

Tennants Consolidated Limited Pension Fund

Implementation Statement for the year ending 30 September 2023

Introduction

This implementation statement has been prepared by the Trustee of the Tennants Consolidated Limited Pension Fund (the Fund). The Fund provides benefits calculated on a defined benefit (DB) basis for members in the DB Section and benefits calculated on a defined contribution (DC) basis for members in the DC Section.

The statement:

- sets out how, and the extent to which, the policies set out in the Statement of Investment Principles (the SIP) have been followed during the year;
- describes any review of the SIP, including an explanation of any changes made; and
- describes the voting behaviour by, or on behalf of, the Trustee over the same period.

The Trustee's policies contained in the SIP are underpinned by their investor beliefs, which have been developed in consultation with their investment consultant.

Trustee's overall assessment

In the opinion of the Trustee, the policies as set out in the SIP have been followed during the year ending 30 September 2023.

The Trustee has, in their opinion, followed the Plan's voting and engagement policies during the year, by continuing to delegate to each investment manager, 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.

Review of the SIP

The Trustee's policies have been developed over time by the Trustee in conjunction with their investment consultant and are reviewed and updated periodically and at least every three years.

Policy in relation to the kinds of investments to be held

The Trustee has given full regard to their investment powers as set out in the Trust Deed and Rules and have considered the attributes of the various asset classes when deciding the kinds of investments to be held. The Fund invests only in pooled funds, other collective investment vehicles and cash, to manage costs, diversify investments and improve liquidity.

All investments made during the year have been in line with their investment powers.

Investment strategy and objectives

Investment strategy (DB Section)

The investment strategy for the Fund is based on an analysis of its liability profile, the required investment return and the returns expected from the various asset classes over the long-term. The Trustee reviews this investment strategy and the asset allocation as part of each triennial actuarial valuation. The Trustee may also reconsider the asset allocation and the investment strategy outside the triennial valuation period where necessary.

Policy in relation to the balance between various kinds of investments and the realisation of investments (DB Section)

The appointed investment managers will hold a diversified mix of investments in line with their agreed benchmark and within their discretion to diverge from the benchmark. Within each major market each manager maintains a diversified portfolio of securities.

The Trustee requires the investment managers to be able to realise the Fund's investment in a reasonable timescale by reference to the market conditions existing at the time the disposal is required.

During the year, the Trustee met with their Legal & General Investment Management Limited ("LGIM") and Aberdeen Standard Investments Life and Pensions Limited ("Abdrn") based on a rota and received relevant training where required.

Policy in relation to the expected return on investments (DB Section)

The investment strategy is believed to be capable of exceeding, in the long run, the overall required rate of return assumed in the Scheme Actuary's published actuarial valuation report in order to reach / maintain a fully funded status under the long-term funding objective.

Investment strategy (DC Section)

The Fund provides members in the DC Section with a range of funds in which to invest together with some lifestyle strategies from which to make their investment choices. These aim to allow members to achieve the following:

- maximising the value of retirement benefits;
- protecting the value of benefits in the years approaching retirement against equity market falls and (should they decide to purchase an annuity) fluctuations in annuity costs; and
- tailoring a member's investments to meet his or her own needs, and to how the member intends to make use of their benefits at and through retirement.

The Trustee also provides a default strategy to provide a balanced lifestyle investment strategy for members who do not make an active investment choice.

Policy in relation to the balance between various kinds of investments and the realisation of investments (DC Section)

The investment managers will maintain a diversified portfolio of stocks or bonds within each of the funds offered to members under the Fund (both within the default and self-select options). In addition, the design of the default strategy provides further diversification through the use of multiple funds throughout a member's working lifetime.

The Trustee reviewed the Fund's investments and has agreed to reduce the number of funds made available to members. Review of the default arrangement remains ongoing. To date, no strategic changes have been made.

Policy in relation to the expected return on investments (DC Section)

The default option is expected to provide an appropriate return on members' investments, based on the Trustee's understanding of the Fund's membership and having taken into account the risk considerations set out in the SIP.

