Implementation Statement, covering the Plan Year from 1 January 2021 to 31 December 2021

The Trustees of the TRP UK Retirement Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed their Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan 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 2-7 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 8 below.

This Statement is based on and uses the same headings as the Plan's latest SIP which was in place during the Plan Year - dated June 2021. This Statement should be read in conjunction with the SIP which can be found here.

1. Introduction

At the start of the Plan year the SIP in force was dated July 2020. The SIP was reviewed and updated during the Plan Year in June 2021 to reflect:

- the addition of two new funds to the self-select fund range; the BlackRock ACS Climate Transition World Equity Fund and the M&G Total Return Credit Investment Fund;
- the removal of two funds from the Plan's self-select range, namely the Fidelity Moneybuilder Income Fund and the Scottish Widows UK Property Fund; and
- changes made to two of the underlying funds used within all three of the Plan's lifestyles, the TRP Growth Blend and TRP Fixed Income Blend.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes. The Trustees have, in their opinion, followed the policies in the Plan's SIPs during the Plan Year. The following Sections provide detail and commentary about how and the extent to which they have done so.

There were further changes made to the investment arrangements later in 2021 which the SIP was not updated for before 31 December 2021. These include:

- Removal of the JP Morgan Natural Resources Fund and JP Morgan Continental European Select Equity Fund;
- A change to the structure of the BlackRock Aquila passive funds which became corresponding BlackRock Authorised Contractual Structures ("ACS") for five of the equity funds and BlackRock iShares for three of the fixed income funds:
    - iShares Corporate Bond Index (previously BlackRock Aquila Connect Corporate Bond All Stocks);
    - iShares Over 15 Years Gilts Index (previously BlackRock Aquila Connect Over 15 Years Gilt);
    - iShares Index-Linked Gilt Index (previously BlackRock Aquila Connect Over 5 Years Index-Linked Gilt);
    - BlackRock ACS Continental European Equity Tracker* (previously BlackRock Aquila Connect European Equity);
    - BlackRock ACS Japan Equity Tracker* (previously BlackRock Aquila Connect Japanese Equity);
    - BlackRock ACS US Equity Tracker* (previously BlackRock Aquila Connect US Equity);
    - BlackRock ACS World ex-UK Equity Tracker* (previously BlackRock Aquila Connect World Ex-UK Equity); and
    - Blackrock ACS UK Equity Tracker* (previously BlackRock Aquila Connect UK Equity).
- The benchmark index of five of the BlackRock regional equity passive funds now incorporate certain environmental, social and governance ("ESG") based exclusionary screens. These funds are included in the list above and marked (*)

No changes were made to the voting and engagement policies in the SIP during the Plan Year. The last time these policies were formally reviewed was August 2019.

2. Division of responsibilities

There are no specific policies in this section of the Plan's SIP.

3. Investment objectives and policy

Default arrangements

The Trustees, with the help of their advisers and in consultation with the sponsoring employer, formally reviewed the strategy and performance of both the default and alternative lifestyle strategies outside of the Plan Year in September and December 2020. As part of this review, the Trustees considered and reviewed the Plan's membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan as part of this review. Over the Scheme year, the Trustees have noted how members have accessed their savings from the Plan.

Based on the outcome of this analysis, the Trustees concluded that the default arrangements; the TRP Drawdown Lifestyle Investment Programme, the TRP Annuity Lifestyle Investment Programme and the BlackRock Sterling Liquidity Fund (a fund that is a default arrangement for the purpose of regulation), have been designed to be in the best interests of the majority of the Plan's members and reflects the demographics of those members.

In the review of the default investment lifestyle mentioned above, the Trustees concluded that drawdown remains an appropriate retirement target for most members and therefore continue to use the TRP Drawdown Lifestyle Investment Programme as the primary default investment option for the Plan. A small cohort of members remain defaulted into the lifestyle targeting annuity purchase at retirement (TRP Annuity Lifestyle Investment Programme) because of legacy strategy changes and it was agreed that given the proximity of members to their retirement ages this strategy continued to remain appropriate.

