

Wincanton plc Pension Scheme

Annual Implementation Statement – 31 March 2024

1. Introduction

This statement, prepared by the Trustee of the Wincanton plc Pension Scheme ("the Scheme") sets out how, and the extent to which, the Statement of Investment Principles ("SIP") has been followed during the year to 31 March 2024 ("the Scheme year"). This statement covers the Defined Benefits ("DB") and Defined Contribution ("DC") Sections of the Scheme and should be read in conjunction with the DB Section and DC Section SIPs¹.

This statement also includes a summary of the voting activity that was carried out on behalf of the Trustee over the Scheme year by the DC Section equity investment managers, that is consistent with the Trustee's policy in relation to significant votes.

2. Statement of Investment Principles

2.1. Investment Objectives of the Fund

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP are as follows:

DB Section

- The Trustee's primary objective is to invest the Scheme's assets in the best interests of the members and beneficiaries, and specifically to meet members' benefit obligations in full, with as high a level of certainty as possible.*
- The Trustee has also agreed a long-term objective for the Scheme to have sufficient assets to be able to "buy-in" all liabilities in respect of retired members through an insured annuity policy and so that the majority of remaining investment risks can be reduced, with the Scheme being able to run on until further buy-ins are possible with a low probability of requiring additional contributions from the principal employer.*

DC Section

- To make available a range of investment funds to members that should enable members to tailor their investment choices to meet their own individual needs.*
- To offer funds which facilitate diversification and long-term capital growth.*
- To offer funds which have competitive total expense ratios relative to similar funds which members might access directly.*
- To offer funds that enable members to reduce volatility in the value of their investments as they approach retirement.*
- To restrict the number of funds to avoid unnecessarily complicating members' investment decisions.*
- To provide a suitable default Lifestyle investment option for those members who do not wish to make their own investment decisions, particularly taking into account each member's remaining period of service until normal retirement age and the form in which the benefits are anticipated to be taken.*
- To provide alternative Lifestyle option(s) should the Trustee determine that there is sufficient demand from members for such alternative(s) or based on demographic / attitudes of the members.*

2.2. Review of the SIP

During the Scheme year the Trustee reviewed the Scheme's SIP. A revised SIP was agreed and minuted at the ISC meeting in September 2023 (DB Section), to reflect an increase in the targeted collateral yield headroom for the Scheme's Liability Driven Investment ("LDI") portfolio. The DC Section SIP was also updated to reflect the new default investment strategy arrangements in November 2023.

The information provided in the following section highlights the work undertaken by the Trustee during the Scheme year to 31 March 2024 and sets out how this work followed the Trustee's policies in the SIP, relating to the Scheme as a whole and the default investment arrangement within the DC Section.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Scheme year to 31 March 2024.

¹Both available on the member website:
<http://www.wincantonpensions.co.uk/scheme-specific-information/newsletters-and-reports>



Policy	Policy Summary	How the policy has been met over the year to 31 March 2024
<p>1 Kinds of investments to be held and the balance between different kinds of investments</p>	<p>DB Section: The Trustee has set a range of asset classes it deems suitable for investment in order to meet the long-term objectives of the Scheme. By dynamically allocating assets to this range of asset classes, coupled with the use of active management where appropriate, as well as a buy and maintain approach to corporate bond investments, it is intended that the target return is generated in an efficient manner, while also reducing overall levels of risk. The spread of asset types and the investment managers' policies on investing in individual securities within each asset type is anticipated to provide adequate diversification of investments</p> <p>DC Section: The Trustee has made available a range of individual self-select fund options for investment in addition to the default investment option and other lifestyle arrangements.</p> <p>A range of asset classes are included within the default investment option, including: developed market equities, emerging market equities, money market investments, diversified growth funds and pre-retirement funds.</p> <p>Members can combine the investment funds in any proportion in order to achieve the desired level of return and risk, in line with their own attitude towards, and tolerance of, risk.</p> <p>Within the default option, the strategic asset allocation is set to achieve the expected return required to meet the objective of the default option.</p>	<p>DB Section: For the DB section of the Scheme, the Trustee reviewed the continuing appropriateness of the investment strategy over the year, also considering longer term funding objectives for the Scheme. The outcome of the review was that the Trustee considered the current investment strategy appropriate.</p> <p>DC Section: The default investment option was reviewed as part of the triennial investment strategy review in 2022. During the Scheme Year, starting in November 2023, the changes previously agreed were implemented, which included reducing the length of the de-risking phase and replacing the BlackRock ALMA Fund with the LGIM Diversified Fund within both the default investment option and the income at retirement lifestyle option.</p> <p>The Trustee has considered a role for investment in illiquid assets during the year and will continue to monitor this space.</p>