Risk capacity and risk appetite

Policy in relation to risks (DB Section)

Although the Trustee acknowledges that the main risk is that the Fund will have insufficient assets to meet its liabilities, the Trustee recognises other contributory risks, including the following. Namely the risks:

- Associated with the differences in the sensitivity of asset and liability values to changes in financial and demographic factors.
- Of the Fund having insufficient liquid assets to meet its immediate liabilities.
- Of the investment managers failing to achieve the required rate of return.
- Due to the lack of diversification of investments.
- Of failure of the Fund's Sponsoring Employer to meet its obligations.

The liquidity and cashflow risks were assessed as part of the cashflow review that was undertaken and is reviewed on an ongoing basis.

The Trustee monitors manager risks through the quarterly performance monitoring reports and cost disclosure documents provided by and discussed with the investment consultant.

Four monitoring reports were received during the year. These did not highlight any significant concerns over the level of risk being run within the Fund.

Policy in relation to risks (DC Section)

The Trustee has considered risk from a number of perspectives. These are the risks that:

- The investment return over members' working lives will not keep pace with inflation and does not, therefore, secure an adequate retirement income.
- Investment market movements in the period prior to retirement lead to a substantial reduction in the anticipated level of pension or other retirement income.
- Investment market movements in the period just prior to retirement lead to a substantial reduction in the anticipated cash lump sum benefit.
- The default option is not suitable for members who invest in it.
- Fees and transaction costs reduce the return achieved by members to an inappropriate extent.

The investment strategy for the default option has been chosen with the aim of reducing these risks.

The Trustee monitors these risks through the quarterly performance monitoring reports and cost disclosure documents provided by and discussed with the investment consultant.

The self-select funds available have been chosen to provide members with the flexibility to address these risks for themselves. Member factsheets are provided on a regular basis and include an explanation of the risks associated with investing.

The risks inherent in the default option and self-select options were assessed during the year as part of the performance monitoring reports.

Stewardship in relation to the Fund assets

Policies in relation to investment manager arrangements

The Fund's assets are invested in pooled funds which have their own policies and objectives and charge a fee, set by the investment manager, for their services. The Trustee has no influence over the objectives of these funds or the fees they charge (although fee discounts can be negotiated in certain circumstances) although the Trustee considers periodically whether the policies and objectives are in line with the long-term funding objective.

There have been no changes to the benchmark / objectives of the funds in which the Fund invests over the year.

In addition, the Trustee receives information on any trading costs incurred as part of asset transfer work within either the DB or the DC Section, as and when these occur. The exercise is only undertaken if the expected benefits outweigh the expected costs. The Trustee notes that, in respect of the DC Section, trading costs are also incurred in respect of member switches (including within the lifestyle strategy), information on potential ongoing member switching costs for members in the DC Section is included within the Chair's Statement.

The investment managers have invested the assets within their portfolio in a manner that is consistent with the guidelines and constraints set out in their appointment documentation. In return the Trustee has paid the investment managers a fee which is a fixed percentage of assets under management.

The investment consultant has reviewed and evaluated the investment managers on behalf of the Trustee, including performance reviews and manager oversight meetings, and considered these to be appropriate.

Investment manager monitoring and changes

During the year the Trustee received four quarterly DB and DC reports from the investment consultant examining the performance of the pooled funds used.

The Trustee terminated the DB Section's mandates with ASI and BNY Mellon, and realigned its liability driven investments in July 2022 and August 2022 to increase the Fund's interest rate and inflation hedge. There were no changes to the DC Section's investment manager arrangements during the year, though following the end of the period fund closures were announced by abrdn and Invesco, resulting in full disinvestments. Appropriate written advice was taken from the investment consultant before the review, appointment or removal of any investment managers.

Stewardship of investments

The Trustee has a fiduciary duty to consider their approach to the stewardship of the investments, to maximise financial returns for the benefit of members and beneficiaries over the long term. The Trustee can promote an investment's long-term success through monitoring, engagement and/or voting, either directly or through their investment managers.

The Trustee, in conjunction with their investment consultant, appoint its investment managers and choose the specific pooled funds to use in order to meet specific policies. It expects that its investment managers make decisions based on assessments about the financial and non-financial performance of underlying investments (including environmental, social and governance (ESG) factors), and that they engage with issuers of debt or equity to improve their performance (and thereby the Fund's performance) over an appropriate time horizon.

The Trustee does not take non-financial matters into account when considering policy objectives.

During the year, the Trustee continued to monitor the managers' performance relating to their approach on ESG issues, including stewardship and engagement.