As a result of the review the growth phase of the default and alternative lifestyle arrangements offered to members, and they agreed to make changes to the TRP Growth Blend fund to:

- replace 10% of the allocation to the BlackRock ACS UK Equity Tracker with the BlackRock ACS Climate Transition World Equity Fund to better incorporate climate change considerations into the investment offering; and
- reduce the level of active management in the overseas equity allocation by reducing the allocation to the Baillie Gifford International Fund by 5% in favour of the BlackRock ACS World ex-UK Equity Tracker.

The Trustees also agreed to reduce the expected volatility in the TRP Fixed Income Blend, a white labelled fund used in both the Annuity and Drawdown Lifestyle Investment Programmes, by reducing the allocation to the iShares Over 15 Years Gilt Index Fund by 20% and increasing the allocation to iShares Corporate Bond Index Fund proportionately.

The above changes were implemented during the Plan Year in two tranches. The first tranche was in March 2021 and the second tranche was implemented in September 2021.

As part of this review and implementation, the Trustees ensured that the Plan's default arrangements were adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from. In addition, the Trustees considered a wide range of asset classes for investment, considering the funds' diversification, in terms of objectives, sectors, investment styles and management approach (including active and passive options).

Self-select fund range

The Trustees also provide members with access to a range of pooled, self-select funds across the main asset classes, reflecting the changing requirements of members as they progress towards retirement, which they believe are suitable for this purpose and enable appropriate diversification.

The Trustees have also made available an alternative lifestyle strategy which is designed to provide members with access to a different retirement outcome other than annuity purchase and income drawdown, which is lump sum withdrawal. Details of these lifestyles and the extensive self-select fund range is set out in Appendices A and C of the SIP. The Trustees review the performance of these funds quarterly. The Trustees monitor the take up of the self-select fund range on a formal basis annually and conduct a review of the investment offering every three years. The last self-select fund range review took place on 11 September 2019 and 10 December 2019. The Trustees will conduct the next review of the investment offering in the second half of 2022. The Trustees recognise the importance of regularly reviewing the self-select offering given the proportion of members invested in these funds is high in comparison to the broader DC pension scheme market.

The Trustees have reminded members to review their investment holdings and check they are suitable for each individual's risk tolerances and retirement planning throughout the Plan Year via member presentations, the annual member newsletter and members' annual benefit statements.

4. Considerations in setting the investment arrangements

In the review of the default investment lifestyle mentioned in Section 3, the Trustees considered the investment risks set out in Section 5 of the SIP. For example, ESG risk, specifically climate change risk, was a key consideration when deciding to add an allocation to the BlackRock ACS Climate Transition World Equity Fund into the TRP Growth Blend. They also considered a wide range of asset classes for investment, taking account of the funds' diversification characteristics in terms of objectives, sectors, investment styles and management approach (including active and passive options) and the expected returns, and key individual risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees last reviewed their investment beliefs in June 2019. As part of this process, the investment adviser held an online ESG and climate change beliefs' survey which gathered the opinions of individual Trustees to ascertain the Board's opinions. The survey was followed up with a beliefs' session to summarise the responses, which assisted in defining the Trustees' beliefs and transitioning these into actions and policies.

As a result, the Trustees updated the investment beliefs in the SIP in August 2019. They added two new investment beliefs to the SIP: "environmental, social and governance (ESG) factors may be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors" and "long-term environmental, social and economic sustainability is one factor that Trustees should consider when making investment decisions". These beliefs remain in place in the most recent SIP. Following the addition of these beliefs, the Trustees reviewed their investment manager mandates to understand the extent to which ESG factors are incorporated in the funds currently held by the Plan.

