Implementation Statement, covering the Scheme Year from 1 April 2021 to 31 March 2022

The Trustees of the Clarkson PLC Pension Scheme (the "Scheme") 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 Scheme Year, as well as details of any review of the SIP during the Scheme Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 below.

The Statement is also required to include a description of the voting behaviour during the Scheme 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 12 below.

This Statement uses the same headings as the Scheme's SIP dated 6 August 2020 and should be read in conjunction with the SIP.

1. Introduction

No review of the SIP was undertaken during the Scheme Year. The last time the SIP was formally reviewed was on 6 August 2020 following advice from the Scheme's investment advisors, Lane Clark & Peacock LLP ("LCP").

The Trustees have, in their opinion, followed the policies in the Scheme's SIP during the Scheme Year. The following Sections provide detail and commentary about how and the extent to which they did this.

2. Investment objectives

Progress against the long-term journey plan for the DB Section is reviewed as part of the quarterly performance monitoring reports. The Trustees are also able to view the progress on an ongoing basis using LCP's modelling tool (LCP Visualise) online.

The Trustees monitor the DB Section's funding position relative to reaching full funding on a "gilts + 0.5% pa" basis. In 2018 the Scheme achieved full funding on this basis and as a result the Trustees and Company agreed to move to a lower risk long term asset mix.

As part of the performance and strategy review of the DC default arrangement in April 2020, the Trustees considered the DC Section membership demographics; analysing member choices at retirement, consideration of a shorter and longer de-risking glidepath and a review of the Default's underlying funds, as well as considering the variety of ways that members may draw their benefits in retirement from the Scheme.

Based on the outcome of this analysis, the Trustees concluded that the default arrangement has been designed to be in the best interests of the majority of the DC Section members and reflects the demographics of those members.

The Trustees also provide members of the DC Section with access to a range of investment options which they believe are suitable for this purpose and enable appropriate diversification. The Trustees have made available a self-select fund range to members covering all major assets classes as set out in the SIP: https://retirement.fidelity.co.uk/about-workplace-pensions/investing/costs-and-charges/CLRK.

3. Investment strategy

3.1 DB Investment strategy

In February 2022, the Trustees undertook a review of the Scheme's matching assets. The Scheme currently invests in a long-dated corporate bond fund as well as index-linked gilts to broadly hedge the interest rate and inflation risks in the Scheme's liabilities. As part of this review, the Trustees considered the merits of switching the index-linked gilts allocation to a 'Liability Driven Investment' portfolio (LDI), which would be designed specifically to better match the Scheme's liability risks, as well as transfer the corporate bond fund to a shorter-dated credit portfolio. It was noted this move would significantly reduce the risk profile of the Scheme, and also marginally improve the expected return on assets. The Trustees agreed to implement these changes, pending consultation with the Company, and plans to implement the changes later in 2022.

The Trustees monitor the Scheme's asset allocation quarterly and compare this to the strategic asset allocation. Over the year the actual asset allocation did deviate from the strategic allocation due to market movements, and as a result the Trustees undertook a number of re-balancing transactions to bring the Scheme's assets more in-line with the strategic allocation. In addition, a number of disinvestments to meet the Scheme's cashflow requirements were required and, where possible, these disinvestments were placed as such to move the Scheme closer to the strategic allocation.

3.2 DC Investment strategy

The Trustees did not review the investment strategy over the period. The last strategy review was completed in April 2020. Following this review the Trustees concluded that drawdown remains an appropriate retirement target for the default lifestyle strategy. The Trustees also reviewed the growth phase of the default arrangements and considered the impact of changing the risk profile of the growth phase.

As part of this review the Trustees made sure the Scheme's default arrangement was adequately and appropriately diversified between different asset classes. The Trustees also reviewed retirement data provided by the Scheme's administrators, looking at how members chose to access their benefits at retirement.

During the Scheme year the Trustees reviewed the equity allocation within the Passive Global Equity Fund, and following advice from LCP, the Trustees agreed to transfer assets within the Passive Global Equity Fund to a climate-tilted global equity fund. The transition will take place over 8 quarterly tranches from Q2 2022 to Q4 2023, at which point the Passive Global Equity Fund will be a 100% invested in the climate-tilted fund.

