Implementation Statement Covering the Plan Year from 1 January 2024 to 31 December 2024 (the "Plan Year")

The Trustee of the Eaton UK Pension Plan (the "Plan") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 9 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022 .

This Statement is based on the Plan's latest SIP which was in place during the Plan Year – dated 14 August 2024 – *the one that was in place as at year end*. This replaced the previous SIP dated 25 April 2023. This Statement should be read in conjunction with the latest SIP which can be found here: Eaton UK Pension Plan Statement of Investment Principles 2024.

1. Introduction

The SIP was reviewed and updated during the Plan Year, on 14 August 2024, to reflect:

- A new, more concise, SIP format which only contains content required by legislation, with optional content moved to a separate "SIP addendum";
- the Trustee's Net Zero ambition and expectation that the Plan's investment managers and advisers help the Trustees achieve this ambition;
- the Trustee's investment beliefs;
- the DB Section's updated investment strategy;
- the replacement of BlackRock with LGIM in respect of the Plan's DB Section's emerging market equity mandate;
- the switch from a pooled to a bespoke pooled arrangement with respect to the Plan's DB Section's LDI mandate;
- the disinvestment from the Plan's DB Section's holdings in the BlackRock diversified growth fund;
- the disinvestment from the Plan's DB Section's property holdings with LGIM;
- the addition of the climate tilted passive equity fund to the Plan's IMA (Hybrid) Section drawdown lifestyle strategy and self-select options;
- the replacement of the Aegon All Stocks Index Linked Gilt fund in the IMA Section due to its closure;
- the Trustee's policy in relation to investment in illiquid assets and whether or not investments held in the DC arrangements contain illiquid assets; and
- a new section in the SIP addendum (part 4) which sets out the Trustee's effective system of governance ("ESOG") in relation to stewardship.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed all of the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

DB Section

Progress against the Plan's long-term journey plan is reviewed as part of the quarterly performance monitoring reports. As at 31 December 2024 the Plan Plan's required return to achieve full funding on a gilts plus 0.5% pa basis by 31 December 2028 was 0.1% pa below gilt returns, while the Plan's expected return from its assets was 1.5% pa. The Plan is therefore on track to achieve its objectives as set out in its SIP.

DC and Hybrid Sections

Both the DC and Hybrid Sections do not have, and are not required to have, a default investment arrangement, but the Trustee does offer a lifestyle investment option within each Section.

As part of the performance and strategy review of the DC arrangements, which concluded in June 2023, the Trustee considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan. Based on the outcome of this analysis, the Trustee concluded that the lifestyle arrangements have been designed to be in the best interests of the majority of the DC Section members and reflect the demographics of those members.

In addition to a lifestyle option within each section the Trustee has also made available a wider self-select fund range to members covering all major assets classes to enable appropriate diversification as set out in Appendix 3 of the SIP. Take up of the self-select fund range has been high in comparison to the market.

The Trustee reviewed changes in member choices, behaviour and trends as part of the triennial strategy review in 2023 and confirmed there were no material changes.

Although the Trustee did not formally review the investment strategy during the Plan year, the Trustee monitors the performance and asset allocation quarterly and compares this to the strategic asset allocation. The full details of the DC Section's strategic asset allocation are contained in the latest SIP.

3. Investment strategy

DB Section

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy in conjunction with the 31 December 2022 actuarial valuation. This review concluded in August 2024. As part of this review, the Trustee made sure the Plan's assets were adequately and appropriately diversified between different asset classes. At the time of writing, the new strategy was in the process of being implemented.

Hybrid Section – IMA

The IMA section does not have, and is not required to have, a default investment arrangement. However, the Trustee offers a lifestyle investment option which it reviews on a triennial basis.

The Trustee did not review the IMA investment strategy over the Plan year but, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy and performance of the DC arrangements over 2023.

The Trustee concluded that drawdown remains an appropriate retirement target. The Trustee reviewed the growth phase of the lifestyle investment option and added a climate tilted equity fund the growth phase. The Trustee replaced the BlackRock MSCI World Equity Fund used in the growth phase of the strategy with the LGIM Low Carbon Transition Developed Markets Equity Fund ("LCTF"). The LCTF is a passively managed climate tilted fund that tracks indices with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

The changes to the IMA lifestyle strategy arrangement were implemented during the Plan Year in February 2024. The LCTF was also made available as part of the self-select fund range for members to invest in.
As part of this review the Trustee made sure the Plan's lifestyle arrangement was adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from.

DC Section – MPA and AVC

The MPA and AVC section also does not have, and is not required to have, a default investment arrangement but the Trustee does offer a lifestyle investment option which it reviews on a triennial basis.