Stewardship - monitoring and engagement

The Trustee recognises that investment managers' ability to influence the companies in which they invest will depend on the nature of the investment.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers and to encourage the managers to exercise those rights. The investment managers are expected to provide regular reports for the Trustee detailing their voting activity.

The Trustee's policy is to delegate responsibility for engaging and monitoring investee companies to the investment managers and expects the investment managers to use their discretion to maximise financial returns for members and others over the long term.

The Trustee seeks to appoint managers that have strong stewardship policies and processes and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020. Details of the signatory status of each investment manager is shown below:

Investment manager	UN PRI Signatory	UK Stewardship Code Signatory
Aberdeen Standard Investments Life and Pensions Limited	Yes	Yes
Legal & General Investment Management Limited	Yes	Yes
Newton Investment Management (BNY Mellon Global Equity)	Yes	Yes
Walter Scott & Partners Limited (BNY Mellon Long-Term Global Equity)	Yes	Yes
BlackRock Investment Management (UK) Limited	Yes	Yes
Invesco Asset Management Limited	Yes	Yes
Aegon Asset Management	Yes	Yes
HSBC Global Asset Management	Yes	Yes

The Trustee has not set out their own stewardship priorities but follow that of the investment managers.

The Trustee will engage with a manager should they consider that manager's voting and engagement policy to be inadequate or if the voting and engagement undertaken is not aligned with the manager's own policies, or if the manager's policies diverge significantly from any stewardship policies identified by the Trustee from time to time.

If the Trustee finds any manager's policies or behaviour unacceptable, they may agree an alternative mandate with the manager or decide to review or replace the manager.

As all of the investments are held in pooled vehicles, the Trustee does not envisage being directly involved with peer-to-peer engagement in investee companies.

Investment manager engagement policies

The Fund's investment managers are expected to have developed and publicly disclosed an engagement policy. This policy, amongst other things, provides the Trustee with information on how each investment manager engages in dialogue with the companies it invests in and how it exercises voting rights. It also provides details on the investment approach taken by the investment manager when considering relevant factors of the investee companies, such as strategy, financial and non-financial performance and risk, and applicable social, environmental and corporate governance aspects.

Links to each investment manager's engagement policy or suitable alternative is provided in the Appendix.

These policies are publicly available on each investment manager's websites.

The latest available information provided by the investment managers (with mandates that contain public equities or bonds) is as follows:

Engagement – DB Section		
	LGIM World Developed Equity Index Fund	LGIM RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund
Period	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.	
Number of companies engaged with over the year	501	501
Number of engagements over the year	779	773

Engagement – DC Section						
	BlackRock 30:70 Currency Hedged Global Equity Index	BlackRock Emerging Markets Equity Index Fund	BlackRock Global Property Securities Fund	BlackRock Market Advantage Fund	BlackRock Pre- Retirement Fund	LGIM Infrastructure Index Fund
Period	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023
Engagement definition	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement.					
Number of companies engaged with over the year	1,456	273	94	702	22	29
Number of engagements over the year	2,460	416	141	1,091	59	36

* DC engagement data has only been provided for the Fund's relevant default funds.

Exercising rights and responsibilities

The Trustee recognises that different investment managers should not be expected to exercise stewardship in an identical way, or to the same intensity.

The investment managers are expected to disclose annually a general description of their voting behaviour, an explanation of the most significant votes cast and report on the use of proxy voting advisers.

The investment managers publish online the overall voting records of the firm on a regular basis.

The Fund's investment managers can use their discretion to make their own voting decisions, as they do their own research in addition to the recommendations provided by their proxy advisers.

The Trustee does not carry out a detailed review of the votes cast by or on behalf of their investment managers but relies on the requirement for their investment managers to provide a high-level analysis of their voting behaviour.

For the inclusion in this statement the Trustee has selected three significant votes from each fund which relate to stock that have a large allocation to that fund.