4. Considerations made in determining the investment arrangements

When the Trustees reviewed the DB investment strategy in February 2022 and DC investment strategy in April 2020, they considered the investment risks set out in Appendix 2 of the SIP. They also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees reviewed their investment manager mandates to understand the extent to which ESG factors are incorporated in the funds currently held by the Scheme at the February 2022 Trustees' meeting. The Trustees' advisers concluded that across both the DB and DC arrangements, the Scheme's managers' credentials were strong overall with some amongst the top ranked managers that LCP research.

5. Implementation of the investment arrangements

There were changes made to the benchmark indices of the underlying funds in the DC Section used in the Passive Global Equity and Passive UK Equity funds which now incorporate certain environmental, social and governance ("ESG") based exclusionary screens. These changes were implemented by the underlying fund managers on 30 June 2021.

Whilst the Trustees have not made any other changes to their investment manager arrangements over the period, they have selected Legal & General Investment Management ("LGIM") to manage a climate-tilted global equity fund to be used within the DC Section's Passive Global Equity Fund. The Trustees obtained formal written advice from their investment adviser, LCP, before investing in the fund and made sure the investment portfolio of the fund chosen was adequately and appropriately diversified. As noted in Section 2, the Trustees agreed to phase in the allocation to the LGIM fund gradually over two years to reduce member costs and mitigate the potential market impact of trading the underlying funds on one day. The implementation is scheduled to conclude mid-December 2023.

LCP monitors the Scheme's investment managers on an ongoing basis through regular research meetings 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, or any material change in the level of diversification in the funds.

The Trustees periodically invite the Scheme's investment managers to present at Trustees' meetings. Over the period, the Trustees met with Schroders at the October 2021 meeting to discuss the Trustees' investment in the Schroders Diversified Growth Fund ("Schroders DGF") which covered Schroders' considerations of ESG factors within the Fund.

The Trustees were comfortable with all their investment manager arrangements over the Scheme Year.

The Trustees monitor the performance of the Scheme's investment managers on a quarterly basis, using quarterly performance monitoring reports. These reports show the performance of each manager over the quarter, 1 year and 3 years or since inception, where available. Performance is considered in the context of the manager's benchmark and objectives.

The most recent quarterly report shows that some of the Scheme's managers have produced performance broadly in line with expectations over the long-term. However, the Diversified Growth Fund ("DGF") and the Low Volatility Bond Fund underperformed their targets over the year. The Low Volatility Bond Fund has been impacted by the sharp increase in government bond yields in Q1 2022, which has negatively impacted returns for fixed income assets. One of the funds underlying the DGF, the Schroders DGF, is compared against a target of inflation +5% pa which, given the current high inflationary environment, the manager has struggled to achieve. Schroders has confirmed it will be changing to a cash +4.5% pa target from 1 April 2022, which is more in-line with industry standard. The Trustees will continue to monitor the performance of these funds and make changes if appropriate.

In line with the Scheme year, the Trustees undertook a value for members' assessment on 21 June 2022 which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be very competitive when compared against schemes with similar sized mandates.

From 1 April 2022, Schroders announced that the fees for the Schroders DGF were reduced by 0.1% pa.

6. Realisation of investments

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

Over the Scheme year, the Trustees sourced disinvestments for cashflow purposes from various funds to help rebalance the DB Section's assets towards the strategic asset allocation.

It is the Trustees' policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section funds which the Trustees offer continue to be daily priced.

7. Consideration of financially material and non-financial matters

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

In February 2022, the Trustees reviewed LCP's responsible investment (RI) scores for the Scheme's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and red flags are based on LCP's Responsible Investment Survey 2022.

The highest score available is 4 (strong) and the lowest is 1 (weak). Following that review, the Trustees invited Schroders to present to them to further understand the level ESG integration within their investment process.

Within the DC Section the Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, they have made available an Ethical Global Equity Fund as an investment option to members.

8. Stewardship

This is covered in Section 7 above.

9. Responsibilities, decision-making and fees (Appendix 1 of SIP)

As mentioned in Section 5, the Trustees assess the performance of the Scheme's investments on an ongoing basis as part of the quarterly monitoring reports they receive.

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

The Trustees have put in place formal objectives for their investment adviser (LCP) and will review the adviser's performance against these objectives on a regular basis. The last review was in December 2021. Overall, the Trustees were satisfied with LCP's performance over the period.

