Stewardship – Underlying Fund Aviva Stewardship	Aviva	• Number of meetings at which the manager was eligible to vote: 51 • Number of resolutions on which manager was eligible to vote: 841 • Percentage of eligible votes cast: 99.52% • Percentage of votes with management: 96.2% • Percentage of votes against management: 2.9% • Percentage of votes abstained from: 1.0% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 39.22% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 4.0%
Aviva HSBC Islamic Global Equity – Underlying Fund Aviva HSBC Islamic Global Equity	HSBC	• Number of meetings at which the manager was eligible to vote: 95 • Number of resolutions on which manager was eligible to vote: 1,423 • Percentage of eligible votes cast: 97.0% • Percentage of votes with management: 80.5% • Percentage of votes against management: 19.8% • Percentage of votes abstained from: 0.0% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 78.9% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 12.1%
Aviva Pension Climate Focused (BIGPS) - Underlying Fund Environmental Leaders	Impax	• Number of meetings at which the manager was eligible to vote: 52 • Number of resolutions on which manager was eligible to vote: 757 • Percentage of eligible votes cast: 100% • Percentage of votes with management: 92.60% • Percentage of votes against management: 5.81% • Percentage of votes abstained from: 0.92%

		• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 53.85% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 6.21%
Aviva Pension Climate Focused (BIGPS) Underlying Fund - Global Environmental Opportunities	Pictet	• Number of meetings at which the manager was eligible to vote: 48 • Number of resolutions on which manager was eligible to vote: 736 • Percentage of eligible votes cast: 100% • Percentage of votes with management: 95.38% • Percentage of votes against management: 4.62% • Percentage of votes abstained from: 0.0% • Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 29.0% • Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 0.54%

Appendix C - Significant votes

The DWP released a set of Implementation Statement requirements on 17 June 2022, "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance" to be adopted in all Implementation Statements for schemes with years ending on or after 1 October 2022. The most material change is that the Statutory Guidance provides an update on what constitutes a "significant vote".

The Trustee defines a significant vote as one that is linked to the Scheme's stewardship priorities/themes. The Trustee has decided to report on votes related to material holdings (more than c.5% of the relevant fund's holdings) in the following stewardship areas, with regards to the DC Section of the Scheme:

- **Environmental (E) – Climate change.**
- **Social (S) - Human rights** (including modern slavery).
- **Governance (G) – Executive remuneration** (any vote against a remuneration report where executives are awarded bonuses despite missing targets).
- **Governance (G) – Diversity** (any vote against chair when the board is not sufficiently diverse).
- **Governance (G) – Financial outcomes** (any vote which has the potential to substantially impact financial or stewardship outcomes (e.g. through over-leveraging the business or through implementing proposals that would weaken the corporate governance)).

As part of this monitoring, the Trustee will engage with the Scheme's investment managers where appropriate to understand the activity undertaken in relation to these topics.

The significant votes as determined by the Trustee for the year to 31 March 2023 are as follows:

Fund	Most significant votes cast
Aviva Stewardship – Underlying Fund Aviva Stewardship	**<u>Company:</u>** GlaxoSmithKline plc **<u>Date of Vote:</u>** 4 April 2022 **<u>Trustee Criteria on which vote assessed to be significant</u> –** Over 5% of fund's holding and in relation to executive remuneration. **<u>Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio) –</u>** <u>7.33%</u> **Shareholder resolution summary:** Item 3. Approve Remuneration Policy **How the manager voted:** Against **Rationale**: The company was seeking approval to increase the bonus opportunity from 2x to 3x salary. The additional quantum would materialise on outperformance of the Company's new strategic targets. However, this did not offset concerns on excessive quantum, or the increased emphasis on short - term performance. Further, the demerger of GSK and Haleon will decrease the Company's individual size and scope, which does not rationalise increase variable pay quantum going forward. **Outcome of the vote:** The resolution was approved (38.23% of the votes cast were against the resolution). **Implications:** The high dissent on the pay report will hopefully lead the company to reconsider how it will implement the new policy going forward, when

	maximum award sizes can potentially be set at a lower level than policy maximum. It is also not expected that further increases to variable pay will be sought approval for. We will be engaging with the company further on the issues of concern.
Aviva HSBC Islamic Global Equity – **Underlying Fund** Aviva HSBC Islamic Global Equity	**Company:** Apple Inc **Date of Vote:** 10 March 2023 **Trustee Criteria on which vote assessed to be significant –** Over 5% of fund's holding and in relation to Diversity of the board. **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio) –** 7% **Shareholder resolution summary:** Elect Director Sue Wagner **How the manager voted:** Against **Rationale**: We have concerns about insufficient diversity of the board. **Outcome of the vote:** The resolution passed **Implications:** We will continue to engage on the issue along with other issues of concern, and will likely vote against a similar proposal should we see insufficient improvements.

Appendix D – DB section - Summary of voting over the year to 31 March 2023

Over the last 12 months, key voting activity on behalf of the Trustee was undertaken by Oak Hill and CQS. A summary of their activity is shown below.

Oak Hill – Diversified Credit Strategies Fund

Oak Hill does not utilise a proxy voting service. Given Oak Hill is a manager of below-investment grade credit, their investment activities are predominantly focused on credit and as a result, they typically do not deal with a large volume of proxy votes. Voting activity undertaken over the year to 31 March 2023 is summarised in the table below.

Number of meetings in which the manager was eligible to vote	Number of resolutions in which the manager was eligible to vote	% of resolutions in which the manager voted	% of votes with management / against management / abstained	% of votes contrary to the recommendation of the proxy adviser
10	60	100.0%	100.0% / 0.0% / 0.0%	n/a

Source: Oak Hill.

Oak Hill have confirmed that there were no significant votes relating to the DB Section's stewardship themes over the period.

CQS – Multi Asset Credit Fund

CQS utilises a proxy voting service. CQS adopts the view that individual Portfolio Managers and their teams are best placed to make stewardship decisions in relation to assets held by the funds, and determine where they believe it is significant. Voting activity undertaken over the year to 31 March 2023 is summarised in the table below.

Number of meetings in which the manager was eligible to vote	Number of resolutions in which the manager was eligible to vote	% of resolutions in which the manager voted	% of votes with management / against management / abstained	% of votes contrary to the recommendation of the proxy adviser
5	5	100.0%	80.0% / 20.0% / 0.0%	n/a

Source: CQS.

CQS have confirmed that there were no significant votes relating to the DB Section's stewardship themes over the period.

The nature of the other mandates means no relevant voting information has been provided, for example due to having no direct listed equity exposure or due to the credit nature of the holdings.