PGIM UK Retirement Savings Plan – Defined Contribution Section (the "Plan")

Annual Implementation Statement for the Year Ended 5 April 2024

October 2024

Mark Guerbi

Contents

Section 1

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ("SIP") produced by the Trustees have been followed during the year running from 6 April 2023 to 5 April 2024 (the "Plan Year"). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022.

The Trustees reviewed and amended the Plan's SIP, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")). The SIP was reviewed in February 2024 to reflect the changes resulting from the Trustees' latest investment strategy review. The SIP was then revised in June 2024 to incorporate the Trustees' policy relating to illiquid assets. Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Plan and changes which have been made to the SIP during the Plan Year, respectively.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Contribution ("DC") Section of the SIP have been followed. **The Trustees can confirm that all policies in the SIP have been followed in the Plan Year.**

A copy of the SIP is available at https://cdn.pficdn.com/cms1/pgim4/sites/default/files/PGIM-UK-Retirement-Savings-Plan-Defined-Contribution-2024.pdf.

Section 3 includes information on the key voting activities of the underlying investment managers within the DC Section.

Section 2

Statement of Investment Principles

Investment Objectives of the Plan

The Trustees believe it is important to recognise members of the Plan have differing investment needs, which may change during the course of members' working lives and must be provided for. The following encapsulates the Trustees' objectives, as outlined in the SIP:

- To ensure there is a sufficient number of appropriate investment options available to allow the member to plan for retirement.
- To maximise the value of members' assets at retirement at an acceptable level of risk.
- To maintain the purchasing power of members' savings.
- To provide some protection for members' accumulated assets in the years approaching retirement against sudden volatility in the capital value and fluctuations in the cost of providing benefits.

The Trustees aim to meet these objectives by the following:

- Offering members four 'Lifestyle' approaches to investment strategy (one of which is also the Default Investment Option) and ensuring that the other investment options also allow members to plan for retirement.
- Making available a range of pooled investment funds which serve to meet the varying investment needs and risk tolerances of Plan members.
- Providing general guidance as to the purpose of each investment option.
- Encouraging members to seek financial advice from a FCA regulated financial adviser in determining the most suitable option.
- The Trustees will regularly review the suitability of the options provided and from time to time will change manager or introduce additional investment portfolios as appropriate.

Review of the SIP

The Trustees reviewed and amended the Plan's SIP during the Plan Year, taking formal advice from its Investment Consultant (Mercer Limited ("Mercer")), in February 2024.

The SIP's DC Section was updated to reflect changes to the underlying composition of the Diversified Fund (used within the default strategy) and the self-select fund range. Previously, the Diversified Fund had a 50% allocation to the BlackRock Aquila 30:70 Global Equity – Currency Hedged Fund. This allocation was replaced with a 45% allocation to the BlackRock World ESG Equity Tracker Fund (equally split between hedged and unhedged versions of the fund) and a 5% allocation to the BlackRock Emerging Markets Equity Fund. Furthermore, the previous 30% allocation to the Baillie Gifford Diversified Growth Fund was replaced with the Ruffer Diversified Return Fund. These changes were implemented in September 2023.

Within the self-select fund range the Liontrust UK Equity Fund was removed while the Ruffer Diversified Return Fund and the World ESG Equity Tracker Fund (a blended fund comprising equal allocations for the hedged and unhedged versions of the BlackRock World ESG Equity Tracker Fund) were introduced. The 'Legacy Global Equity Lifestyle – Targeting Annuity Purchase' option was also closed for members more than five years from their selected retirement age, with impacted assets transferred to the default strategy. These changes were implemented in November 2023.

Following the February 2024 updates, the SIP was revised following the Plan Year end, in June 2024, to incorporate the Trustees' policy on illiquid assets.

Assessment of how the policies in the SIP have been followed for the Plan Year

The information provided in this section highlights the work undertaken by the Trustees during the year and has driven long term value for beneficiaries where relevant and sets out how this work followed the Trustees' policies in the SIP (dated February 2024) relating to the DC Section of the Plan.