The Trustee did not review the MPA and AVC arrangement over the Plan year, but it was reviewed in June 2023. The Trustee investigated options to improve the value received by members in this arrangement and concluded a transfer from Standard Life to Aegon for members' unit-linked assets, would be in the best interest of members. The asset transition took place during the Plan year and completed on 28 November 2024. Members now have access to the same open self-select funds that are available within the IMA Section, in addition to a cash targeting lifestyle using these funds. The review considered how members are likely to access their benefits when they reach their planned retirement age.

4. Considerations in setting the investment arrangements

The Trustee reviewed the DB Section investment strategy in conjunction with the 31 December 22 actuarial valuation. This review concluded in August 2024. As part of the review, it considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Plan (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

The Trustee formally reviewed its investment beliefs in April 2024. As part of this, the investment adviser held an interactive beliefs session where a survey was used to explore the Trustee's beliefs, particularly in the area of ESG and climate change factors in investment. The results of this survey helped the Trustee establish a new sustainable buy and maintain credit mandate within the DB Section which reflected its ESG beliefs. The SIP was updated in August 2024 to reflect the Trustee's updated beliefs.

The Trustee invests for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

DC and Hybrid Section

When the Trustee undertook a performance and strategy review of the DC lifestyle arrangements described above, it considered the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register, and this is discussed at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks. The Trustee's implementation of its policy for these risks during the year is summarised below.

DB Section

With regard to the risk of inadequate returns, the Trustee targets an expected return from the Plan investments which is sufficiently higher than the expected increase in the Plan's liabilities over time. Therefore, the expected return on the Plan's assets was expected to be sufficient to produce the return needed over the long-term.

The Plan's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. After the Plan year end, in January 2025, the Trustee rebalanced the Plan's hedging portfolio to bring the

[1] The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Plan's inflation hedging back in line with its target of 90% on a Technical Provisions basis. The plan's hedging levels will be formally reviewed in the next Plan year, once the Plan has updated its liability benchmark.

With regard to collateral adequacy risk, the Trustee holds investments in the CTI LDI Private Sub-Fund to be used should CTI require cash to be posted in order to maintain the level of interest rate and inflation exposure provided by the Private Sub-Fund. The Trustee monitors the level of collateral in the quarterly monitoring report and generally aims to hold a prudent amount sufficient to withstand at least a 3% rise in gilt yields.

Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise generally to funding risk. During the year, the Trustee formally reviewed the Plan's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings.

DC and Hybrid Section

With regard to the risk of inadequate returns, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the Drawdown Targeted Lifestyle Strategy (IMA section) and Cash Targeted Strategy (MPA and AVC section) and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term. During the Plan year, the Trustee monitored the standard deviation and returns of the funds within the IMA Section on a quarterly basis and the MPA and AVC Section annually. However, following the transition of assets in November 2024, the Trustee will now monitor the standard deviation and returns of the funds within both Sections on a quarterly basis.

All sections

The following risks are covered later in this Statement: excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

The DB quarterly reports reviewed during the year showed that all managers have produced performance broadly in line with expectations over the long-term. The DC report shows that all of the passive funds have broadly tracked their benchmarks as expected. Absolute performance of the Plan's diversified growth fund has underperformed its target (of cash plus 3.5% pa) over 1, 3 and 5 years to end 2024 by 3.1%, 8.1% pa and 5.3% pa respectively. This partly reflects the challenging bond markets in recent years (bond exposure detracting from returns) as well as the increase in cash rates (making the target harder to achieve).

5. Implementation of the investment arrangements

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives. Section 8 provides more detail on the activities carried out over the year.

DB Section

The Trustee is in the process of appointing a credit manager to manage a segregated credit mandate for the Plan. Before appointing the manager, the Trustee received information on the investment process and philosophy, the investment team and past performance. The Trustee also considered the manager's approach to responsible investment and stewardship, including the Trustee's stewardship priorities (as set out in Section 8 of this Statement). The Trustee relies on its investment adviser's research to understand managers' investment approaches, and ensure they are consistent with the Trustee's policies prior to any new appointment.

DC Section

The Trustee undertook a "value for members" assessment in April 2025. This covered the Plan Year to 31 December 2024 and assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against similar sized Plans.

As mentioned in section 3, the Trustee selected LGIM to manage the Plan's equity allocation within the IMA Section's lifestyle strategy which was implemented during the Plan Year in February 2024. The LCTF was also made available as part of the self-select fund range for members to invest in.

In addition, the Trustee investigated options to improve the value received by members within the MPA and AVC Section which determined that the unit-linked MPA and AVC assets should be moved to Aegon on a bundled basis (due to the existing relationship with the IMA section), which meant members would have access to lower fees. This transition took place in November 2024.

Both Sections

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustee regularly invites the Plan's investment managers to present at Trustee meetings, seeing each manager approximately once every two years. Over the Plan Year, the Trustee met with LGIM to discuss the Plan's investments. The Trustee also asked LGIM to outline examples of engagements made by LGIM with investee companies on the Trustee's behalf.