10. Policy towards risk, risk measurement and risk management (Appendix 2 of SIP)

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

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 Scheme's investment adviser or information provided to the Trustees by the Scheme's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

With regard to the risk of inadequate returns for the DB Section of the Scheme, the Trustees monitor the Scheme's funding position and, when undertaking a review of the investment strategy, the best estimate expected return on the DB Section's asset allocation. At its last review, the expected return on the DB Section's assets were anticipated to be sufficient to produce the return needed to meet the Trustees' objectives over the long-term.

With regard to the risk of inadequate returns in the DC Section of the Scheme, 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 arrangement and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

In addition to the above SIP wording, the Trustees note that short term inflation is currently higher than expected levels, and the Trustees are continuing to monitor the situation closely with regular updates from the Scheme's investment advisor.

The DB Section invests in assets which help to mitigate the impact of changes in interest rates and inflation on its funding position - ie assets which provide interest and inflation hedging. Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. The Trustees formally review the Scheme's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustees review the funding position allowing for membership and other experience. The Trustees also informally monitor the funding position more regularly, on a quarterly basis, at Trustees meetings and the Trustees also have the ability to monitor this daily on LCP Visualise.

The following risks are covered earlier in this Statement: lack of diversification risk, investment manager risk and excessive charges, liquidity/marketability risk and ESG risks.

11. Investment manager arrangements (Appendix 3 of SIP)

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

12. Description of voting behaviour during the Scheme 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 Scheme Year.

In this section we have sought to include voting data on the Scheme's funds that hold equities as follows:

- BlackRock ACS World (ex-UK) Equity Tracker Fund, underlying fund within the Passive Global Equity Fund (DC only);
- BlackRock ACS UK Equity Tracker Fund underlying fund within the Passive Global Equity Fund and Passive UK Equity Fund (DC only);
- LGIM Ethical Global Equity Index Fund, underlying fund of the Ethical Global Equity Fund (DC only);
- Newton Real Return Fund (DB and underlying the DC DGF); and
- Schroders Diversified Growth Fund (DB and underlying the DC DGF).

For the DC Section we have included only the funds used in the default strategy due to the high proportion of assets invested in these funds (c91%). We have also included voting information for the LGIM Ethical Global Equity Index Fund, recognising that members choosing to invest in this fund may be interested in this information.

12.1 Description of the voting processes

12.1.1 BlackRock

BlackRock's approach to corporate governance and stewardship is explained in its Global Principles document (available on the manager's website), which describe its philosophy on stewardship, its policy on voting, its integrated approach to stewardship matters and how it deals with conflicts of interest.

The BlackRock Investment Stewardship team and its voting and engagement work continuously evolve in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure BlackRock takes into account a company's unique circumstances by market, where relevant. BlackRock informs its vote decisions through research and engages as necessary. Its engagement priorities are global in nature and are informed by BlackRock's observations of governance-related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets.

BlackRock welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its Global Principles, BlackRock determines which companies to engage directly with based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. It applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. BlackRock does not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Whilst BlackRock does subscribe to research from proxy advisory firms, Institutional Shareholder Services ("ISS") and Glass Lewis, this is just one among many inputs into its voting decision process. Other sources of information BlackRock uses include the company's own reporting, its engagement and voting history with the company, the views of its active investors, public information and ESG research.

In relation to significant votes, BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance.

12.1.2 Legal and General Investment Management ("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 the Investment Stewardship team. LGIM also takes into account client feedback received at regular meetings and / or *ad hoc* comments or enquiries.

All 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 voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's 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.

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

To ensure LGIM's proxy provider votes in accordance with LGIM's position on ESG, it has put in place a custom voting policy with specific voting instructions. LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes that require further action.

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 it continues to help its clients in fulfilling their reporting obligations. LGIM also believes public transparency of its voting activity is critical for its clients and interested parties to hold them to account.

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 they 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.

It is vital that the proxy voting service is regularly monitored and LGIM does this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out LGIM’s expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM’s internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of LGIM’s formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM’s proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

LGIM provides information on significant votes in the format of detailed case studies in their 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. It also provides the rationale for all votes cast against management, including votes of support to shareholder resolutions.