In summary, it is the Trustees' view that the policies in the SIP have been followed during the Plan Year.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

Policy

The Trustees consider the investment objectives and policies when choosing investments for the DC Section of the Plan. The Trustees receive written advice from their Investment Consultant on any investments prior to them being implemented. The advice received and arrangements implemented are, in the Trustees' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended). The policy is detailed in Section 1 of the SIP.

DC

How has this policy been met over the Plan Year?

The Trustees received formal investment advice from our investment advisers on 15 September 2023 in respect of the investment strategy changes set out earlier in this statement, in the 'Review of the SIP' section. This followed a detailed investment strategy review carried out by the Trustees with support from their investment advisers, which considered the overall investment objectives for the default strategy and the suitability of the underlying funds used to achieve these objectives. All investment changes implemented during the Plan Year were consistent with the Trustees' policies in the SIP.

Realisation of Investments

Policy

All funds are daily-dealt pooled investment arrangements. These pooled investment arrangements are themselves regulated and underlying investments are all mainly in regulated markets, and therefore are believed to be readily redeemable based on member demand. The Trustees considers the liquidity of the investment in the context of the likely needs of members. The policy is detailed in Section 4.2 of the SIP.

DC

How has this policy been met over the Plan Year?

The Trustees access daily dealt and daily priced pooled funds held with a range of investment managers. The Trustees received administration reports on a quarterly basis during the Plan Year to confirm and ensure that core financial transactions were processed within Service Level Agreements (SLAs) and regulatory timelines. The administration report is reviewed at every meeting and confirms the performance of all SLAs in particular those related to the realisation of investments and investment of regular contributions. These have consistently met the Trustees' target timescales in the majority of the cases.

All funds are daily dealt pooled investment vehicles, accessed by an insurance contract and should be realisable based on member demand. There were no known issues relating to the liquidity of investments over the Plan Year.

Environmental, Social and Governance (“ESG”)

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

Policy

The Trustees consider financially material considerations in the selection, retention and realisation of investments. Within the funds consideration of such factors, including environmental, social and governance (ESG) factors, is delegated to the investment manager. Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice. Further details are included in Sections 2 and 4 of the SIP.

Non-financial matters, such as member views, are not taken into consideration. Further details are included in Section 2 of the SIP.

DC

How has this policy been met over the Plan Year?

The Trustees reviewed the investment performance report at each Trustee meeting during the Plan Year. These reports include ratings (both general and ESG specific) from the investment advisers. All the investment managers remained highly rated during the Plan Year.

The Trustees considered the investment adviser’s assessment of how each investment manager embeds ESG into its investment process and how the manager’s responsible investment philosophy aligns with the Trustees’ responsible investment policy. This includes the investment managers’ policy on voting and engagement. This formed part of the Trustees’ process in agreeing the investment strategy changes implemented during the Plan Year, as set out earlier in this statement.

The Trustees did not explicitly seek member views regarding any investments or arrangements over the period covered by this statement. However, member views are reflected through consideration of received member queries discussed at Trustee meetings.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters).

Policy

The Trustees' policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to the Plan's investments to the investment managers. Further details are set out in Section 2 of the SIP. In addition, it is the Trustees' policy to obtain reporting on voting and engagement and to periodically review the reports to ensure the policies are being met.

DC

How has this policy been met over the Plan Year?

As the Plan invests solely in pooled funds, voting rights are held on the Trustees' behalf by the appointed investment managers.

The Plan's investment managers have provided information on voting activity carried out over the Plan Year, which the Trustees have reviewed. Those votes meeting the Trustees' criteria for 'significant' votes over the Plan Year are set out later in Section 3 of this statement.

The Trustees define a significant vote as one that is linked to topics closely linked to UN Sustainable Development Goals ("SDGs"), focusing on the following ESG areas:

- **Good corporate governance**: in particular board diversity and independence.
- **Climate change**: for example, votes relating to low-carbon transition plans consistent with the Paris Agreement goals.