2	Risks, including the ways in which risks are to be measured and managed	DB & DC Sections: The Trustee has considered a range of risks (both investment and operational) in relation to the DB Section and, within the DC Section, the self-select funds, alternative lifestyles and the default investment option.	<p>Section 3 (DB Section) and Section 4 (DC Section) of the Statement of Investment Principles set out the risks that the Trustee explicitly considers. The Trustee considers both quantitative and qualitative measures of these risks when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes.</p> <p>As part of the regular quarterly investment performance monitoring, the Trustee monitored changes in these risks and their potential impact.</p> <p>The Trustee carefully considered collateral requirements alongside regulatory guidance on collateral adequacy and having taken advice, the Trustee decided the Scheme should hold eligible collateral within the LDI portfolio such as to be in a position to deal with increases in gilt yields of at least 3.5%. The Trustee delegate collateral adequacy monitoring to BlackRock.</p>
3	Expected return on investments	<p>DB Section: The Trustee has decided that the Scheme's investment strategy should target a return of 0.8% p.a. above a theoretical portfolio of liability-matching gilts (net of fees) until March 2027. The target return is then expected to step down to Gilts + 0.4% p.a. from April 2027 onwards.</p> <p>DB & DC Sections: The funds available are expected to provide an investment return commensurate with the level of risk being taken.</p> <p>DC Section: In designing the default, the Trustee has explicitly considered the trade-off between risk and expected returns. The expectation is that the default will generate returns in excess of inflation during the growth phase and de-risk towards the retirement date to match the likely benefits post-retirement.</p>	<p>Investment performance reporting is reviewed by the Trustee on a quarterly basis – this includes an assessment of the Scheme's progress against its long-term funding target (DB Section) and the risk and return characteristics of the default and additional investment fund choices (DC Section).</p> <p>The investment performance report also includes information on how each investment manager is delivering against their specific mandates, including more detailed metrics for certain asset classes where appropriate.</p> <p>For the DC Section, example member experience for four different member profiles was considered from a risk/return perspective to assess any trade-offs and to monitor if the planned de-risking was being experienced by members. These were considered at each of the quarterly meetings during the Scheme year and updated to assess changes in members' real buying power.</p>



Investment Mandates

Policy	Policy Summary	How the policy has been met over the year to 31 March 2024
4 Securing compliance with the legal requirements about choosing investments	The Trustee obtains advice from their investment adviser, who can provide expert advice enabling the Trustee to choose investment vehicles that can fulfil the Scheme's investment objectives. In the Trustee's opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995.	<p>The Scheme's investment advisors attended all Investment Committee meetings during the year. The investment advisors provided updates on fund performance and, where required, appropriateness of the funds used, as well as advice on asset allocation and investment risks.</p> <p>DB Section: There were no new investments made over the year.</p> <p>DC Section: As part of the implementation of the changes to the two lifestyle options described in the Strategic Asset Allocation section above, a new investment was made into the LGIM Diversified Fund and suitability investment advice was provided to the Trustee in line with the requirements of Section 36 of the Pensions Act 1995.</p>
5 Realisation of Investments	<p>DB Section: The Trustee invests the assets of the Fund in a range of pooled and segregated portfolios. The investment managers have discretion over the investment of the assets, subject to the restrictions set out in their respective investment management agreements ("IMA") or pooled fund guidelines, which define the funds' liquidity requirements and dealing frequency.</p> <p>DC Section: The Trustee's administrators will realise assets following member requests on retirement or earlier where required. The Trustee considers the liquidity of the investment in the context of the likely needs of members.</p>	<p>DB Section: The Trustee has set a policy to address the expected cashflow requirements of the Scheme. This policy was reviewed and updated by the Trustee in March 2024. Where cashflow is required to meet benefit payments, it is disinvested from the LDI portfolio within the Mercer Qualifying Investor Fund ("QIF"). Excess cash from the Trustee Bank Account is invested in the buy and maintain credit portfolios within the Mercer QIF.</p> <p>There were no changes over the year to the liquidity of the funds used by the Scheme.</p> <p>DC Section: The Trustee receives an administration report on a quarterly basis to confirm that core financial transactions are processed within Service Level Agreements (SLAs) and regulatory timelines. All funds are in daily dealt pooled investment vehicles, accessed by an insurance contract.</p>

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Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments

DB and DC Sections: The Trustee considers financially material considerations in the selection, retention and realisation of investments. Within the funds, consideration of such factors, including environmental, social and governance factors, is delegated to the investment manager.

Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.

Investment performance reports for both the DB and DC Sections are reviewed by the Trustee on a quarterly basis – this includes ratings (both general and specific ESG ratings) from the investment advisers. The managers remained generally highly rated during the Scheme year.

Where managers are not highly rated from an ESG perspective the Trustee monitors them closely, including asset classes where an ESG rating is difficult to obtain (such as LDI).

When appointing a new manager the Trustee considers the ESG rating of the manager.

Within the DC Section, the LGIM Diversified Fund was implemented for the two lifestyle options and as a self-select option in November 2023.

The Scheme's SIP includes the Trustee's policy on ESG factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. During the year, the Trustee received training on Mercer Global Investments Europe Limited's ("MGIE") (the Scheme's Delegated Manager) and the underlying investment managers' stewardship and engagement framework.

The Trustee also undertook training and activities related to delivering the reporting requirements for the Task Force on Climate Related Disclosures ('TCFD'), including scenarios analysis, metrics and targets. These were captured in the Scheme's first TCFD report, which was made publicly available on the member website in October 2023. The Trustee's second TCFD report is being completed with the Trustee having received refresher training including the new Scope 3 emission reporting requirements. The report will be made publicly available on the member website no later than 31 October 2024.

The Trustee also has an ESG Implementation Plan, which sets out a structured plan to determine and deliver its ESG, climate change and stewardship goals. Progress against this plan was reviewed quarterly.



Monitoring the Investment Managers

Policy	Policy Summary	How the policy has been met over the year to 31 March 2024
<p>7</p> <p>How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies</p>	<p>DB and DC Sections: Managers are chosen based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.</p> <p>Where the Trustee invests in pooled investment vehicles it accepts that it has no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy. Where the mandate is segregated, the Trustee can, and does, set specific targets and constraints (DB Section only).</p>	<p>DB Section: There were no changes to the Trustee's policy on incentivising investment managers to align their investment strategies and decisions with the Trustee's policies during the Scheme year. The majority of the Scheme's appointed investment managers are compensated with a fee based on the total assets under management. However, the Trustee has agreed to the use of performance fees for a small number of mandates (for example, the private debt mandates).</p> <p>If an investment manager is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives. Manager appointments were reviewed over the Scheme year, with no changes deemed necessary.</p> <p>DC Section: During the Scheme year, the LGIM Diversified Growth Fund mandate was added for both lifestyle options, as well as a self-select option.</p> <p>The incentivisation for LGIM is consistent with the approach taken for the existing funds and aligned with the principles set out in the SIP. The mandate is in line with the strategic risk and return requirements.</p>
<p>8</p> <p>How the arrangement incentivises the asset 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.</p>	<p>DB and DC Sections: The Trustee meets with its managers and challenges decisions made as appropriate. Managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then it will look to replace the manager.</p>	<p>DB Section: The Trustee chose not to meet with any of the managers over the year, but reviewed a detailed annual report with the investment adviser and concluded that they retained confidence in all managers' ability to deliver the required mandate, as well as how ESG factors are embedded in the managers' investment processes.</p> <p>DC Section: No meetings with incumbent managers were held during the year as performance was broadly in line with expectations for the fund options, with the exception of the Aquila Life Market Advantage Fund, where the Trustee took the decision to replace this with the LGIM Diversified Fund.</p> <p>The Trustee met with BlackRock to enhance its understanding in relation to investing in illiquid assets, covering the managers Long Term Asset Fund.</p>