As outlined in Section 3, the Trustees decided to add a fund to the TRP Lifestyle Growth Blend to reduce the carbon footprint of this blend in a manner more aligned with the Trustees' ESG beliefs. This change was implemented during the Plan Year in two phases, in March 2021 and September 2021.

5. Risk management

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

The Trustees maintain a risk register which is discussed at quarterly Risk and Compliance Sub-committee meetings as well as being discussed at Trustees' meetings when required. The ongoing appropriateness of the risk register is also reviewed on an annual basis.

The Trustees' 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 Plan's investment adviser or information provided to the Trustees by the Plan's investment managers.

Some of the risks the Trustees monitor, including the ways in which they are measured and managed are included below:

- risk of inadequate returns and inflation risk: the Trustees make use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default and alternative lifestyles and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.
- pension conversion risk: the Trustees offer an index-linked gilt fund (for those members seeking to purchase an annuity that increases during retirement) and several fixed interest bond and gilt funds, as well as an annuity targeting lifestyle strategy for the purpose of managing this risk.
- currency risk: as all the funds are converted back into Sterling there will be an element of currency risk.
- contribution shortfall risk: the Trustees reminded members to review their retirement planning throughout the Plan Year via member presentations, the annual member newsletter and members' annual benefit statements. Average contributions were considered as part of the investment strategy review undertaken in 2020 to better understand member pot projections and the impact on these projections should members not contribute into the Plan.
- political risk: the default arrangements and self-select fund range invest in assets across many countries to mitigate the risk of an adverse influence on investment values from political intervention.

- credit risk: this risk is managed by only investing in pooled funds that have a diversified exposure to different credit issuers.

In addition, the following risks are covered elsewhere in this Statement: lack of diversification risk in Sections 3 and 6, investment manager risk and excessive charges in Section 6, illiquidity/marketability risk in Section 7 and ESG risks in Section 7.

6. Implementation of the investment arrangements and monitoring and reviewing investments

Following the review of the self-select fund range outside of the Plan Year in 2019 and together with ongoing monitoring of the self-select range, the Trustees decided to remove three and add two new self-select investment mandates during the Plan Year, as outlined in Section 1 and Section 6 of this Statement.

Since the end of the Plan Year an additional fund, HSBC Islamic Global Equity Index Fund has also been subsequently added to the self-select fund range and this is outlined below in this Section 6 of the Statement. The Trustees obtained formal written advice from their investment adviser, LCP, before making these funds available for members to invest in and made sure the investment portfolio of the funds chosen were adequately and appropriately diversified. Before appointing the managers, the Trustees also received advice from their investment advisers in relation to key personnel, fund investment process and philosophy, the broader investment team, responsible investment, and past performance. A delegation of Trustees also met the new manager appointed since the end of the Plan Year to discuss the mandate. As part of the appointment process, the Trustees agreed that they were comfortable with all these aspects for each of the appointed managers.

The Plan's investment adviser monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser further monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of 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 Plan invests in, or any material change in the level of diversification in the fund. This is undertaken on both an ad hoc basis but also formally as part of the annual deep-dive performance review, which was undertaken in March 2021.

This process is supplemented by the Investment sub-committee ("ISC") who assign Trustee delegates to monitor each of the funds offered to members. These delegates review fund performance and meet the Plan's investment managers whenever the Trustees have any concerns, queries or discussion points they would like addressed. Over the period, the Trustees met with T. Rowe Price, Baillie Gifford, HSBC, JPM, and LGIM to discuss both the Plan's current funds and prospective funds.

The Trustees formally monitor the performance of the Plan's investment managers on at least a semi-annual basis, using the semi-annual performance monitoring report, one of which is an extensive 'deep dive' report. The report shows the performance of each manager over 6 months, 1 year, 3 years and 5 years. Performance is considered in the context of the manager's benchmark and objectives. During the Plan Year, two performance reports were prepared by the investment advisers and presented at the 17 March 2021 Trustee meeting (an annual review covering periods to 31 December 2020) and on 22 September (covering periods to 30 June 2021).