The voting data provided by the investment managers (with mandates that contain equities) is as follows:

Voting behaviour – DB Section		
	LGIM World Developed Equity Index Fund	LGIM RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund
Period	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023
Number of meetings eligible to vote at	2,330	3,202

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Number of resolutions eligible to vote on	30,604	37,084
Proportion of votes cast	99.9%	99.9%
Proportion of votes with management	78.2%	79.0%
Proportion of votes against management	21.6%	20.4%
Proportion of resolutions abstained from voting on	0.2%	0.6%

Voting behaviour – DC Section

	BlackRock 30:70 Currency Hedged Global Equity Index	BlackRock Emerging Markets Equity Index Fund	BlackRock Global Property Securities Fund	BlackRock Market Advantage Fund	LGIM Infrastructure Index Fund
Period	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023	01/10/2022 – 30/09/2023
Number of meetings eligible to vote at	5,209	2,765	386	2,358	138
Number of resolutions eligible to vote on	57,722	23,760	4,317	26,477	1,849
Proportion of votes cast	98.6%	98.9%	86.1%	93.3%	100.0%
Proportion of votes with management	90.9%	87.2%	95.7%	93.8%	75.6%
Proportion of votes against management	7.7%	11.7%	4.3%	6.2%	24.3%
Proportion of resolutions abstained from voting on	1.4%	1.1%	0.0%	0.0%	0.1%

* DC voting data has only been provided for the Fund's relevant components of the default lifestyle strategy. The abstained votes for the BlackRock funds have been adjusted so that figures quoted total 100%.

Trustee's engagement

The Trustee has considered the environmental, social and governance rating for each fund/investment manager provided by the investment consultant, which includes consideration of voting and/or engagement activities. This also includes those funds that do not hold listed equities.

The Trustee recognises that engagement and voting policies, practices and reporting, will continue to evolve over time and are supportive of their investment managers being signatories to the United Nations' Principles for Responsible Investment and the Financial Reporting Council's UK Stewardship Code 2020.

Appendix

Links to the Engagement Policies for the investment managers can be found here:

Investment manager	Engagement Policy (or suitable alternative)
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Aberdeen Standard Investments Life and Pensions Limited	https://www.abrdn.com/en-gb/institutional/sustainable-investing https://www.abrdn.com/docs?editionId=08bef34e-1287-404f-8196-03393c3fb91e
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Legal & General Investment Management Limited	https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf
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BNY Mellon Investment Management Limited	https://www.newtonim.com/uk-institutional/responsible-investment/
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BlackRock Investment Management (UK) Limited	https://www.blackrock.com/corporate/about-us/investment-stewardship#guidelines https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf
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Invesco Asset Management Limited	https://www.invesco.com/corporate/about-us/esg https://www.invesco.com/content/dam/invesco/emea/en/pdf/invesco_uk_stewardship_code_report_2022.pdf https://www.invesco.com/corporate/en/our-commitments/esg/active-ownership-proxy-voting-engagement.html
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HSBC Global Asset Management	https://www.assetmanagement.hsbc.com/about-us/responsible-investing/stewardship
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Aegon Asset Management	https://www.aegonam.com/en/responsible-investment/
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Information on the most significant votes for each of the funds containing equities as provided by the underlying managers is shown below.

Significant votes - DB Section:

LGIM World Developed Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Amazon.com, Inc.	NVIDIA Corporation	Alphabet Inc.
Date of Vote	24/05/2023	22/06/2023	02/06/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.7%	1.6%	1.3%
Summary of the resolution	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	Resolution 1i - Elect Director Stephen C. Neal	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share
How the fund manager voted	For (Against Management Recommendation)	Against (Against management recommendation)	For (Against management recommendation)
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Rationale for the voting decision	A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of	Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.

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	different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.		
Outcome of the vote	29% (Fail)	n/a	30.7% (Fail)
Implications of the outcome	LGIM will continue to engage with the company and monitor progress.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
Criteria on which the vote is assessed to be "most significant"	Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.
LGIM World RAFI Global Reduced Carbon Pathway Equity Index Fund			
	Vote 1	Vote 2	Vote 3
Company name	Alphabet Inc.	Shell Plc	Berkshire Hathaway Inc.
Date of Vote	02/06/2023	23/05/2023	06/05/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.3	1.1	1.1
Summary of the resolution	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share	Resolution 25 - Approve the Shell Energy Transition Progress	Resolution 8 - Require Independent Board Chair
How the fund manager voted	For (against management recommendation)	Against (against management recommendation)	For (against management recommendation)
Where the fund manager voted against management, did they communicate their intent to	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		

the company ahead of the vote

Rationale for the voting decision	Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.	Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.	Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.
Outcome of the vote	30.7% (Fail)	80% (Pass)	10.9% (Fail)
Implications of the outcome	LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.	LGIM continues to undertake extensive engagement with Shell on its climate transition plans.	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
Criteria on which the vote is assessed to be "most significant"	High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.	Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).