9	Evaluation of the asset manager's performance and the remuneration for asset management services	<p>DB and DC Sections: The Trustee recognises the importance of various time horizons across the DB and DC Sections, as noted in the SIP. Managers' performance net of fees is therefore reviewed over both short and long time horizons. Remuneration is agreed upon prior to manager appointment and is reviewed on a regular basis.</p>	<p>DB Section: Each quarter the Trustee considered performance over the prior quarter, one year and three year periods, alongside other relevant metrics depending on the mandate. For example, within the buy and maintain corporate bond mandates, metrics such as defaults and turnover are explicitly considered within the quarterly reporting.</p> <p>The Trustee reviewed manager remuneration versus the investment advisers' manager fee database during the year. Based on these exercises the Trustee concluded that the investment managers' remuneration remained appropriate and in line with the Trustee's policies.</p> <p>DC Section: In addition to the monitoring noted on the DB Section, the Trustee also considers member experience in terms of performance. Four example member experiences were reviewed from a risk and return perspective for both lifestyle options. The Pre-Retirement Fund is also considered against estimated annuity pricing.</p> <p>Manager remuneration is reviewed annually by the Trustee as part of the Value for Members' assessment, the findings of which are summarised in the Chair's Statement.</p>
10	Monitoring portfolio turnover and costs	<p>DB and DC Sections: The Trustee's policy in relation to the monitoring of portfolio turnover costs is set out in the SIP.</p>	<p>DB Section: In the year to 31 March 2024, the Trustee received the MIFID Costs and Charges statement from their investment adviser, containing portfolio turnover costs for the Mercer Fund and private markets holdings. Portfolio turnover and costs for the corporate bond portfolios over the Scheme year were also assessed and deemed in line with expectations. As such, the Trustee did not need to engage with the managers on portfolio turnover over the Scheme year.</p> <p>The Trustee did not explicitly monitor portfolio turnover costs across the whole portfolio in its entirety.</p> <p>DC Section: Transaction costs, using the 'slippage cost methodology' (as defined in COBS 19.8 of the FCA Handbook), are disclosed in the annual Chair's Statement.</p> <p>The Trustee is required to assess these costs for value on an annual basis. However, at present, the Trustee notes a number of challenges in assessing these costs:</p> <ul style="list-style-type: none"> -No industry-wide benchmarks for transaction costs exist; -The methodology leads to some curious results, most notably "negative" transaction costs; and

		<p>-Explicit elements of the overall transaction costs are already taken into account when investment returns are reporting, so any assessment must also be mindful of the return side of the costs.</p> <p>As noted in the most recent Chair's Statement, there is little flexibility for the Trustee to impact transaction costs as the DC Section invests in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the DC Section invests in, there is not as yet any "industry standard" or universe to compare these to. As such, any comments around transaction costs at this stage can only be viewed as speculative. The Trustee will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value.</p>
<p>11 The duration of the arrangement with the asset manager</p>	<p>DB Section: The Scheme invests in a number of closed ended funds, such as the private markets funds. At the time of appointment the life of the fund is indicated, however this could be extended in line with the relevant documentation.</p> <p>DB and DC Section: For the majority of funds, there is no set duration for the manager appointment. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Trustee is dissatisfied with the manager's ongoing ability to deliver the mandate promised or because of a change of investment strategy.</p>	<p>The investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage.</p> <p>DB Section: For open-ended funds, there is no set duration for the manager appointments.</p> <p>The Trustee's last commitment to a private markets fund was in 2016 and the fund is expected to have fully paid out in the latter part of the 2020s. The Trustee at present does not have plans to commit to a further closed ended fund.</p> <p>DC Section: The performance for all funds is reviewed quarterly. During the Scheme year, the LGIM Diversified Fund was implemented for both lifestyle options and as a self-select option. This appointment does not have a fixed duration.</p>



ESG Stewardship and Climate Change

Policy	Policy Summary	How the policy has been met over the year to 31 March 2024
12 Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	<p>DB and DC Sections: Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</p> <p>The Trustee will also engage with the underlying managers as appropriate.</p>	<p>Where relevant to the asset class, investment managers are expected to provide reporting on their engagement activity on a regular basis, at least annually, including stewardship monitoring results. These are reviewed by the Trustee.</p> <p>DB Section: The Trustee requires the investment managers to engage with the investee companies on their behalf. Given the de-risked nature of the Scheme and the asset classes utilised, the Trustee notes that there are limited opportunities for engagement, with activity concentrated on the corporate bond mandates. As these are held within a Mercer Fund, Mercer monitors the managers' stewardship activities and engages actively with them to promote effective stewardship practices and ensure attention is given to strategic themes and topics. These activities and the outcomes thereof are tracked and reported to the Trustee. The Trustee noted during the Q4 2023 quarterly meeting that it was comfortable with the managers' engagement and stewardship activities.</p> <p>The Trustee may also engage directly with the investment managers from time to time, and has done so historically, but not over the Scheme year.</p> <p>DC Section: The voting policies and the ESG integration policies of BlackRock, as the underlying equity manager of the funds within the DC Section, have been considered by the Trustee and the Trustee deems them consistent with the Scheme's investment beliefs. The Trustee, via its advisers, has continued to push for greater transparency from BlackRock on its stewardship activity. The same transparency has been requested from LGIM as part of their appointment.</p>