The Trustees were comfortable with most of its investment manager arrangements over the Plan Year. If the there are any arrangements where there are concerns, the ISC places the fund on a 'watchlist' to be monitored, raised at the Trustees' meetings and they also meet with the relevant managers as appropriate. The most recent semi-annual report, showing performance to 31 December 2021, shows that most managers have produced performance broadly in line with expectations over the long-term. However, during the Plan Year, the Trustees decided to remove the JP Morgan Natural Resources Fund due to concerns over performance and the investment process of the fund. This fund was subsequently removed in December 2021. In addition, the Trustees decided to remove the SW Property Fund from the self-select range during the Plan Year in May 2021 due to the Fund becoming less diversified, personnel and organisational changes as part of the underlying fund vehicle changes from Threadneedle to ASI in March 2021 and further mandate uncertainty as the Fund's underlying manager would change to Schroders in 2022. The JP Morgan Continental European Select Equity Fund was also removed during the Plan year as JP Morgan decided to close the Fund in September 2021. At the December 2021 Trustee meeting, the Trustees decided to add the HSBC Islamic Global Equity Index Fund to the self-select range. This was a result of the Trustees' decision to introduce a fund which factors Shariah Law into the investment process into the Plan's self-select fund range. After receiving advice from their investment adviser that the HSBC fund was a credible investment option this fund was subsequently added to the self-select fund range outside of the Plan Year in January 2022.

As a result of decisions made in 2020, the following changes were implemented in February 2021: Fidelity Moneybuilder Income Fund was removed from the self-select range, and the BlackRock ACS Climate Transition World Equity and M&G Total Credit Investment funds were added.

In selecting and appointing the investment managers noted above, the Trustees reviewed LCP's RI assessments, along with other criteria, for each manager and fund as well as meeting each manager themselves.

As noted in Section 1, the benchmark index of five of the BlackRock regional equity passive funds were changed on 1 July 2021 to incorporate certain ESG based exclusionary screens. These funds are BlackRock ACS Continental European Equity Tracker, BlackRock ACS Japan Equity Tracker, BlackRock ACS US Equity Tracker, BlackRock ACS World ex-UK Equity Tracker and BlackRock ACS UK Equity Tracker. The new benchmarks have two fossil fuel related screens as well as screening out companies deemed to have violated the UN Global Compact's Ten Principles[1].

The Trustees undertook a value for members' assessment for the Plan Year to 31 December 2021 which assessed a range of factors, including the fees payable to managers in respect of the Plan which were found to be reasonably competitive when compared against schemes with similar sizes mandates. The Trustees consider the fees for the active funds in the context of the funds' performance. In this assessment, the Trustees identified that some of the active funds' fees were above the median of the peer group analysis. However, in majority of these cases, the funds were also delivering strong positive, relative returns and the Trustees believe that these funds continue to offer strong expected returns. Overall, the Trustees believe the investment managers provide good value for money.

The performance of all the professional advisers is considered on an ongoing basis by the Trustees.

During the Plan Year in January 2021, the Trustees put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis and at least annually. The most recent review took place during the Plan Year in December 2021 and the Trustees were satisfied with the performance of their investment advisers against these objectives.

7. Other matters

Financially material considerations, other non-financial matters and stewardship

The Trustees have, in their opinion, followed the Plan's voting and engagement policies during the Plan Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes and to meet managers personally ahead of any selection to better understand their responsible investment policies. The Trustees took a number of steps to review the Plan's new and existing managers and funds over the period, as described in this Section 7 (Other matters) below.