The Trustees will keep this definition under consideration based on emerging themes within internal discussions and from the wider industry.

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees' policies

Policy

The Trustees' focus is on longer-term performance but shorter-term performance is monitored to ensure any concerns can be identified in a timely manner. The Trustees review both absolute and relative performance of the investment managers' funds on a quarterly basis, including assessments of both shorter and longer time horizons. Further details are set out in Section 3.2 of the SIP.

DC

How has this policy been met over the Plan Year?

During the year, the Trustees removed the Liontrust UK Equity Fund from the self-select fund range due to persistently lower-than-expected performance, and low conviction in the strategy from the Trustees' investment advisers going forward. Responding to considerations from the triennial investment strategy review, adjustments were made to the Diversified Fund's composition to align with the long-term strategy of the default investment option, as set out earlier in this statement.

The Trustees monitored the performance of the default investment option, additional lifestyle arrangements and self-select funds versus their respective benchmarks at each Trustee meeting during the Plan Year. The Trustees' investment adviser provided an update on prevailing investment market conditions at each meeting, to put shorter-term fund performance into context.

The current range of investment managers are aware that their continued appointment is dependent on them meeting their performance targets.

Evaluation of asset managers' performance and remuneration for asset management services

Policy

The Trustees are a long-term investor, all funds are open-ended and therefore there is no set duration for manager appointments. The Trustees are responsible for the selection, appointment and removal of investment managers. The Trustees may also choose to remove a fund from the fund range, if no longer considered appropriate. Further details are set out in Section 3.2 of the SIP.

DC

How has this policy been met over the Plan Year?

The remuneration for investment managers used by the Plan is based on assets under management; the levels of these fees were reviewed during the Plan Year as part of the annual value for members assessment. Following the assessment to 5 April 2023 (completed during the Plan Year), the Trustees successfully negotiated a further fee reduction on the Scottish Widows bundled provider component of the overall member charge; this 0.08% p.a. reduction was implemented in February 2024. These fee reductions have had a positive impact on the value for members assessment to 5 April 2024, set out in the chair's statement within the report and accounts for the Plan Year.

Outside of the Scottish Widows bundled provider charge, the underlying investment management charges have been assessed as offering good value overall. The Plan benefits from accessing Scottish Widows' negotiated investment management charges for the funds on its platform, that uses the leverage of the total assets held on the Scottish Widows investment platform.

The Trustees received investment manager performance reports on a quarterly basis over the Plan Year, which present performance information over three-month, one-year, three-year, five-year and since inception periods. The Trustees review the absolute performance, relative performance against a suitable benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustees' focus is on long-term performance, we also take shorter-term performance into account. Based on its performance monitoring over the Plan Year, the Trustees were satisfied with the investment strategy's performance, against long term objectives and given the wider market context.

Monitoring portfolio turnover costs

Policy

The Trustees monitor portfolio turnover costs, which are incorporated in the annual costs and charges, on an annual basis as part of their value for members assessment. Further detail is set out in Section 3.3 of the SIP.

DC

How has this policy been met over the Plan Year?

The Trustees have carried out an annual 'value for members' assessment covering the Plan Year. As part of this assessment the Trustees reviewed the portfolio turnover costs (also referred to as transaction costs) of the underlying managers.

DC

The Trustees do not have an overall portfolio turnover target for the Plan. There is little flexibility for the Trustees to impact transaction costs as the Plan invests in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Plan invests in, there is not, as yet, an “industry standard” or universe to compare these to. However, the Trustees view the transaction costs over the Plan Year as reasonable in the context of net performance achieved and the fund managers’ objectives.

The duration of the arrangements with asset managers

Policy

The Trustees is a long-term investor and does not seek to change the investment arrangements on a frequent basis. The Trustees are long-term investors and are not looking to change the investment arrangements on a frequent basis. However, the appointment is regularly reviewed as to its continued suitability and could be terminated either because the Trustees are dissatisfied with the manager’s ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustees. Further details are set out in Section 3.4 of the SIP.