Significant votes - DC Section:

BlackRock 30/70 Currency Hedged Global Equity Index	Vote 1	Vote 2	Vote 3
Company name	New World Development Company Limited	Fortum Oyj	Uniper SE
Date of Vote	22/11/2022	23/11/2022	19/12/2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.		
Summary of the resolution	Elect Lee Luen-Wai, John as Director	Approve Issuance of Shares for a Private Placement to Solidium Oy	Approve Creation of EUR 25 Billion Pool of Authorized Capital 2022 without Preemptive Rights
How the fund manager voted	For	For	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	<p>We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.</p> <p>Our market-specific voting guidelines are available on our website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines</p>		
Rationale for the voting decision	<p>Director responsible for failing to ensure sufficient board independence.</p> <p>Vote AGAINST due to insufficient independence after reclassification. Remuneration Committee without majority Independence. The nomination committee is not majority independent. Chair of Audit Committee not independent. Chair of Remuneration</p>	n/a	n/a

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	Committee not independent.		
Outcome of the vote	Pass	Pass	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.		
Criteria on which the vote is assessed to be "most significant"	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Our vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins		
BlackRock Emerging Markets Equity Index Fund	Vote 1	Vote 2	Vote 3
Company name	Banco de Chile SA	Zhejiang Expressway Co., Ltd.	Shin Kong Financial Holding Co. Ltd.
Date of Vote	23/03/2023	04/05/2023	09/06/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Elect Andronico Luksic Craig as Director	Amend Articles of Association	Elect CHANG, JUNG-FENG, with SHAREHOLDER NO.H101932XXX as Independent Director
How the fund manager voted	Against	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	n/a	n/a	n/a
Rationale for the voting decision	Nominee serves on an excessive number of public company boards, which we believe raises substantial	On balance, we find that shareholders' rights are likely to be diminished in material ways under the	Proposal considered to be in the best interests of shareholders.

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	concerns about the director's ability to exercise sufficient oversight on this board.	new Charter/Articles/Bylaws.	
Outcome of the vote	Pass	Withdrawn	Fail
Implications of the outcome	n/a	n/a	n/a
Criteria on which the vote is assessed to be "most significant"	Significant Vote Proposal		
BlackRock Global Property Securities			
Vote 1			
Company name	New World Development Company Limited		
Date of Vote	22/11/2022		
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.		
Summary of the resolution	Elect Lee Luen-Wai, John as Director		
How the fund manager voted	For		
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	<p>We endeavor to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.</p> <p>Our market-specific voting guidelines are available on our website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines</p>		
Rationale for the voting decision	<p>Director responsible for failing to ensure sufficient board independence.</p> <p>Vote AGAINST director due to insufficient independence after reclassification. Remuneration Committee without majority independence. The nomination committee is not majority independent. Chair of Audit Committee not independent. Chair of Remuneration Committee not independent.</p>		
Outcome of the vote	Pass		

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Implications of the outcome BlackRock’s approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.

Criteria on which the vote is assessed to be “most significant” Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Our vote bulletins can be found here: <https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins>

BlackRock Market Advantage	Vote 1	Vote 2	Vote 3
Company name	Siemens AG	Broadcom Inc.	Koninklijke Ahold Delhaize NV
Date of Vote	09/02/2023	03/04/2023	12/04/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission	Advisory Vote to Ratify Named Executive Officers' Compensation	Approve Remuneration Report
How the fund manager voted	For	Against	For
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	<p>We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company’s approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company’s unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.</p> <p>Our market-specific voting guidelines are available on our website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines</p>		