The Trustee also met with Insight for a session that included training on fixed income, covering opportunities in credit markets, investing responsibly within credit markets, and suitable structures for the Plan's new credit mandate.

The Trustee monitors the performance of the DB, IMA and MPA and AVC sections' investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser, and the MPA and AVC section with Standard Life on an annual basis. The report shows the performance of each fund over the quarter, 1 year, 3 years and 5 years where applicable. Performance is considered in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by its investment adviser, on an annual basis as part of the standard monitoring reports.

6. Realisation of investments

DB Section

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

Over the Plan Year, the Trustee used cashflows to help rebalance the Plan's assets towards the strategic asset allocation (which itself was updated during the year to reflect the new agreed strategy).

The Trustee receives income from its real asset holdings with IFM and JP Morgan. During the Plan year, the Trustee also submitted a request to receive income from the Plan's equity holdings with LGIM. These income distributions are retained in the Trustee's bank account and used towards paying benefit payments.

DC and Hybrid Sections

It is the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section funds which the Trustee offered during the Plan Year are daily priced.

7. Financially material considerations, non-financial matters

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

In February 2024, the Trustee reviewed the ESG risk exposures of DB Section's equity and corporate bond holdings using data from MSCI. This included a scoring of each fund's E, S and G credentials out of 10 and an overall aggregate ESG score. The Trustee also considered quantitative measures covering specific climate and governance risk metrics as well as the number of portfolio companies associated with very severe ESG controversies.

In September 2024, the Trustee reviewed a report prepared by LCP which assessed the climate risks and opportunities posed by most of the DB and DC Section's holdings, using the climate metrics that the Trustee agreed, and the quality of emissions data provided. Following the report, the Trustee asked its investment consultant to engage with managers on areas of improvement that had been identified regarding climate risk management and the provision of emissions data.

Further details of the Trustee's monitoring of and engagement with managers to improve ESG practices is included in Section 5 above and Section 8 below.

The Trustee set a Net Zero Ambition in July 2023 to help mitigate climate risk. It aims to align the Plan's assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets.

In November 2024, the Trustee reviewed LCP's responsible investment (RI) scores for the Plan's existing managers and funds, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager's approach to general ESG investing, net zero, engagement, systemic stewardship and voting. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations. The manager scores are based on LCP's Responsible Investment Survey 2024. The Trustee has engaged with all its managers and encouraged those that received red and amber ratings to improve their RI practices and demonstrated to them the importance of long-term investing to the Trustee.

The Trustee is in the process of appointing a new segregated credit mandate. In selecting and appointing the manager, the Trustee reviewed LCP's RI assessments of the shortlisted managers. At the selection day, ESG factors and engagement were discussed with each manager, focusing on the Trustee's stewardship priorities.

No specific actions have been taken in relation to the selection, retention, and realisation of managers as a result of member and beneficiary views.

DC and Hybrid Sections

Within the DC Section, the Trustee recognises that some members may wish for ESG matters to be considered in their investments. Therefore, the Trustee makes available a LGIM Low Carbon Transition Developed Markets Equity Index Fund which is a passively managed climate tilted fund that tracks indices with reduced exposure to climate-related risks and increased exposure to climate-related opportunities. From November 2024, this fund has also been made available to members in the MPA and AVC Section of the Plan.

8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- LGIM: UK Corporate Governance and Responsible Investment Principles policy document (lgim.com)
- BlackRock: BIS ("BlackRock Investment Stewardship Team") Global Principles (blackrock.com)
- Abrdn: Our Listed Company Stewardship Guidelines (issgovernance.com)
- Vanguard: (Global proxy voting policy)

However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

In November 2022, following the introduction of DWP's guidance, the Trustee set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. These priorities are Climate change, Business Ethics and Human Rights. These priorities were selected because they are key market wide risks and areas where the Trustee believes that good stewardship and engagement can improve financial outcomes for the Plan's members. The priorities have been communicated to the Plan's managers, noting the following expectations:

- to take account of financially material factors (including climate change and other ESG factors) when investing the Plan's assets, and to improve their ESG practices over time, within the parameters of the mandate;
- to undertake engagement on the Trustee's behalf in line with the managers' stewardship policies, considering the long-term financial interests of the Trustee; and

- to provide information on the managers' respective stewardship policies, activities and outcomes, as requested by LCP from time to time, to enable the Trustee to monitor them.

The Trustee regularly invites the Plan's investment managers to present at Trustee meetings, seeing each manager approximately once every two years. Over the Plan Year, the Trustee met with LGIM to discuss the Plan's investments. The Trustee also asked LGIM to outline examples of engagements made by LGIM with investee companies on the Trustee's behalf.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements. Please see Sections 5 and 7 for more details on the Trustee's engagement with managers.

9. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised, and the Trustee itself has not used proxy voting services over the Plan Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

DB Section

- LGIM LCT North America Equity Fund
- LGIM LCT UK Equity Fund
- LGIM LCT Japan Equity Fund
- LGIM LCT Europe ex UK Equity Fund
- LGIM LCT Asia Pacific ex Japan Equity Fund
- LGIM LCT Emerging Markets Equity Fund

Hybrid Section - IMA

- **Aegon LGIM Low Carbon Transition Developed Markets Equity Index Fund**
- **Aegon BlackRock Aquila Life Market Advantage Fund**
- **Aegon BlackRock ACS 60:40 Global Equity Index Fund***
- Aegon BlackRock ACS UK Equity Index Fund
- Aegon BlackRock Aquila Life MSCI World Index Fund

DC Section – MPA and AVC**

- **Standard Life Global Equity 50:50 Tracker Pension Fund**
- **Standard Life BlackRock Market Advantage Pension Fund**
- BlackRock ACS World (Ex UK) Equity Pension Fund
- Standard Life Vanguard FTSE UK All Share Index Pension Fund
- Standard Life Managed Pension Fund

For the IMA and MPA and AVC Sections we have included the equity funds used in the lifestyle strategies as well as any self-select funds. Funds used within the lifestyles are highlighted in **bold**.

*The Aegon BlackRock Aquila Life 60:40 Global Equity Index Fund is used within the legacy lifestyle strategy – the lifestyle targeting annuity purchase (which is closed to new members).

** In 2023, the Trustee decided it is in the best interest of the members in the MPA and AVC Section to consolidate the majority of their holdings onto the Aegon platform with the IMA Section of the Plan. Therefore, member unit-linked assets were transferred from Standard Life to Aegon, with the process being finalised on 28 November 2024 successfully. Members of this Section now use the same fund range as offered to IMA Section members. We have also omitted the Standard Life At Retirement (Multi Asset Universal) Pension Fund on materiality grounds since its physical equity holdings are only a small proportion of the Plan's total equity holdings (less than 1% of the MPA and AVC Section).

9.1 Summary of voting behaviour

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

DB Section

Manager name	LGIM					
Fund name	Low Carbon Transition North America Equity Fund	Low Carbon Transition UK Equity Fund	Low Carbon Transition Japan Equity Fund	Low Carbon Transition Europe (ex UK) Equity Fund	Low Carbon Transition Asia Pacific (ex-Japan) Equity Fund	Low Carbon Transition Emerging Markets Equity Fund
Total size of fund at end of the Plan Year	Hedged: £2,100.7m Unhedged: £700.4m	£1,001.1m	Hedged: £337.7m Unhedged: £176.6m	Hedged: £608.2m Unhedged: £489.9m	Hedged: £231.9m Unhedged: £256.7m	£1,039.4m
Value of Plan assets at end of the Plan Year (£ / % of total assets)	Hedged: £16.8m / 2.8% Unhedged: £17.0m / 2.8%	£ 33.0m / 5.5%	Hedged: £11.8m / 1.9% Unhedged: £10.6m / 1.8%	Hedged: £16.0m / 2.6% Unhedged: £14.9m / 2.5%	Hedged: £5.5m / 0.9% Unhedged: £5.2m / 0.9%	£33.7m / 5.6%
Number of equity holdings at end of the Plan Year	500	79	288	341	133	1,378
Number of meetings eligible to vote	530	91	294	475	148	3,250
Number of resolutions eligible to vote	7,249	1,844	3,654	7,843	1,144	26,071
% of resolutions voted	98.7%	100.0%	100.0%	99.7%	100.0%	100.0%
Of the resolutions on which voted, % voted with management	63.8%	96.5%	90.8%	81.3%	79.2%	80.5%
Of the resolutions on which voted, % voted against management	35.3%	3.5%	9.2%	18.1%	20.8%	18.1%
Of the resolutions on which voted, % abstained from voting	0.9%	0.0%	0.0%	0.6%	0.0%	1.4%
Of the meetings in which the manager voted, % with at least one vote against management	98.5%	31.9%	62.6%	79.8%	71.6%	54.1%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	30.3%	3.3%	8.6%	9.3%	12.7%	7.1%

