

The University of Warwick Pension Scheme: Defined Contribution Section

Implementation Statement

Section 1: Introduction

This Implementation Statement has been prepared by UPS Pension Trustee Limited (“the Trustee”) and relates to the defined contribution (DC) section (“the DC Section”) of The University of Warwick Pension Scheme (“the Scheme”). It covers the Scheme year 1 April 2022 to 31 March 2023 and provides information on:

- The extent to which the Trustee’s policies on exercising rights (including voting rights) and engagement activities have been followed over the Scheme year.
- A summary of changes (if any) to the Statement of Investment Principles (SIP) over the Scheme year and the reasons for the change.
- The extent to which, in the opinion of the Trustee, the DC Section of the Scheme’s SIP has been followed during the Scheme year.
- A summary of the voting activity undertaken by the DC Section’s pooled fund managers on behalf of the Trustee over the Scheme year, including information regarding the most significant votes.

A copy of this Implementation Statement will be made available on the following website:

<https://warwick.ac.uk/services/humanresources/internal/rewardandbenefits/corebenefits/pensions/ups/>

Delegation of responsibilities

To ensure that decisions on implementing the investment policies set out in the SIP are taken by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates certain responsibilities to the Investment Sub Committee (“ISC”) and, in respect of the DC Section, its bundled pension provider Scottish Widows.

These responsibilities are set out in more detail in the SIP, but are mainly:

- **ISC:** assisting the Trustee with developing an appropriate investment strategy for the DC Section and the ongoing monitoring of the investment strategy as well as the activity and performance of Scottish Widows.
- **Scottish Widows:** the DC Section’s Default Option is structured as a ‘governed’ investment solution which is designed and implemented by Scottish Widows. Scottish Widows is responsible for the appointment and removal of the underlying investment managers used through the Default Option as well as the ongoing relationships with the investment managers.

DC Section review: important information

Over the Scheme year, the Trustee engaged with the University of Warwick (the “University”) to carry out a review of the structure of the DC Section. A Working Group has been established, with representatives of the University and the Trustee to carry out this review and, as a result, it is likely that changes will be made to the DC Section in the near future. Further information setting out the impact of any changes will be provided at an appropriate point in the future.

Section 2: Trustee's policies on voting and engagement

The Trustee's Statement of Investment Principles (SIP) in place over the Scheme year describes the Trustee's policy on the exercise of rights (including voting rights) and engagement activities as follows:

"The Trustee delegates the exercise of rights (including voting rights) attached to the DC Section's investments to its investment managers. The Trustee expects Scottish Widows to monitor and report annually on the investment managers' approach to selecting investments, voting and engaging with companies with reference to Environmental Social & Governance (ESG) issues. The Trustee expects the investment manager(s) to vote and engage on behalf of the DC Section's holdings."

The Trustee reviews the stewardship and engagement activities of the underlying investment managers of the DC Section's investment options at least annually, through the reporting provided by Scottish Widows and as part of the preparation of this Statement.

Stewardship priorities

Following a change in regulation in June 2022, trustees are required to consider setting stewardship priorities or themes linked to their voting and engagement activity. In light of the work around the DC Section structure (noted above), at this time the Trustee has not set stewardship priorities but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. In doing so the Trustee will consider the degree to which its views are aligned with the themes identified by Scottish Widows as being central to its stewardship activity, namely; Climate and Environment, Human Rights and Cognitive Diversity on Boards.

Section 3: Review of, and changes to, the DC Section of the SIP

As at 1 April 2022, the version of the SIP in place was dated September 2020. There are two parts to the SIP, one covering the defined benefit (DB) section and one covering the DC Section and this reflects the operational differences between the two sections of the Scheme.

The DC Section of the SIP was reviewed once during the Scheme year and a revised version, dated June 2022, was published via the Scheme website (the link to this website is provided in Section 1). The revisions included:

- The addition of wording to further clarify the Trustee's arrangements with the DC Section's asset managers alongside the Trustee's appointment, engagement and monitoring practices.
- Amendments to reflect the introduction of a new default option (called the Scottish Widows Balanced Pension Investment Approach Targeting Flexible Access), the addition of a new range of Lifestyle Investment Options and changes to the range of self-select funds offered via the DC Section. This included information on the objective of each investment option, fees, and benchmark (where applicable).