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Rationale for the voting decision	n/a	Pay is not aligned with performance and peers.	n/a
Outcome of the vote	Pass	Fail	Pass
Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.		
Criteria on which the vote is assessed to be "most significant"	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Our vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins		
LGIM Infrastructure Index	Vote 1	Vote 2	Vote 3
Company name	NextEra Energy, Inc.	Union Pacific Corporation	American Tower Corporation
Date of Vote	18/05/2023	18/05/2023	24/05/2023
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	6.5	5.2	4.1
Summary of the resolution	Resolution 1b - Elect Director Sherry S. Barrat	Resolution 1e - Elect Director Lance M. Fritz	Resolution 1f - Elect Director Robert D. Hormats
How the fund manager voted	Against (against management recommendation)	For (in line with management recommendation)	Against (against management recommendation)
Where the fund manager voted against management, did they communicate their intent to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.		
Rationale for the voting decision	Independence: A vote against is applied as LGIM expects the Lead Director to have served on the board for no more than 15 years in order to maintain independence and a	Joint Chair/CEO: While LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns, a vote in favour is applied in this situation	Diversity: A vote against is applied due to the lack of gender diversity at executive officer level. LGIM expects executives

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	balance of relevant skills, experience, tenure, and background. Joint Chair/CEO: A vote against is applied as LGIM expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.	given the company's commitment to separate the Chair and CEO roles in 2023.	officers to include at least 1 female.
Outcome of the vote	n/a	n/a	98% (Pass)
Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.		
Criteria on which the vote is assessed to be "most significant"	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

Information on the most significant engagement case studies for LGIM as a company for the funds containing public equities or bonds as at 31 December 2022 (latest available) is shown below:

LGIM - Firm-level	Case Study 1	Case Study 2	Case Study 3
Name of entity engaged with	ExxonMobil	BP Plc	J Sainsbury Plc
Topic	Environment: Climate change (Climate Impact Pledge)	Environment: Climate change (Climate Impact Pledge)	Social: Income inequality - living wage (diversity, equity and inclusion)
Rationale	<p>As one of the world's largest public oil and gas companies in the world, we believe that Exxon Mobil's climate policies, actions, disclosures and net zero transition plans have the potential for significant influence across the industry as a whole, and particularly in the US.</p> <p>At LGIM, we believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under our Climate</p>	<p>As one of the largest integrated oil and gas producers in the world, BP has a significant role to play in the global transition to net zero, hence our focus on this company for in-depth engagements. As members of the CA100+ we commit to engaging with a certain number of companies on their focus list and on account of our strong relationship with BP, we lead the CA100+ engagements with them.</p>	<p>Ensuring companies take account of the 'employee voice' and that they are treating employees fairly in terms of pay and diversity and inclusion is an important aspect of our stewardship activities. As the cost of living ratchets up in the wake of the pandemic and amid soaring inflation in many parts of the world, our work on income inequality and our expectations of companies regarding the</p>

Impact Pledge, we publish our minimum expectations for companies in 20 climate-critical sectors. We select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in our view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. Our in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag our minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).

UN SDG 13: Climate action

At LGIM, we believe that company engagement is a crucial part of transitioning to a net zero economy by 2050. Under our Climate Impact Pledge, we publish our minimum expectations for companies in 20 climate-critical sectors. We select roughly 100 companies for 'in-depth' engagement - these companies are influential in their sectors, but in our view are not yet leaders on sustainability; by virtue of their influence, their improvements would be likely to have a knock-on effect on other companies within the sector, and in supply chains. Our in-depth engagement is focused on helping companies meet these minimum expectations, and understanding the hurdles they must overcome. For in-depth engagement companies, those which continue to lag our minimum expectations may be subject to voting sanctions and/ or divestment (from LGIM funds which apply the Climate Impact Pledge exclusions).

UN SDG 13: Climate action

living wage have acquired a new level of urgency.

LGIM's expectations of companies:

i) As a responsible investor, LGIM advocates that all companies should ensure that they are paying their employees a living wage and that this requirement should also be extended to all firms with whom they do business across their supply chains.

ii) We expect the company board to challenge decisions to pay employees less than the living wage.

iii) We ask the remuneration committee, when considering remuneration for executive directors, to consider the remuneration policy adopted for all employees.

iv) In the midst of the pandemic, we went a step further by tightening our criteria of bonus payments to executives at companies where COVID-19 had resulted in mass employee lay-offs and the company had claimed financial assistance (such as participating in government-supported furlough schemes) in order to remain a going concern.