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

In March 2020, the Trustees received LCP's responsible investment (RI) scores for the Plan's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. The Trustees obtained an update from the investment advisors on changes to the RI gradings as part of their regular research meetings during the Plan Year. These scores are also reviewed in the annual performance report presented at the March meetings for both the ISC and Board. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect both LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2020. The highest score available is 4 (strong) and the lowest is 1 (weak). For the funds included in the default investment strategy, all funds scored above a 3, except for the T. Rowe Price Emerging Markets Equity which scored 2.

When meeting with the managers outlined in section 6 of this Statement, the Trustees asked several questions about the managers' ESG, voting and engagement practices as well as ESG processes and mandate resources and, for those managers either retained or appointed, were satisfied with the responses and integration of ESG into the fund offering. The Trustees also reviewed reports from their managers on voting and engagement activities undertaken on their behalf.

Liquidity and realisation of investments

[1] The Ten Principles | UN Global Compact

It is the Trustees' policy to invest in funds that offer frequent dealing to enable members' benefits to be realised on retirement, or earlier on transfer to another pension arrangement or to readily realise and change their investments. All of the Plan's funds which the Trustees make available to members are daily or weekly priced.

8. Description of voting behaviour during the Plan Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year.

In this section the Trustees have included data on the Plan's funds which hold equities and that:

- are used in the default strategies, as these are the strategies which contain the majority of the Plan's assets; and
- have greater than 5% of total Plan assets invested in the fund (shown in *italics* below)

As such, we have included manager voting data for the following funds:

- Baillie Gifford International Fund
- BlackRock Aquila UK Equity Index Fund
- BlackRock Aquila World ex-UK Equity Index Fund
- BlackRock ACS Climate Transition World Equity Fund
- T. Rowe Price Emerging Markets Equity Fund
- LGIM Diversified Fund
- *T. Rowe Price Global Focused Growth Equity Fund (7.4% of AuM as at 31 December 2021)*

8.1 Description of the voting processes

Baillie Gifford

All voting decisions are made by Baillie Gifford's Governance & Sustainability team in conjunction with investment managers. They do not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote, then they 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 their clients' holdings is an integral part of Baillie Gifford's commitment to stewardship. Baillie Gifford believe that voting should be investment led, because how they vote is an important part of the long term investment process, which is why their preference is to be given this responsibility by their clients. The ability to vote on behalf of their clients strengthens their position when engaging with investee companies. Baillie Gifford's Governance and Sustainability team oversees voting analysis and execution in conjunction with their investment managers. Baillie Gifford do not outsource any part of the responsibility for voting to third-party suppliers, but they do utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their Governance & Sustainability Principles and Guidelines and they endeavour to vote every one of our clients' holdings in all markets.

Whilst Baillie Gifford are cognisant of their proxy advisers' voting recommendations (Institutional Shareholder Services ("ISS") and Glass, Lewis & Co ("Glass Lewis")), they do not delegate or outsource any of their stewardship activities or follow or rely upon their recommendations when deciding how to vote on their clients' shares. All client voting decisions are made in-house. As such Baillie Gifford vote in line with their in-house policy and not with the proxy voting providers' policies. Baillie Gifford also have specialist proxy advisers in the Chinese and Indian markets to provide them with more nuanced market specific information.

BlackRock

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

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

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

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

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

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

T. Rowe Price

T. Rowe Price have stated that they welcome discussions with clients on ESG topics, either as part of the regular monitoring or on an ad-hoc basis as issues arise. They use their understanding of how market practice is developing to shape the changes they propose to the T. Rowe Price ESG Committee as part of their annual voting policy update.

Proxy voting decisions are made internally and are executed with the assistance of an external proxy voting partner. T. Rowe Price view proxy voting as an important component of their ongoing responsibilities as engaged shareowners as it can also provide a unique opportunity to open a dialogue with management or boards of the companies in their portfolios.