12.1.3 Newton

Where Newton plan to vote against management on an issue, it often engages with the company in order to provide an opportunity for its concerns to be allayed. Newton only communicate its voting intentions ahead of the meeting direct to the company and not to third parties. Newton do alert a company regarding an action it has taken at their annual general meeting (AGM) through an email, to explain its thought process. Newton then often holds a call with the board/investor relations teams to gain a better understanding of the situation and communicate further. This can often be in tandem with the sponsoring global industry analyst.

Overall, Newton prefers to retain discretion in relation to exercising its clients’ voting rights and have established policies and procedures to ensure the exercise of global voting rights. Newton believes the value of its clients’ portfolios can be enhanced by the application of good stewardship. This is achieved by engagement with investee companies and through the considered exercise of voting rights. Newton’s understanding of a company’s fundamental business enables it to assess the appropriate balance between the strict application of corporate governance policies and taking into account a company’s unique situation.

Newton’s head of responsible investment (RI) is responsible for the decision-making process of the RI team when reviewing meeting resolutions for contentious issues. Newton do not maintain a strict proxy voting policy. Instead, Newton prefers to take into account a company's individual circumstances, its investment rationale and any engagement activities together with relevant governing laws, guidelines and best practices.

Contentious issues may be referred to the appropriate industry analyst for comment and, where relevant, Newton may confer with the company or other interested parties for further clarification or to reach a compromise or to achieve a commitment from the company. Voting decisions take into account local market best practice, rules and regulations while also supporting its investment rationale.

Newton utilises ISS for the purpose of administering proxy voting (notification and lodgement of votes), as well as its research reports on individual company meetings. Only in the event where Newton recognises a potential material conflict of interest does it follow the voting recommendations of ISS. Newton do not maintain a rigid voting policy with any proxy voting service provider.

12.1.4 Schroders

The corporate governance analysts input votes based on their proprietary research in line with Schroders' house voting policy and do not take voting instruction from clients. Schroders reports transparently on its voting decisions with supporting rationale on its website.

As active owners, Schroders recognises its responsibility to make considered use of voting rights. Schroders therefore votes on all resolutions at all AGMs/EGMs globally unless Schroders is restricted from doing so (eg as a result of share blocking).

Schroders aims to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with its published ESG policy.

The overriding principle governing voting is to act in the best interests of its clients. Where proposals are not consistent with the interests of shareholders and clients, Schroders is not afraid to vote against resolutions. Schroders may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

Schroders evaluates voting resolutions arising at its investee companies and, where it has the authority to do so, it votes on them in line with its fiduciary responsibilities in what Schroders deem to be the interests of their clients. Schroders' Corporate Governance specialists assess each proposal, applying its voting policy and guidelines (as outlined in its ESG Policy) to each agenda item. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Schroders' specialists will draw on external research, such as IVIS and ISS, and public reporting. Schroders own research is also integral to its process; this will be conducted by both financial and Sustainable Investment analysts. For contentious issues, Schroders' Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

Schroders also engages with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

ISS act as Schroders' service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through Proxy Exchange. Schroder's receives ISS's research on resolutions. This is complemented with analysis by the in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. For Schroders smallest holdings in the US, Hong Kong, Japan, Australia and New Zealand, ISS implements a custom Schroders voting policy, with only a few resolutions referred to Schroders for a final decision.

ISS automatically votes all Schroders holdings of which it owns less than 0.5% (voting rights) excluding merger, acquisition and shareholder resolutions. This ensures consistency in Schroders' voting decisions as well as creating a more formalised approach to its voting process.

12.2 Summary of voting behaviour over the Scheme Year

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

	Fund 1[1]	Fund 2[1]	Fund 3	Fund 4	Fund 5
Manager name	BlackRock	BlackRock	LGIM	Newton	Schroders
Fund name	ACS World (ex-UK) Equity Tracker Fund	ACS UK Equity Tracker Fund	Ethical Global Equity Index Fund	Real Return Fund	Diversified Growth Fund
Total size of fund at end of reporting period	£10,908m	£11,516m	£1,149m	£5,227m	£2,801m
Value of Scheme assets at end of reporting period	£63.9m (DC)	£7.4m (DC)	£0.2m (DC)	£10.7m (DC) £17.1m (DB)	£10.7m (DC) £16.9m (DB)
Number of holdings at end of reporting period	1,879	588	1,020	79	1,394
Number of meetings eligible to vote	1,972	754	1,123	98	1,932
Number of resolutions eligible to vote	24,008	10,693	15,785	1,476	22,236
% of resolutions voted	99.8%	100.0%	99.9%	99.2%	95.2%
Of the resolutions on which voted, % voted with management	92.2%[1]	94.7%[1]	83.2%	83.9%	90.4%
Of the resolutions on which voted, % voted against management	7.7%[1]	5.3%[1]	16.5%	16.1%	9.0%
Of the resolutions on which voted, % abstained from voting	0.5%[1]	0.4%[1]	0.3%	0.0%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	35.8%	25.6%	74.1%	37.0%	46.6%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.3%[2]	0.0%[2]	11.4%	11.7%	Not provided