Voting Disclosures

Policy	Location in SIP	How the policy has been met over the year to 31 March 2024
13 The exercise of the rights (including voting rights) attaching to the investments	DB and DC Sections: Investment managers are expected to evaluate ESG factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.	<p>The Trustee has delegated its voting rights to the investment managers.</p> <p>Investment managers are expected to provide voting summary reporting on a regular basis, at least annually, where possible (noting that the DB Section is predominantly invested in assets where voting is not applicable). The reports are reviewed by the Trustee to ensure that they align with the Trustee's policy. The Trustee does not use the direct services of a proxy voter.</p> <p>DC Section: Voting activity carried out over the last 12 months on behalf of the Trustee is shown in the appendix of this Statement, focusing on the votes that were deemed to be in line with the Trustee's policy on significant votes.</p>

Voting and Engagement Activity

DB Section – Corporate Bond Portfolios

Insight engages with a global food and beverage company

Insight engaged with a global food and beverage company (the Company) that offers products across various brands, categories, and agricultural commodities.

The Company faces natural capital risks related to water, biodiversity, and sustainable agricultural production within its operations and supply chain. It is included in the Valuing Water Finance Initiative (VWFI) benchmark, highlighting its reliance on water as a key input. However, unlike its peers, the company has not published a corporate water policy.

Insight engaged with the company's CEO and other relevant teams, advocating for the Company to publish more information and data on water disclosures. Insight also encouraged the company to develop and publish a water policy across its operations and supply chain. Regarding biodiversity policies, Insight urged the Company to expand disclosures on sustainable sourcing for other ingredients in its portfolio, and encouraged more clarity on how procurement policies are supporting sustainable sourcing activities.

Insight has engaged with the company in the past but considers their contact with the CEO regarding water use as an escalation. They have now established a constructive dialogue, and intend to regularly engage with the company to assess progress in water stewardship, sustainable sourcing, and biodiversity protection.

PGIM engages with an American global food corporation

PGIM engaged with an American global food corporation (the Company) to understand the steps being taken to eliminate the potential for child labour in its facilities.

Recent reports have surfaced regarding a sanitation services company (SS) that hired child labourers to work in meat production facilities. The Company, one of the meat producers named as a client of SS, has responded by suspending its contract with SS and is currently exploring alternative service providers.

The Company plans to enhance its third-party audit process by conducting random facility inspections and implementing ongoing monitoring, including stationing Company employees in company-operated facilities when third parties are present (which was not previously the case). However, the termination of SS will not be immediate, as the Corporation needs to consider its role in the global food chain and its commitment to food safety.

PGIM will monitor the Company's progress and acknowledges its actions in addressing the risk of child labour in its supply chain. The Company has demonstrated willingness to engage on ESG topics.

DC Section

The voting policies of the managers in the DC Section have been considered by the Trustee and the Trustee deems them consistent with the Scheme's investment beliefs. The Trustee has delegated its voting rights to the investment managers and has considered what the Scheme's stewardship priorities should be as a result of the new requirements introduced this year for the SIP Implementation Statement in relation to 'significant votes'.

The Trustees has decided to align with the following BlackRock policies, sourced from and published in BlackRock's Annual Stewardship Report, in relation to significant votes:

- 1) *Board quality and effectiveness - investment stewardship efforts have always started with the board and executive leadership. We believe that the performance of the board is critical to the financial success of a company and the protection of shareholders' interests over the long-term.*
- 2) *Strategy, purpose, and financial resilience - engaging on long-term corporate strategy, purpose, and financial resilience to understand how boards and management are aligning their business decision-making with the company's purpose and adjusting strategy and/or capital allocation plans as necessary as business dynamics change.*
- 3) *Incentives aligned with financial value creation - looks to a company's board of directors – typically a relevant committee – to put in place a compensation policy that incentivizes and rewards executives against appropriate and stretching goals tied to relevant strategic metrics.*
- 4) *Climate and natural capital - engages with companies to better understand their approach to, and oversight of, climate-related risks and opportunities as well as how they manage material natural capital impacts and dependencies.*
- 5) *Company impacts on people - companies that invest in the relationships that are critical to their ability to meet their strategic objectives are more likely to deliver durable, long-term financial performance*

BlackRock

Voting undertaken over the prior year is summarised in the table below:

Votes Cast	BlackRock 30/70 Currency Hedged Global Equity	LGIM Diversified Fund
How many meetings were you eligible to vote at over the year?	5,504	8,997
How many resolutions were you eligible to vote on over the year?	59,838	99,090
What % of resolutions did you vote on for which you were eligible?	96%	99.8%
Of the resolutions on which you voted, what % did you vote with management?	91%	77%
Of the resolutions on which you voted, what % did you vote against management?	8%	23%
Of the resolutions on which you voted, what % did you abstain from?	1%	0.3%

In what % of meetings, for which you did vote, did you vote at least once against management?	35%	74%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	See below	
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	0%	14%

Data as at 31 March 2024 covering a 12 month period. May not sum due to rounding.

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 subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they do not blindly follow their recommendations on how to vote. BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial.

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. 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.

Significant votes

The Trustee has reviewed voting records from the managers. The information in this section has been provided directly by the investment managers. The managers have provided detailed information on their voting. The Trustee has considered this information and disclosed the votes that it deems to be most significant. A "significant vote" is defined as one that is linked to the Trust's stewardship priorities/themes, as defined earlier in this Statement. Furthermore, the Trustee has deemed a "significant vote" as one related to investments in the default strategy, where most members are invested, and the approximate size of holdings is at least 1% in each of the underlying funds (i.e. most significant holdings).

Fund	Company	Size of Fund holding	Date	Resolutions	Vote	Rationale
BlackRock 30/70 Currency Hedged Global Equity	Shell Plc	2.21%	23/05/2023	Approve the Shell Energy Transition Progress	For	The company provides a clear assessment of their plans to manage climate-related risks and opportunities and has demonstrated continued delivery against their Energy Transition Strategy. Given that the speed and shape of a low carbon transition are unclear, company disclosures that include scenario analysis and provide context on the transition plan and targets, help investors' understanding of company-specific risks and opportunities. BlackRock considers Shell's reporting and approach aligned with our clients' long-term financial interests; therefore, BlackRock supported the management resolution.
BlackRock 30/70 Currency Hedged Global Equity	Amazon.com, Inc.	1.72%	24/05/2023	Shareholders' Request for Report on Plastic Use	Against	BlackRock considers that the company provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures. The request was not clearly defined and too prescriptive.

Example of Voting and Engagement Activity

BlackRock engages with ChemoMetec on executive remuneration

In April 2023, ChemoMetec announced the appointment of a new CEO, prompting continued engagement from BlackRock. BlackRock noted the lack of a long-term component in the company's remuneration policy and suggested improvements to the corporate governance structure. At the October 2023 AGM, ChemoMetec presented two management proposals related to executive remuneration, along with a proposal to re-elect the board chair. BlackRock observed the continued absence of an incentive structure aligned with shareholders' long-term financial interests and the lack of a governance structure supporting long-term financial performance. BlackRock did not support the company's remuneration-related proposals, nor the re-election of ChemoMetec's board chair.

All proposals received majority shareholder support, except the approval of the updated remuneration policy. BlackRock shared the rationale for their voting decision with the company, which was receptive to their feedback as a minority long-term investor. In 2024, BlackRock will engage to further encourage alignment between the remuneration policy and the long-term financial interests of shareholders. A best practice they have observed when boards seek to incentivize executives to deliver long-term sustained performance is the consideration of shareholders' perspectives. Should the company not respond to shareholder feedback they will continue to signal concerns through voting, as appropriate.

BlackRock engages with U.S. airlines on physical climate-related risks

In 2023, BlackRock engaged with various U.S. airlines to discuss how they consider physical climate-related risks to their business models, among other topics. These risks can be driven by extreme weather events or longer-term shifts in climate patterns. Physical climate-related risks may be material for companies through possible direct damage to assets and operations or by disrupting supply chains.

The U.S. airline industry could be particularly impacted given the large number of airports located next to bodies of water throughout the country, as well as the general impact of weather events on flight routes and broader operations. In line with the recommendations of the TCFD to evaluate different risks and opportunities that may arise in various climate scenarios, airlines have bolstered their reporting and identified a range of implications across flooding impacts on airports, extreme heat affecting workers and infrastructure, and potential increases in high impact storms. As airlines have long-term capital planning cycles, many investments made today will account for future expectations of the possible impacts of physical climate-related risks and opportunities. From their engagements.

BlackRock learned how U.S. airlines are factoring these risks into their contractual relationships with airports and long-term strategic planning.