DC

How has this policy been met over the Plan Year?

The Trustees are a long-term investors and all funds are open-ended. Therefore, there is no set duration for manager appointments. The Trustees took action to remove the Liontrust UK Equity Fund from the self-select fund range, and the Baillie Gifford Diversified Growth Fund from the default strategy, during the Plan Year following the investment strategy review, in part due to performance challenges and the Trustees’ investment advisers’ view of the funds’ ongoing suitability for the Plan’s strategy going forward.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments

Policy

The Trustees believe that the investment options are appropriate for meeting the investment objectives. In particular, for members who do not wish to take an active role in the investment decisions, the Trustees offer a Default Investment Option. The Trustees have also made available two alternative lifestyle strategies. Bearing in mind the level of investment knowledge of a typical member and the desire to keep the available fund range simple and understandable (while providing appropriate choice) the Trustees have decided to make a range of additional funds available to members, offering both passively and actively managed funds. Further details are set out in Sections 4 and 5 of the SIP.

DC

How has this policy been met over the Plan Year?

The kind of investments held were reviewed in detail as part of the investment strategy review described previously. The Trustees concluded the overall asset allocation within the default investment option remains appropriate for targeting good member outcomes. However, opportunities for improvement were identified in terms of integrating ESG factors effectively and selecting funds within the multi-asset allocation. These improvements were implemented in September 2023 as set out earlier. The Trustees recognise the default investment option will not meet the needs of all members and as such, a self-select fund range is available for members to choose from.

Investment advice was received from the Plan’s investment advisers and the arrangements implemented are consistent with the policies in the SIP and continue to provide members with appropriate options across the risk/return spectrum to implement the policy.

The Trustees agreed a policy relating to investment in illiquid assets during the Plan Year. The policy was added to the SIP effective June 2024. The Plan’s Diversified Fund has a small (c.1%) indirect allocation to illiquid assets (infrastructure assets) via the Insight Broad Opportunities Fund as at June 2024; this is consistent with the Trustees’ policy on investment in illiquid assets.

Risks, including the ways in which risk are to be measured and managed

Policy

The Trustees have considered risk from a number of perspectives in relation to the DC Section, including the default option, all of which the Trustees believe are financially material. Further details are set out in Section 4.2 of the SIP.

DC

How has this policy been met over the Plan Year?

The risks set out in the SIP (and reproduced below) were all considered during the Plan Year, in the context of ongoing performance monitoring and the investment strategy changes implemented, as set out earlier. The Trustees investment advisers assign ratings to each of the Plan's underlying funds, which are monitored on an ongoing basis by the adviser's manager research team; any concerns specific to the underlying funds are raised with the Trustees by the investment advisers. During the Plan Year the Ruffer Diversified Return Fund was assigned a 'provisional' (P) rating to the overall 'A' rating by the Trustees' investment advisers, as they liaise closely with the manager in respect of its relatively conservative positioning acting as a headwind on short term performance.

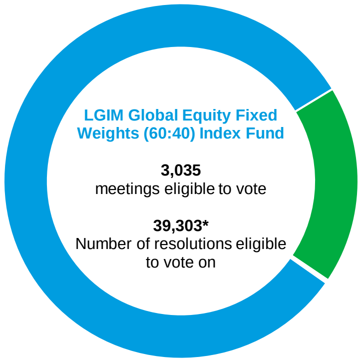
The Plan maintains a risk register of the key risks, including the investment risks, which was reviewed during the Plan Year. The risks set out in the SIP are:

- Inflation Risk
- Pension Conversion Risk
- Market Risk
- Currency Risk
- Operational Risk
- Liquidity Risk
- Valuation Risk
- Environmental, Social and Governance Risk
- Manager Skill / Alpha Risk

Section 3

Voting Activity during the Plan Year

Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Plan. Votes "for / against management" assess how active managers are in voting for and against management. Purple represents abstention from voting. Funds where voting is not applicable (i.e. most non-equity funds) are not included in the list below.