The T. Rowe Price ESG Committee maintains guidelines for analysing voting decisions for most corporate governance issues. They believe a "one size fits all" approach to corporate governance does not adequately address the complexity of some issues. Therefore, they allow for exceptions and nuance. Consequently, T. Rowe Price's voting policies are simply guidelines for their portfolio managers to use, and they allow them to apply their professional judgment when voting proxies for their portfolio companies. When a portfolio manager votes opposite the T. Rowe Price guidelines, he or she must document the reason through a customised online system.

T. Rowe Price has retained ISS to provide proxy advisory and voting services. These services include custom vote recommendations, research, vote execution, and reporting. In order to reflect T. Rowe Price's issue-by-issue voting guidelines as approved each year by the ESG Committee, ISS maintains and implements a custom voting policy for the T. Rowe Price Funds and other client accounts.

LGIM

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its 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 LGIM's Investment Stewardship team. The views expressed by attendees during this event form a key consideration in developing LGIM's voting and engagement policies. LGIM also take into account client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting decisions are made by LGIM's Investment Stewardship team and in accordance with its 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 helps ensure LGIM’s stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the voting decision process, which aims to provide consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS’ ‘ProxyExchange’ electronic voting platform to electronically vote. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. The use of ISS' recommendations is to augment LGIM's own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes are 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 that 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 its voting policies by the 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.

8.2 Summary of voting behaviour over the Plan Year

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

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6	Fund 7
Manager name	Baillie Gifford	BlackRock	BlackRock	BlackRock	T. Rowe Price	LGIM	T. Rowe Price
Fund name	International Fund	ACS UK Equity Index Fund	ACS World ex-UK Equity Index Fund	ACS Climate Transition World Equity Fund	Emerging Markets Equity Fund	Diversified Fund	Global Focused Growth Equity Fund
Total size of fund at end of the Plan Year	£1,993m	£12,704m	£11,226m	£5,611m	£1,446m	£12,889m	£3,904m
Value of Plan assets at end of the Plan Year (£ / % of total assets)	£24.5m	£10.0m	£33.9m	£7.8m	£13.2m	£5.4m	£10.2m
Number of equity holdings at end of the Plan Year	96	588	1,904	854	96	7,015	80
Number of meetings eligible to vote	104	793	1,966	735	132	7,721	85
Number of resolutions eligible to vote	1287	10,815	23,202	10,034	1,279	78,917	993
% of resolutions voted	95.6%	100.0%	99.8%	99.6%	100.0%	98.6%	100.0%
Of the resolutions on which voted, % voted with management	97.1%	94.3%	92.2%	94.0%	89.5%	79.1%	93.8%
Of the resolutions on which voted, % voted against management	2.4%	5.7%	7.7%	5.6%	7.6%	20.3%	5.5%
Of the resolutions on which voted, % abstained from voting	0.6%	0.4%	0.4%	0.3%	2.9%	0.7%	0.7%
Of the meetings in which the manager voted, % with at least one vote against management	17.3%	25.5%	35.2%	31.4%	43.2%	69.1%	35.3%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	N/A	0.0%	0.3%	0.1%	N/A	12.4%	N/A

8.3 Most significant votes over the Plan Year

Commentary on the most significant votes over the period, from the Plan's investment managers who hold listed equities, is set out below. We have interpreted "most significant votes" to mean those that:

- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial;
- are shareholder resolutions which received material support;
- the subject of the resolution aligned with the investment manager's engagement priorities or key themes; and
- the Plan or the sponsoring company may have a particular interest in.

Due to the number of votes provided by the Plan's investment managers the Trustees have chosen a subset of votes to report on in this Statement. The votes selected are those which relate to environmental, social or corporate governance factors. If members wish to obtain more investment manager voting information, this is available upon request.

Baillie Gifford International Fund

1. **Ping An Insurance (Group) Company of China Ltd., China. March 2021. Vote:** Against. **Outcome of the vote:** Passed.

   Summary of resolution: Elect Director(s)

   Rationale: Baillie Gifford opposed the re-election of a non-executive director as he is a shareholder representative and sits on the Audit Committee, which should be comprised entirely of independent directors.