Note: totals may not sum due to rounding.

[1]Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

[2]BlackRock does not follow any single proxy research firm's voting recommendations, though it subscribes to two research firms. BlackRock's voting and engagement analysis is determined by several key inputs including a company's own disclosures, and BlackRock's record of past engagements.

12.3 Most significant votes over the Scheme Year

Commentary on the most significant votes over the period, from the Scheme's asset managers who hold listed equities, is set out below. Where there were more than three examples provided, we have selected a subset of the commentaries provided by the managers below for each fund based on a combination of factors, including the potential financial impact of the vote, the potential stewardship impact of the vote, and whether the vote was particularly controversial (for example, if it was high profile). Details of other significant votes are available upon request.

12.3.1 BlackRock

ACS World (ex-UK) Equity Tracker Fund

1) Pfizer, April 2021. Vote: For

Summary of resolution: Report on political contributions and expenditures

Rationale: Pfizer Inc. (Pfizer) is a US-based pharmaceutical company which engages in the discovery, development, and manufacture of healthcare products, specializing in medicines, vaccines, and consumer healthcare. BlackRock supported this proposal to underscore the importance of this subject and to encourage incremental improvements to the company's current political contributions and expenditures disclosure. The shareholder proposal requests that the company publish an annual report "analysing the congruency of political and electioneering expenditures during the preceding year against publicly stated company values and policies." While BlackRock has historically been supportive of Pfizer's transparency, BlackRock also sees value in increased disclosure on political activities – particularly in the wake of the recent political climate in the U.S., as well as around the Covid-19 vaccine, among other factors.

2) Kroger, June 2021, Vote: For

Summary of resolution: Assess environmental impact of non-recyclable packaging

Rationale: Kroger operates retail establishments across the US and is currently one of the largest grocery retailers in North America. BlackRock voted for this shareholder proposal because the manager agrees with the proposal's intent to address the business risk of plastic packaging and waste management. BlackRock determined that support for the proposal could accelerate Kroger's progress on this issue. BlackRock acknowledges the efforts Kroger has made to address its exposure to natural capital-related risks, including setting 2030 Sustainable Packaging Goals for its own brand products and partnering with an innovative circular packaging platform to reduce single-use plastics. However, BlackRock believes Kroger has yet to finalise its 2030 strategy details and lags some of its peers that have made more robust commitments to reduce the overall use of plastic in both their operations and supply chain. Supporting the shareholder proposal is with the intention to accelerate Kroger's progress on improving its packaging and waste management.

ACS UK Equity Tracker Fund

1) BP Plc, May 2021, Vote: For

Summary of resolution: Approve Shareholder Resolution on Climate Change Targets

Rationale: BP is an integrated oil and gas company. The shareholder resolution requested that the company "set and publish targets that are consistent with the goal of the Paris Climate Agreement." BlackRock voted for this shareholder resolution. While recognising the company's efforts to date and direction of travel, supporting the resolution signals BlackRock's desire to see the company accelerate its efforts on climate risk management. While BlackRock believes that BP is substantially already aligned with the ask of the resolution and should continue to progressively refine its GHG emissions reduction targets, it also believes the company will need to continue to clarify and demonstrate continued progress on its communicated goals to shareholders. For example, BlackRock believes that investors would benefit from having greater specificity around what constitutes targets aligned with the Paris Agreement. BlackRock recognises that these methodologies are emerging and thinks that organisations like the Science-Based Targets Initiative will have an important role to play in defining the 'right' transition pathways for large energy companies. Supporting this resolution signals BlackRock's belief that BP has a credible climate strategy which it needs to implement and continue to refine as the industry's understanding of the necessary transition pathways advances.