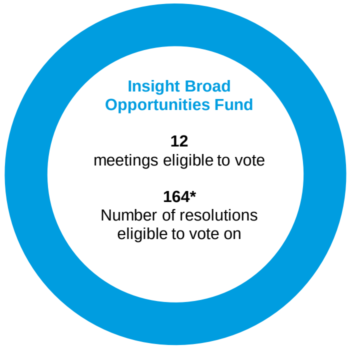
82% Votes **with** management

18% Votes **against** management

0% **Abstentions**

0% **Unvoted**

*99.8% of resolutions voted on



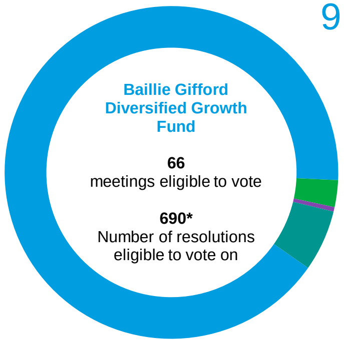
100% Votes **with** management

0% Votes **against** management

0% **Abstentions**

0% **Unvoted**

*100.0% of resolutions voted on



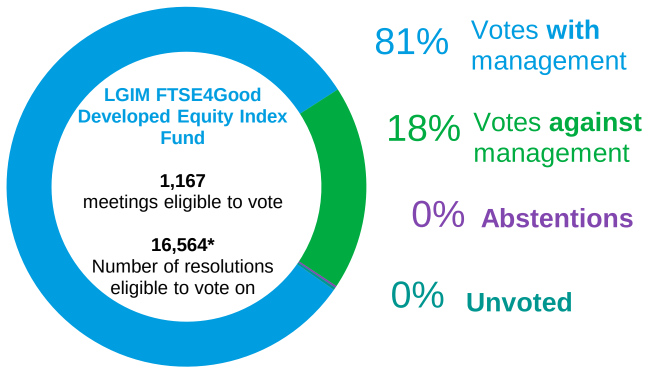
91% Votes **with** management

3% Votes **against** management

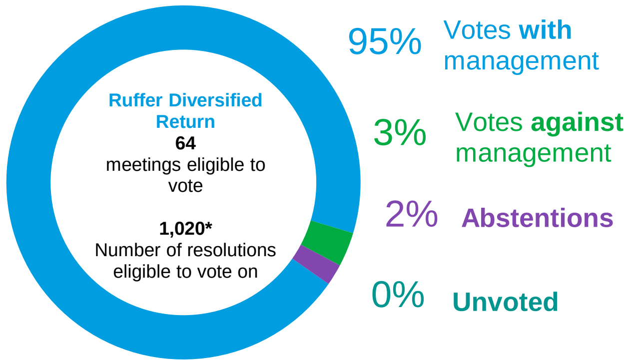
0% **Abstentions**

6% **Unvoted**

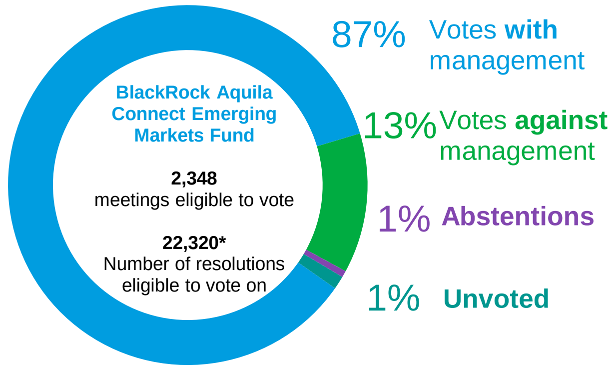
*94.1% of resolutions voted on



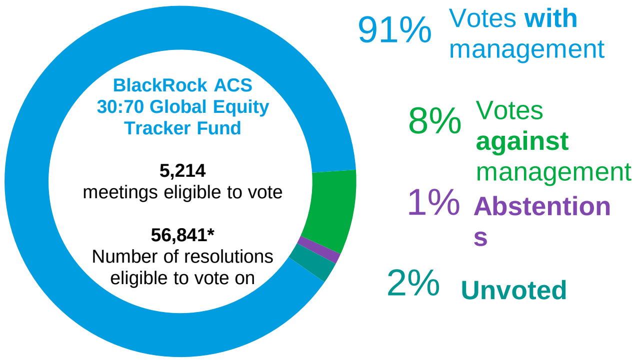
*99.8% of resolutions voted on



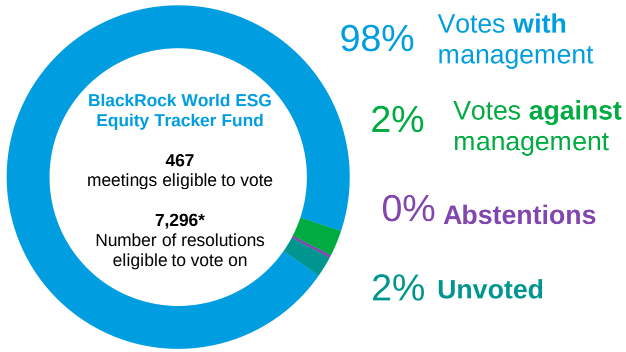
*99.0% of resolutions voted on



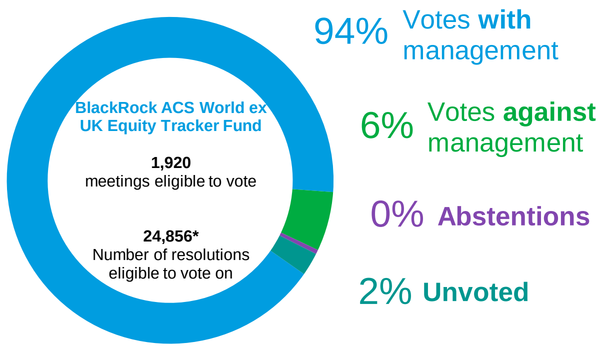
*98.8% of resolutions voted on



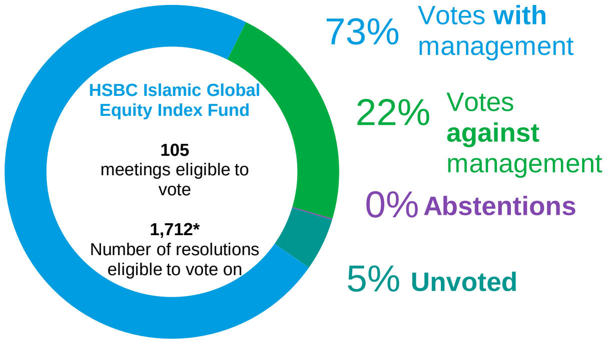
*98.5% of resolutions voted



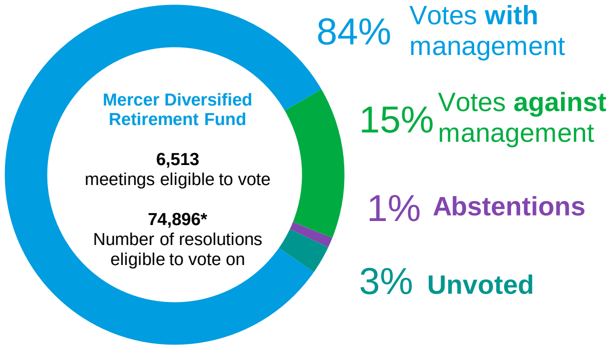
*98.0% of resolutions voted on



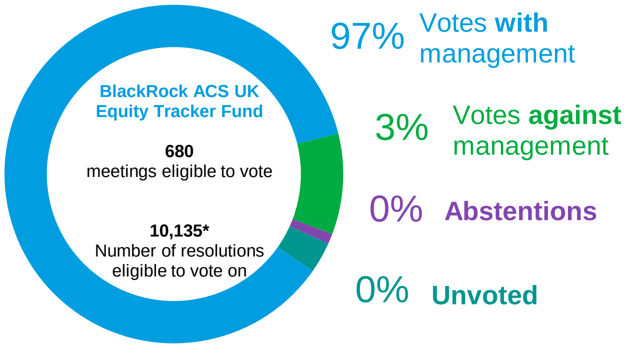
*97.7% of resolutions voted on



*94.9% of resolutions voted on



*97.2% of resolutions voted on



*100.0% of resolutions voted on

Source: Scottish Widows. Figures may not sum to 100% due to rounding or 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.

Most significant votes

A “significant vote” is defined as one that relates to stewardship in the following ESG areas:

- **Good corporate governance**: in particular board diversity and independence.
- **Climate change**: for example, votes relating to low-carbon transition plans consistent with the Paris Agreement goals.