   Criteria for which vote has been assessed as "most significant": This resolution is significant because Baillie Gifford opposed the election of a director.

2. **Booking Holdings Inc. United States. June 2021. Vote:** For. **Outcome of the vote:** Passed.

   Summary of resolution: Shareholder resolution – requesting a climate transition report.

   Rationale: Baillie Gifford supported a shareholder resolution requesting a climate transition report as they believe better disclosure is in shareholders' best interests.

   Criteria for which vote has been assessed as "most significant": This resolution is significant because it was submitted by shareholders and received greater than 20% support.

BlackRock ACS UK Equity Index Fund

3. **BP Plc, United Kingdom, May 2021.Vote:** For. **Outcome of the vote:** Not passed.

   Summary of resolution: Approve Shareholder Resolution on Climate Change Targets.

   Rationale: BIS voted for the climate-related shareholder resolution because they see it as a means to reiterate their expectation that BP progressively refine its greenhouse gas emissions reduction targets. This is both complementary to BP's current activity plans and actions, and consistent with what BIS would expect of large energy companies like BP. Supporting this resolution signals BIS's belief that the company should continue to make progress, both on its strategy and in demonstrating the validity of its targets.

   Criteria for which vote has been assessed as "most significant": Climate risk is one of BIS's engagement priorities.

BlackRock ACS World ex-UK Equity Index Fund

4. **TransDigm Group Incorporated. United States, March 2021. Vote:** Against**. Outcome of the vote:** Passed.

   Summary of resolution: Elect Director W. Nicholas Howley

   Rationale: BIS voted against the re-election of the Chair of the board for the lack of climate risk oversight. BIS remain unsatisfied with the company's climate risk oversight and believe there has been insufficient progress on climate-related reporting, despite laying out clear expectations in past engagements. In addition, the shareholder proposal received approximately 45% support at the 2020 annual meeting. The company also has not made progress on SASB-aligned reporting.

   Criteria for which vote has been assessed as "most significant": This was a vote against management. BIS will hold members of the relevant committee or the most senior non-executive director accountable for inadequate disclosures and the underlying business practices. As the company has no lead director or committee designated as responsible for climate risk, BIS are holding the Chair (W. Nicholas Howley) to account by voting against his re-election. Climate and natural capital are one of BIS's engagement priorities.

5. **Johnson & Johnson ("JNJ"), United States, April, 2021. Vote:** Against**. Outcome of the vote:** Not passed.

   Summary of resolution: Adopt Policy on Bonus Banking.

   Rationale: BIS voted against this proposal because the company made no changes to its original financial targets due to COVID-19. BIS voted against this proposal because the Compensation & Benefits Committee already has the discretion to defer senior executive annual incentive awards, adjust awards downward, and has a clawback policy. Under its policy, JNJ's Board has the right to recoup compensation from executive officers in the event of a material restatement of JNJ's financial result.

   Criteria for which vote has been assessed as "most significant": Compensation and benefits is one of BIS's key voting themes.

BlackRock ACS Climate Transition World Equity Fund

6. **Pfizer Inc. United States. April 2021. Vote:** Against **Outcome of the vote:** Not passed.

   Summary of resolution: Report on Access to COVID-19 Products.

   Rationale: BIS voted against this proposal because the company already provides sufficient disclosure regarding its COVID-19 vaccine, including publicly stating that it has not received public financial support for its development, and due to the ongoing nature of the COVID-19 crisis, BIS had confidence the company would continue to update its disclosures as the situation evolved.

   Criteria for which vote has been assessed as "most significant": Corporate governance is one of BIS's key voting themes.

7. **Charter Communications, Inc., United States, April, 2021. Vote:** For**. Outcome of the vote:** Not passed.

   Summary of resolution: Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts.

   Rationale: BIS voted for this shareholder proposal because it is consistent with their expectations of companies to disclose the actions that they are taking to advance diversity, equity, and inclusion (DEI) and to cultivate an engaged workforce.