Hybrid section - IMA

Manager name	LGIM		BlackRock							
Fund name	Low Carbon Transition Developed Markets Equity Index Fund		BlackRock Aquila Life Market Advantage Fund		BlackRock ACS 60:40 Global Equity Index Fund		BlackRock ACS UK Equity Index Fund		BlackRock Aquila Life MSCI World Index Fund	
Total size of fund at end of the Plan Year	£2,064m		£560m		£629m		£9,466m		£3,812m	
	IMA	MPA/AVC	IMA	MPA/AVC	IMA	MPA/AVC	IMA	MPA/AVC	IMA	MPA/AVC
Value of Plan assets at end of the Plan Year (£ / % of total assets)	£2.3m (9%)	£0.1m (2%)	£4.2m (17%)	£0.1m (2%)	<£0.1m (0.1%)	N/A	£3.1m (12%)	£1.9m (35%)	£11.0m (44%)	£2.6m (46%)
Number of equity holdings at end of the Plan Year	1,341		1,660		13,210		13,218		1,370	
Number of meetings eligible to vote	1,538		2,048		2,639		1,050		1,489	
Number of resolutions eligible to vote	21,734		22,006		35,117		14,332		21,556	
% of resolutions voted	99%		99%		95%		96%		98%	
Of the resolutions on which voted, % voted with management	78%		94%		95%		96%		96%	
Of the resolutions on which voted, % voted against management	21%		5%		4%		3%		3%	
Of the resolutions on which voted, % abstained from voting	1%		1%		0%		1%		0%	
Of the meetings in which the manager voted, % with at least one vote against management	79%		25%		23%		19%		24%	
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	16%		0%		0%		0%		0%	

DC section – MPA and AVC (prior to 28 November 2024)

Manager name	BlackRock		Vanguard	Abrdn	
Fund name	Standard Life BlackRock Market Advantage Pension Fund	BlackRock ACS World (Ex UK) Equity Pension Fund	Vanguard FTSE UK All Share Index Pension Fund	Standard Life Global Equity 50:50 Tracker Pension Fund	Standard Life Managed Pension Fund
Total size of fund at end of the Plan Year	£386m	£9,466m	£14,603m	£1,161m	£853m
Value of Plan assets at end of the Plan Year (£ / % of total assets)	0*	0*	0*	0*	0*
Number of equity holdings at end of the Plan Year	1,696	13,218	560	866	973
Number of meetings eligible to vote	2,056	1,050	711	907	1,048
Number of resolutions eligible to vote	21,990	14,332	10,063	12,059	13,524
% of resolutions voted	98%	96%	99%	97.9%	97.0%
Of the resolutions on which voted, % voted with management	94%	96%	99%	82.2%	82.8%
Of the resolutions on which voted, % voted against management	5%	3%	0%	17.2%	16.1%
Of the resolutions on which voted, % abstained from voting	1%	1%	0%	0.6%	1.1%
Of the meetings in which the manager voted, % with at least one vote against management	25%	19%	5%	73.4%	68%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	0%	0%	13.3%	12.5%

*Value of Plan assets at the end of the year is shown as £0 for the MPA and AVC section as all assets invested in these funds were transferred from Standard Life to Aegon on the 28 November 2024. Therefore, we have included asset values for the MPA and AVC section along with the IMA funds.

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

9.2 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will continue to consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria[2] for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that:

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

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

DB section

LGIM Low Carbon Transition North America Equity Index Fund

Microsoft Corporation, December 2024

- **Summary of the resolution**: To report on AI data sourcing accountability
- **Relevant stewardship priority**: Business Ethics
- **Approximate size of the holding at the date of the vote**: 6.0%
- **Why this vote is considered to be most significant**: The vote relates to the Business Ethics stewardship priority. It is also a material holding in a high-profile company.
- **Company management recommendation**: Against. **Fund manager vote**: For.
- **Rationale**: LGIM felt that a vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, LGIM believes that shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.
- **Was the voting intention communicated to the company ahead of the vote?** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps**: The resolution failed. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

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[2] Vote reporting template for pension Plan implementation statement – Guidance for Trustees (plsa.co.uk). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

LGIM Low Carbon Transition UK Equity Fund

Unilever Plc, May 2024

- **Summary of the resolution**: To approve the Climate Transition Action Plan.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: 6.5%
- **Why this vote is considered to be most significant**: The vote relates to the Climate Change stewardship priority. It is also a material holding in the fund.
- **Company management recommendation**: For. **Fund manager vote**: For.
- **Rationale**: The Climate Transition Action Plan met LGIM's minimum expectations. This included the disclosure of scope 1, 2 and material scope 3 greenhouse gas emissions and short, medium and long-term greenhouse gas emissions reduction targets consistent with a 1.5°C Paris goal.
- **Was the voting intention communicated to the company ahead of the vote?** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps**: The resolution passed. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