The significant votes disclosed reflect the largest holding voted on in each of the funds, relating to the above ESG areas. The Trustees do not use the direct services of a proxy voter.

✗ Resolution not passed ✓ Resolution passed

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
HSBC Islamic Global Equity	7.9%	Apple Inc.	28 Feb 2024	Report on Median Gender/Racial Pay Gap	Against	HSBC believes that the proposal would contribute to improving gender inequality.	✗	Good corporate governance
LGIM FTSE4Good Developed Equity Index Fund	7.4%	Microsoft Corporation	7 Dec 2023	Elect Director Satya Nadella	Against	LGIM applies a vote against when companies do not separate the roles of Chair and CEO, citing concerns about risk management and oversight.	✓	Good corporate governance

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
LGIM Global Equity Fixed Weights (60:40) Index Fund	4.2%	Shell Plc	23 May 2023	Approve the Shell Energy Transition Progress	Against	A vote against is applied, though not without reservations. LGIM acknowledges 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, the manager remains 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.	✓	Climate Change
BlackRock ACS World ex UK Equity Tracker Fund	2.69%	Amazon.com, Inc.	24 May 2023	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	Against	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	✗	Good corporate governance
BlackRock World ESG Equity Tracker	2.37%	Amazon.com, Inc.	24 May 2023	Report on Efforts to Reduce Plastic Use	Against	BlackRock believes the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	✗	Climate Change