   Criteria for which vote has been assessed as "most significant": DEI is one of BIS's key themes.

T. Rowe Price Emerging Markets Equity Fund

8. **Samsung Electronics Co., Ltd. South Korea. December 2021. Vote:** For**. Outcome of the vote:** Passed.

   Summary of resolution: Elect Park Byung-gook as Outside Director

   Rationale: The director joined the board after 2018, after the events which led to Vice Chairman Lee being charged with bribery. Given the governance improvements in 2020, cautious support for their re-election is warranted.

   Criteria for which vote has been assessed as "most significant": Illustrative of a key topic, director ethics.

9. **Rede D'Or Sao Luiz SA. Brazil. April 2021. Vote:** Against**. Outcome of the vote:** Not passed.

   Summary of resolution: Approve Remuneration of Company's Management

   Rationale: A vote against this proposal is warranted because the figure reported by the company for the total compensation of its highest-paid administrator does not appear inclusive of all elements of the executive's pay.

   Criteria for which vote has been assessed as "most significant": Illustrative of a key topic, remuneration.

LGIM Diversified Fund

10. **Cigna Corporation, United States, April 2021. Vote:** For **Outcome of the vote:** Resolution was not passed.

    Summary of resolution: Resolution 6 Report on Gender Pay Gap

    Rationale: LGIM expects companies to disclose meaningful information on their gender pay gap and the initiatives they are applying to close any stated gap. As part of its efforts to influence its investee companies on having greater gender balance, LGIM expects all companies in which it invests globally to have at least one female on their board. LGIM has stronger requirements in the UK, North American, European and Japanese markets, in line with its engagement in these markets. Further details are available on LGIM's vote policies on its website.

    Criteria for which vote has been assessed as "most significant": LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf.

11. **Frasers Group plc, United Kingdom, September 2021. Vote:** Against **Outcome of the vote:** The resolution was passed. While engagement with the company suggests it will be compliant with the requirements of section 54 by the end of this year, LGIM considered this to be insufficient cause to change its vote.

    Summary of resolutions: To receive and adopt the report & accounts.

    Rationale for the voting decision: LGIM's corporate governance policy requires all UK-listed companies to meet the requirements of the Modern Slavery Act 2015. Section 54 of the Act requires companies to provide a statement setting out the steps they have taken to ensure that slavery and human trafficking is not taking place in their own operations or within their supply chain. In addition, the statement should be signed by the board of directors. LGIM will sanction any company that has failed to meet the requirements of the Act for two consecutive years. Not only does it consider this to be serious governance failing, LGIM sees this as both a humanitarian crisis and a risk to a company's operating model. LGIM is part of a collaborative engagement group that is trying to ensure UK companies comply with this legislation.

    Criteria for which vote has been assessed as "most significant": This vote was significant because it relates to one of LGIM's engagement themes: Human Rights/Inequality.

T. Rowe Price Global Focused Growth Equity Fund

12. **The Estee Lauder Companies Inc. September 2021. Vote:** Against. **Outcome of the vote:** Passed.

    Summary of resolution: Advisory Vote to Ratify Named Executive Officers' Compensation.

    Rationale: T. Rowe Price believe the company's repeated use of special one-time grants is problematic.

    Criteria for which vote has been assessed as "most significant": Illustrative of key issue, excessive remuneration.

13. **Facebook, Inc. April 2021. Vote:** Withhold. **Outcome of the vote:** Passed.

    Summary of resolution: Elect Director Marc L. Andreessen.

    Rationale: T. Rowe Price opposes all nomination and governance committee members as well as the lead independent director or independent chair because the company has superior voting rights without economic control. T. Rowe Price have also stated that they will engage with the company following this resolution.

    Criteria for which vote has been assessed as "most significant": Illustrative of key issue, superior voting rights without economic control.