LGIM Low Carbon Transition Japan Equity Index Fund

Toyota Motor Corp., June 2024

- **Summary of the resolution**: To elect Director Toyoda, Akio.
- **Relevant stewardship priority**: Business Ethics and Climate Change.
- **Approximate size of the holding at the date of the vote**: 7.5%
- **Why this vote is considered to be most significant:** The vote relates to the Business Ethics and Climate Change stewardship priorities. It is also a material holding in the fund.
- **Company management recommendation**: For. **Fund manager vote**: Against.
- **Rationale**: LGIM voted against this resolution for the following reasons:
    - Due to the lack of independent directors on the board. LGIM believes that independent directors bring an external perspective to the board, and that bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors.
    - Due to the lack of meaningful diversity on the board.
    - LGIM believed there was a disconnect in Toyota's stated climate ambitions and its current multi-pathway strategy. LGIM encouraged Toyota to further develop disclosures that more clearly articulate how it intends to support a global transition to zero emission vehicles and net zero emissions.
    - The company had not provided disclosure surrounding the use of former CEO as Advisor to the Board.
    - As a long-time top executive, LGIM felt that Mr Toyoda should be considered ultimately accountable for a spate of certification irregularities within the Toyota Motor group. LGIM was concerned that previous and current issues concerning legal certifications processes and safety requirements are indicative of a corporate culture that is not being amended to meet stakeholder expectations and legal requirements. For this reason, LGIM decided that Mr Toyoda should be held accountable until appropriate remediation measures are taken.
- **Was the voting intention communicated to the company ahead of the vote?** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.

- **Outcome of the vote and next steps**: The resolution passed. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

LGIM Low Carbon Transition Europe ex UK Equity

Ferrovial SE, April 2024

- **Summary of the resolution**: To approve the Climate Strategy Report.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: 0.2%
- **Why this vote is considered to be most significant:** The vote relates to the Climate Change stewardship priority.
- **Company management recommendation**: For. **Fund manager vote**: Against.
- **Rationale**: LGIM was supportive of the company's early-move to seek third-party assurance and put their climate strategy to a vote. However, LGIM expected net zero commitments, rather than carbon neutrality commitments; LGIM expected further clarity and ambition on short, medium and long-term targets.
- **Was the voting intention communicated to the company ahead of the vote?** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps**: The resolution passed. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

LGIM Low Carbon Transition Asia Pacific ex Japan Equity Fund

BHP Group Limited, October 2024

- **Summary of the resolution**: To approve the Climate Transition Action Plan.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: 4.8%
- **Why this vote is considered to be most significant:** The vote relates to the Climate Change stewardship priority.
- **Company management recommendation**: For. **Fund manager vote**: For.
- **Rationale:** LGIM believes that the critical minerals that mining companies provide are essential to the energy transition. LGIM believed that it was clear BHP had made significant strides in carrying out its core role in the transition in a sustainable manner and had demonstrated this through the substantial alignment of its Climate Transition Action Plan (CTAP) with LGIM's framework for assessing mining company transition plans.
- **Was the voting intention communicated to the company ahead of the vote?** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps:** The resolution passed. Going forwards, LGIM will assess the disclosure of progress on BHPs plans for the development of a more targeted methane measurement, management and mitigation strategy, as well as the plans it is executing to support the decarbonisation of steelmaking. LGIM will also continue to engage with BHP to ensure resilience whilst navigating the dynamic market for metallurgical coal.

LGIM Low Carbon Transition Emerging Market Equity Fund

Agricultural Bank of China Limited, May 2024

- **Summary of the resolution**: To approve Work Report of the Board of Directors.

- **Relevant stewardship priority**: Climate Change and Business Ethics.
- **Approximate size of the holding at the date of the vote**: 0.2%
- **Why this vote is considered to be most significant**: The vote relates to the Climate Change and Business Ethics stewardship priorities.
- **Company management recommendation**: For. **Fund manager vote**: Against.
- **Rationale**: The company did not meet LGIM's minimum standards with regard to climate risk management.
- **Was the voting intention communicated to the company ahead of the vote?** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps**: The resolution passed. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Hybrid section - IMA

LGIM Low Carbon Transition Developed Markets Equity Index Fund

Apple Inc., February 2024

- **Summary of the resolution**: Report on Risks of Omitting Viewpoint and Ideological Diversity from Equal Employment Opportunities ("EEO") Policy.
- **Relevant stewardship priority**: Business Ethics.
- **Approximate size of the holding at the date of the vote**: 5.5%
- **Why this vote is considered to be most significant**: The vote relates to the Business Ethics stewardship priority.
- **Company management recommendation**: Against. **Fund manager vote**: Against.
- **Rationale**: A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts. Non-discrimination policies, including viewpoint and ideology in EEO policies do not appear to be a standard industry practice.
- **Was the voting intention communicated to the company ahead of the vote?** LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.
- **Outcome of the vote and next steps**: The resolution failed. LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

- **BlackRock Aquila Life Market Advantage Fund (and Standard Life BlackRock Market Advantage Pension Fund in the MPA and AVC Section)**

Wingstop Inc., May 2024

- **Summary of the resolution**: Report on GHG Emissions Reduction Targets.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: <0.01%
- **Why this vote is considered to be most significant**: The vote relates to the Climate Change stewardship priority.
- **Company management recommendation**: Against **Fund manager vote**: For.
- **Rationale**: BlackRock believes it is in the best interests of shareholders to have access to greater disclosure on this issue.
- **Outcome of the vote and next steps**: The resolution passed.