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
Baillie Gifford Diversified Growth Fund	0.63%	PROLOGIS, INC.	4 May 2023	Remuneration	Against	Baillie Gifford opposed the executive compensation proposal due to their belief that the performance conditions for the long term incentive plan are sufficiently stretching.	✕	Good corporate governance
Ruffer Diversified Growth	0.48%	BP Plc	27 Apr 2023	Approve Shareholder Resolution on Climate Change Targets	Against	Ruffer believes BP has outlined a credible transition strategy with appropriate decarbonisation targets, that reflects demand for oil & gas energy whilst allocating capital to the 'transition growth engines'. Whilst BP has tightened and reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argues is uncertain and therefore, locking into one, fixed strategy (through investing or divesting the wrong asset) is not in the best interests of generating shareholder value.	✕	Climate Change
Mercer Diversified Retirement Fund	0.42%	Microsoft Corporation	7 Dec 2023	Shareholder Proposal Regarding EEO Policy Risk Report	Against	The manager opposes the proposal, as the company appears to be taking appropriate steps to protect itself against risks related to discrimination based on political ideology or viewpoint.	✕	Good corporate governance
BlackRock ACS	0.34%	Chevron Corporation	31 May 2023	Oversee and Report a	Against	BlackRock did not support the shareholder proposal because in their assessment, Chevron's policies and actions on diversity,	✕	Good corporate governance