With over 600 supermarkets, more than 800 convenience stores, and nearly 190,000 employees, Sainsbury's is one of the largest supermarkets in the UK. Although Sainsbury's is currently paying higher wages than many other listed supermarkets, the company has been selected because it is more likely than many of its peers to be able to meet the requirements to

<p>What the investment manager has done</p>	<p>We have been engaging with Exxon Mobil since 2016 and they have participated willingly in our discussions and meetings. Under our Climate Impact Pledge, we identified a number of initial areas for concerns, namely: lack of Scope 3 emissions disclosures (embedded in sold products); lack of integration or a comprehensive net zero commitment; lack of ambition in operational reductions targets and; lack of disclosure of climate lobbying activities.</p> <p>Our regular engagements with Exxon Mobil have focused on our minimum expectations under the Climate Impact Pledge. The improvements made have not so far been sufficient in our opinion, which has resulted in escalations. The first escalation was to vote against the re-election of the Chair, from 2019, in line with our Climate Impact Pledge sanctions. Subsequently, in the absence of further improvements, we placed Exxon Mobil on our Climate Impact Pledge divestment list (for applicable LGIM funds) in 2021, as we considered the steps taken by the company so far to be insufficient for a firm of its scale and stature. Nevertheless, our engagement with the company continues. In terms of further voting activity, in 2022 we supported two climate-related shareholder</p>	<p>We have been engaging with BP on climate change or a number of years, during the course of which we have seen many actions taken regarding climate change mitigation.</p> <p>BP has made a series of announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US. Our recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate targets before considering any potential diversification into clean energy. BP has also announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050.</p> <p>We met with BP several times during 2022. In BP's 2022 AGM, we were pleased to be able to support management's 'Net Zero – from ambition to action' report (Resolution 3). Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP has also expanded its scope 3 targets, committed to a substantial decline in oil</p>	<p>become living-wage accredited.</p> <p>UN SDG 8: Decent work and economic growth</p> <p>Sainsbury's has recently come under scrutiny for not paying a real living wage. LGIM engaged initially with the company's [then] CEO in 2016 about this issue and by 2021, Sainsbury's was paying a real living wage to all employees, except those in outer London. We joined forces with ShareAction to try to encourage the company to change its policy for outer London workers. As these engagements failed to deliver change, we then joined ShareAction in filing a shareholder resolution in Q1 2022, asking the company to becoming a living wage accredited employer.</p> <p>This escalation succeeded insofar as, in April 2022, Sainsbury's moved all its London-based employees (inner and outer) to the real living wage. We welcomed this development as it demonstrates Sainsbury's values as a responsible employer. However, the shareholder resolution was not withdrawn and remained on the 2022 AGM agenda because, despite this expansion of the real living wage to more employees, there are still some who are excluded. This group comprises contracted cleaners and security guards, who fulfil essential functions in helping the business to operate safely.</p> <p>Levels of individual typically engaged with include the Chair, the CEO, and head of investor relations.</p>
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	<p>resolutions (i.e. voted against management recommendation) at Exxon's AGM, reflecting our continued wish for the company to take sufficient action on climate change in line with our minimum expectations.</p> <p>Levels of individual typically engaged with include lead independent director, investor relations, director and CFO.</p>	<p>and gas production, and announced an increase in capital expenditure to low-carbon growth segments.</p> <p>Levels of director typically engaged with include the chair, the CEO, head of sustainability, and investor relations.</p>	
Outcomes and next steps	<p>Since 2021, we have seen notable improvements from Exxon Mobil regarding our key engagement requests, including disclosure of Scope 3 emissions, a 'net zero by 2050' commitment (for Scopes 1 and 2 emissions), the setting of interim operational emissions reduction targets, and improved disclosure of lobbying activities. However, there are still key areas where we require further improvements, including inclusion of Scope 3 emissions in their targets, and improving the level of ambition regarding interim targets. We are also seeking further transparency on their lobbying activities.</p> <p>The company remains on our divestment list (for relevant funds), but our engagement with them continues.</p>	<p>We will continue engaging with BP on climate change, strategy and related governance topics. Following the company's decision to revise their oil production targets, we met with the company several times in early 2023 to discuss our concerns.</p>	<p>Since filing the shareholder resolution, Sainsbury's has made three further pay increases to its directly employed workers, harmonising inner and outer London pay and is now paying the real living wage to its employees, as well as extending free food to workers well into 2023. We welcome these actions which demonstrate the value the board places on its workforce. We have asked the board to collaborate with other key industry stakeholders to bring about a living wage for contracted staff.</p>