BlackRock ACS 60:40 Global Equity Index Fund

The Walt Disney Company, April 2024

- **Summary of the resolution**: Report on Congruency of Political Spending with Company Values and Priorities.
- **Relevant stewardship priority**: Business Ethics.
- **Approximate size of the holding at the date of the vote**: 0.05%
- **Why this vote is considered to be most significant**: The vote relates to the Business Ethics stewardship priorities.
- **Company management recommendation**: Against. **Fund manager vote**: Against.
- **Rationale**: The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
- **Outcome of the vote and next steps**: The resolution failed.

BlackRock ACS UK Equity Index Fund

Shell Plc, May 2024

- **Summary of the resolution**: Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: 7.1%
- **Why this vote is considered to be most significant**: The vote relates to the Climate Change stewardship priority.
- **Company management recommendation**: Against. **Fund manager vote**: Against.
- **Rationale**: BlackRock believe the proposal is overly prescriptive and believe it is the role of company leadership to set and implement the company's strategy. In its assessment, support of this proposal would contradict the Energy Transition Strategy 2024 that has been put forward by the board and management team.
- **Outcome of the vote and next steps**: The resolution failed.

BlackRock Aquila Life MSCI World Index Fund

Tesla Inc., June 2024

- **Summary of the resolution**: Report on Harassment and Discrimination Prevention Efforts.
- **Relevant stewardship priority**: Business Ethics.
- **Approximate size of the holding at the date of the vote**: 1.7%
- **Why this vote is considered to be most significant**: The vote relates to the Business Ethics stewardship priorities.
- **Company management recommendation**: Against. **Fund manager vote**: For.
- **Rationale**: Greater disclosure on this issue, which BlackRock deems material to the long-term economic interests of shareholders and would help investors better assess risks at the company.
- **Outcome of the vote and next steps**: The resolution failed.

BlackRock aims to communicate to companies when it intends to vote against management, either before or just after casting votes in advance of the shareholder meeting. It publishes voting guidelines to help clients and companies understand its thinking on key governance matters that are commonly put to a shareholder vote.

BlackRock has ongoing direct dialogue with companies to explain how it evaluates its actions on relevant ESG issues over time. Where it has concerns that are not addressed by these conversations, it may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, it monitors developments and assess whether the company has addressed concerns.

DC section – MPA and AVC sections

BlackRock ACS World (Ex UK) Equity Pension Fund

Toyota Motor Corp., June 2024

- **Summary of the resolution**: Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: 0.4%
- **Why this vote is considered to be most significant**: The vote relates to the Climate Change stewardship priority.
- **Company management recommendation**: Against **Fund manager vote**: Against.
- **Rationale**: BlackRock is against the shareholder proposal as the proposal will not serve shareholder's interest.
- **Outcome of the vote and next steps**: The resolution failed.

Standard Life Global Equity 50:50 Pension Fund

Palo Alto Networks, Inc., December 2024

- **Summary of the resolution**: Report on Climate Risk in Retirement Plan Options.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: 0.09%
- **Why this vote is considered to be most significant**: The vote relates to the Climate Change stewardship priority.
- **Company management recommendation**: Against. **Fund manager vote**: Against.
- **Rationale**: Palo Alto Network's 401(k) plan offers a wide range of investment options, which provides employees with flexibility in diversifying their investments and pursuing their goals. The retirement plan is also managed by a third-party fiduciary rather than the board. A vote against is therefore warranted.
- **Outcome of the vote and next steps**: The resolution failed.

Standard Life Managed Pension Fund

National Australia Bank Limited, December 2024

- **Summary of the resolution**: Approve Transition Plan Assessments.
- **Relevant stewardship priority**: Climate Change.
- **Approximate size of the holding at the date of the vote**: 0.05%
- **Why this vote is considered to be most significant**: The vote relates to the Climate Change stewardship priority.
- **Company management recommendation**: Against. **Fund manager vote**: Against.
- **Rationale**: A vote against the resolution is appropriate as the company has already committed to and publicly disclosed its climate transition plan. This includes but is not limited to joining the Net-Zero Banking Alliance, committing to achieving net zero by 2050 and setting interim targets for its lending portfolio with the most significant carbon exposure. The company has also progressed its approach and from 2025 will not provide lending to high emitting sectors that do not have transition plans.
- **Outcome of the vote and next steps**: The resolution was withdrawn.

Due to the concentration of votes that Abrdn* conducts, it does not track specific next steps/implications for each vote. It will assess each company and the voting outcomes on a case by case basis. Where necessary it may follow up after a vote to encourage improvement where it is needed in advance of future general meetings. Abrdn will continue to monitor the company to ensure sufficient progress against any material issue(s) is being made. If there are serious concerns around a company's approach to certain issues it can and may deploy a number of other escalation strategies.