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
30:70 Global Equity Tracker Fund				Racial Equity Audit		equity, and inclusion largely address the issues of focus in the shareholder proposal, which was confirmed by the independent racial equity audit the company voluntarily undertook in the last year.		
Insight Broad Opportunities Fund	0.20%	Ecofin US Renewables Infrastructure Trust plc	25 May 2023	To re-elect as a director, Patrick O'Donnell Bourke	For	At each Annual General Meeting (AGM), all board members undergo re-election. Introducing any potential changes to the board during an already volatile period could have increased uncertainty and may not have aligned with the best interests of the shareholders.	✓	Good corporate governance
BlackRock Aquila Connect Emerging Markets Fund	0.04%	Shin Kong Financial Holding Co. Ltd.	9 Jun 2023	Election of Non-independent and Independent Directors	For	BlackRock supported nine “reform camp” candidates (those seeking reform at the company) and five management-nominated directors. In BlackRock's view, financial and governance concerns warranted support for the reform camp while maintaining a degree of management-supported directors to maintain a level of institutional knowledge in the board. Long-term shareholders like BlackRock's clients tend to benefit when boards include a diversity of views and directors can act as checks and balances on one another, as necessary.	✓	Good corporate governance

Fund	Portion of the fund (%)	Company	Date of vote	Resolution	How the manager voted	Rationale of Manager vote	Final outcome following the vote	Significant Vote Theme
BlackRock ACS UK Equity Tracker Fund	0.01%	Exxon Mobil Corporation	31 May 2023	Report on Social Impact from Plant Closure or Energy Transition	Against	BlackRock did not support this shareholder proposal because, in their assessment, Exxon is taking the appropriate steps and already provides disclosure regarding their approach to workforce continuity amid a transition to a low-carbon economy.	✓	Climate Change

Source: Scottish Widows, BlackRock

The voting and engagement policies of the three investment managers used in the default investment option (BlackRock, Baillie Gifford and Insight) are detailed below. Policies of the other investment managers are available on request.

Overview of BlackRock's approach to voting and engagement (provided by the manager)

BlackRock's policy on consulting with clients before voting

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. We believe that 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.

BlackRock's process for deciding how to vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our 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. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. 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. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes.

Use of proxy voting services

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

Overview of Baillie Gifford's approach to voting and engagement (provided by the manager)

Baillie Gifford's policy on consulting with clients before voting

All voting decisions are made by Baillie Gifford's ESG team in conjunction with investment managers. Baillie Gifford does not regularly engage with clients prior to submitting votes, however if a segregated client has a specific view on a vote then they will engage with them on this. If a vote is particularly contentious, Baillie Gifford may reach out to clients prior to voting to advise them of this or request them to recall any stock on loan.

Baillie Gifford's process for deciding how to vote

Thoughtful voting of Baillie Gifford clients' holdings is an integral part of their commitment to stewardship. Baillie Gifford believes that voting should be investment led, because how they vote is an important part of the long term investment process, which is why their strong preference is to be given this responsibility by their clients. The ability to vote Baillie Gifford clients' shares also strengthens their position when engaging with investee companies. Their ESG team oversees the voting analysis and execution in conjunction with their investment managers. Unlike many of their peers, the manager does not outsource any part of the responsibility for voting to third-party suppliers. They utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with their ESG Principles and Guidelines and they endeavour to vote every one of their clients' holdings in all markets.

Proxy voting services

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

Overview of Insight Investment's approach to voting and engagement (provided by the manager)

Insight Investment's policy on consulting with clients before voting

Insight does not consult with clients prior to voting on resolutions. However, Insight is committed to voting all proxies where it is deemed appropriate and responsible to do so. Insight takes its responsibility to vote very seriously and votes in the best interest of clients.

Insight Investment's process for deciding how to vote

Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.

Proxy voting services

Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote. Minerva Analytics monitors company meeting agendas and items to be voted on. Minerva reviews each vote against Insight's specific criteria and provides a recommendation for each item. Insight votes in line with the recommendations of the proxy voting agent and documents where it makes a voting decision against the recommendation. The rationale for abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.