12.3.2 LGIM

1) Ethical Global Equity Index Fund

Apple Inc., March 2022. Vote: For.

Summary of resolution: Report on civil rights audit

Rationale: LGIM voted in favour of this resolution as it relates to diversity and inclusion policies and LGIM considers gender diversity as a financially material issue for clients.

2) Mitsubishi UFJ Financial Group, Inc, June 2021. Vote: For

Summary of resolution: Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement.

Rationale: LGIM voted in favour of this proposal as it believes that companies should be taking sufficient action on the key issue of climate change. Whilst they positively note the company's recent announcements around net-zero targets and exclusion policies, LGIM believes that these commitments could be further strengthened.

3) Intel Corporation, May 2021. Vote: For

Summary of resolution: Report on global median gender / racial pay gap.

Rationale: LGIM voted in favour of this resolution as it expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. As part of LGIM's efforts to influence investee companies on having greater gender balance, it expects all companies in which it invests globally to have at least one female on their board. LGIM have stronger requirements in the UK, North American, European and Japanese markets on female representation at board level.

Newton

Real Return Fund

1) AstraZeneca Plc, May 2021, Vote: Against

Summary of resolution: Elect Directors x4; Approve Remuneration Policy; and Amend Restricted Stock Plan.

Rationale: Newton voted against the remuneration policy, a new performance share plan, and members of the remuneration committee. Newton did not believe that the company had provided the necessary justification for significant increase in the variable pay awards that were granted to senior executives.

The shareholder votes against the election of four directors were: 3.4%, 1.3%, 2.0% and 26%. 39.8% voted against the Remuneration Policy, and 38.3% voted against amending the Restricted Stock Plan. The level of shareholder dissent lead Newton to categorise the vote as significant.

2) Citigroup Inc, April 2021, Vote: Against (management proposals), For (shareholder proposal)

Summary of resolution: Amend Proxy Access Right

Rationale: Newton voted in favour of one shareholder resolution that management recommended voting against. This was in relation to improving minority shareholder rights by way of providing shareholders with access to propose directors for election to the company's board.

31.2% of shareholders voted for the resolution. Newton categorised the vote as significant, as while not a majority, the vote will be understood by the board as a matter of significant interest to the company's shareholders. It is a matter that should be addressed to avoid a further or increased public demonstration of concern.

3) CME Group Inc, May 2021, Vote: Against

Summary of resolution: Elect Directors x6; Advisory Vote to Ratify Named Executive Officers' Compensation.

Rationale: Newton voted against the executive officers' compensation arrangements owing to a significant proportion of the long-term pay awards not being subject to performance. In light of this, Newton also voted against the members of the compensation committee.

The shareholder votes against the election of six directors were: 5.5%, 5.7%, 6.1%, 1.7%, 1.0% and 7.3%. 9.4% voted against the Advisory Vote to Ratify Named Executive Officers' Compensation. Domestic investors in the US are expected to enhance their scrutiny of executive pay practices, so Newton deemed this vote as significant.

Schroders

Diversified Growth Fund

1) Walgreens Boots Alliance, Inc., January 2021. Vote: For

Summary of resolution: Report on Health Risks of Continued In-Store Tobacco Sales in the Age of COVID 2021

Rationale: The pharmacy chain has taken steps to ban tobacco sale internationally but continues to sell products across its US stores despite studies from both the WHO and CDC suggesting the risks of Covid-19 doubles for smokers. This practice contradicts the company's mission of being a health and wellness enterprise. Schroders support the request for greater transparency on the company's assessment of the benefits and risk of continued tobacco sales and therefore voted in favour of the resolution.

2) Helios Towers Plc, April 2021, Vote: For

Summary of Resolution: Approve Remuneration Report

Rationale: Schroders felt that a vote for this item was warranted, although it was not without concern for shareholders as the CEO and COO both received significant above-inflationary increases to their base salaries for 2021. One reason for support was because the revised salaries represented the first salary increases made to the EDs salaries since the Company's IPO in 2019 and the resulting remuneration packages do not stand out as excessive relative to market peers. Further the COO's salary increase predominantly acknowledges his change in role from CFO to COO, so after considering these Schroders therefore voted in favour of the resolution.