Abrdn aims to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Given the concentration of AGMs, it may not always be able to communicate intentions and rationale ahead of a vote. It may therefore follow up after a vote to encourage improvement where it is needed in advance of future general meetings.

We have not provided commentary for the Vanguard FTSE UK All Share Index Pension Fund as the manager did not disclose any significant votes for that specific fund, therefore that section of the report has been left empty.

(*Abrdn rebranded in March 2025 and is now known as aberdeen.)

10. Appendix

Description of the voting process

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

LGIM

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

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

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

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

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

Abrdn

Abrdn utilise the services of ISS for all their voting requirements.

Abrdn view all votes as significant and vote all shares globally for which they have voting authority, unless there are significant voting obstacles such as shareblocking. In line with PLSA requirements Abrdn identify and record what they deem to be the most significant votes across all their holdings. Abrdn have identified five categories of votes they consider as significant and have ordered these based on their view of their importance. This enables Abrdn to provide a specified number of votes across a client's portfolio upon request. Members of Abrdn's Central ESG Investment Function carry out a monthly review to identify and categorise significant votes.

Abrdn are a strong supporter of the principles of good stewardship that are set out in the UK Stewardship Code. Abrdn believe that it is mutually beneficial for companies and long-term investors to have a relationship based on accountability, engagement and trust. Such a relationship helps to ensure that each has a good understanding of the other's views and expectations. It also enables Abrdn to exercise constructive influence as and when appropriate. Abrdn believe this serves to enhance the long-term value of clients' investments and to protect their interests when necessary.

Vanguard

Vanguard does not consult with individual clients or investors before voting. Vanguard understands that people have a wide variety of deeply felt humanitarian, ethical, environmental, and social concerns, and that some may want to see their beliefs reflected in their investments. As a fiduciary and the steward of lifetime savings for more than 30 million investors worldwide, Vanguard is required to manage its funds in the best interests of shareholders and is obligated to maximize returns to help shareholders meet their financial goals.

The Investment Stewardship website is the primary source of information about Vanguard's investment stewardship program and provides portfolio companies with comprehensive information about its principles-based approach, perspectives and commentary, proxy voting guidelines, responsible investment policy, insights on environmental, social, and governance topics, and proxy votes cast by its funds in the last proxy season.

The Vanguard Investment Stewardship team makes every effort to cast proxy votes at all meetings at which its funds are eligible to vote. Each fund advised by Vanguard has adopted a voting policy detailing the general positions of the funds on recurring proxy proposals at public companies. In some cases, country-specific guidelines for key markets are applied. An experienced team of analysts evaluates each proposal on a case-by-case basis and casts the funds' votes in accordance with its voting guidelines, based on an analysis of the impact of the proposal on long-term value. The guidelines for these case-by-case items set forth the general frameworks for its analysis. Proposals for which specific guidelines are not defined are likewise voted on a case-by-case basis in the best interests of each fund, consistent with the principles articulated in its proxy voting guidelines and each fund's investment objective.

The Vanguard Investment Stewardship team votes on behalf of Vanguard's internally managed equity holdings. Vanguard casts proxy votes via dedicated voting providers and consults a wide variety of third-party research providers and internal proprietary databases. The various issues and ballot measures are analysed in conjunction with the Proxy Voting Guidelines and other relevant data to reach independent decisions. The Investment Stewardship team uses a variety of research from well-known providers, such as ISS, Glass Lewis, and Equilar, as well as several smaller research providers.

BlackRock

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

The voting and engagement work continuously evolves in response to changing governance-related developments and expectations. Voting guidelines are market-specific to ensure that a company's unique circumstances are taken into account by market, where relevant. Vote decisions are informed through research and engagement as necessary. Engagement priorities are global in nature and are informed by BlackRock's observations of governance-related and market developments, as well as through dialogue with multiple stakeholders, including clients. Regional engagement priorities may also be updated based on issues that could impact the long-term sustainable financial performance of companies in those markets. Discussions with clients on engagement and voting topics and priorities are welcomed to gain perspective and better understand which issues are important to them. As outlined in the Global Principles, BlackRock determines which companies to engage directly based on an assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of engagement being productive.

Voting guidelines are intended to help clients and companies understand key governance matters. They serve as the benchmark against which a company's approach to corporate governance and the items on the agenda to be voted on at shareholder meetings are assessed. Guidelines are applied pragmatically, taking into account a company's unique circumstances where relevant. Vote decisions are informed through research and engagement as necessary. If a client wishes to implement their own voting policy, they must be in a segregated account. The BlackRock Investment Stewardship team would not implement the policy directly, but the client would engage a third-party voting execution platform to cast the votes.

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 within each team 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 accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

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

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