Section 4: Adherence to the SIP

In the Trustee's opinion, the SIP has been followed over the Scheme year in the following ways:

1. **Review of the Default Option.** Following a review undertaken in the Scheme year ending March 2021 and revisited by the ISC in the Scheme year ending March 2022 with support from the Trustee's professional advisers, the Trustee took the decision to implement Scottish Widows' proposed change to the DC Section Default Option. This involved moving away from the Scottish Widows Passive Interim Lifestyle Profile as the DC Section Default Option (now referred to as the Legacy Default Option) to the Scottish Widows Balanced Pension Investment Approach Targeted Flexible Access (the Default Option).

In advance of the change, a communication was issued to all DC Section members which provided an overview of the impact of the change.

- For those members invested in the Legacy Default Option with more than 4 years to their Target Retirement Age (TRA), the switch to the Default Option was made automatically.
- For those members invested in the Legacy Default Option with 4 years or less to their TRA, no switch was made unless the member opted in. The decision not to automatically switch members in this group, reflected the difference in the types of investment held during this period of membership.

Throughout the process the Trustee monitored Scottish Widows progress and this included regular updates from Scottish Widows as well as monitoring of the transaction costs arising from the change. The process commenced in March 2022 and was completed in June 2022.

2. Access to an appropriate range of self-select options. Alongside the change to the DC Section Default Option, the Trustee implemented changes to the range of self-select investment options. These changes followed a review completed in September 2021 by the ISC, supported by the Trustee's professional advisers. The changes included:

- The introduction of a new self-select fund focussed on integrating Environmental, Social and Governance (ESG) factors into the investment management process (effective from February 2022).
- The inclusion of two additional lifestyle investment strategies which mirror the Default Option in terms of design but which target taking benefits as a cash lump sum or through the purchase of an annuity (effective from May 2022).
- The closure of three self-select funds to future contributions (effective from May 2022).
- The removal of two funds from the self-select range (effective from May 2022). Members and assets invested in these funds were automatically transferred to the Default Option.

3. Quarterly monitoring of the investment options. The Trustee reviews the performance of the DC Section's Default Option and wider range of investment funds each quarter. Scottish Widows provides quarterly investment performance reporting to support with this review.

The vast majority of the DC Section investment options are passively managed, and therefore these reviews consider whether the range of investment options and their underlying funds have performed in line with their stated benchmarks. However, the Default Option is managed in line with an inflation plus target and over the course of 2022 its performance had fallen short of this target.

The Trustee's queried the decision to use an inflation plus target with Scottish Widows at the November 2022 ISC meeting and the March 2023 Trustee meeting. Noting the challenging economic conditions experienced throughout 2022, the impact on the cost of living (through heightened inflation) and the long-term nature of the inflation plus target, the Trustee was satisfied that no changes were needed.

4. Reviewing the investment managers' policies on responsible investing, stewardship and sustainability. The ISC, on behalf of the Trustee, considers the responsible investment policies and practices of Scottish Widows and the underlying investment managers used through the DC Section.

Scottish Widows was asked to update the ISC on activity in this area at the May 2022 ISC meeting and noted the publication of its Climate Action Plan in February 2022, which included four key actions that will allow it to reach Net-Zero by 2050 (with interim targets in 2025 and 2030). Scottish Widows operates exclusions across the majority of funds used by the Default Option (i.e. they do not invest in companies

involved with, or that derive, a certain level of income from specific activities) and in early 2022 began directing its share of voting rights for the holdings in the BlackRock funds, with plans to expand this across other underlying managers. Scottish Widows remains committed to investing in companies focussed on reducing their environmental impact and improving people's wellbeing, and working with companies to help them evolve into more sustainable businesses.

The ISC concluded that the policies of Scottish Widows and the DC Section's pooled fund managers remain reasonable and continue to be broadly in line with the Trustee's own policies described in the SIP. As the bundled provider to the DC Section, the Trustee expects Scottish Widows to provide information and reporting on its ESG policies and practices as well as those of the DC Section's investment managers on an ongoing basis.

5. **Non-financial matters.** In line with the policies outlined in the SIP, the Trustee did not make any allowance for non-financial matters and did not consider any member views for incorporation into its ESG policy over the Scheme year. Please note that members have not provided any views or opinions to the Trustee in the Scheme year 22/23 but the Trustee did conduct a survey in the Scheme year 23/24.
6. **Communicating ESG and stewardship with DC Section members.** The Trustee expects that the annual communication to members regarding ESG and stewardship will be addressed in the annual Implementation Statement. This document is a statutory report and will be produced on an annual basis alongside the Scheme's Annual Reports and Accounts.
7. **The costs and charges applied through the DC Section.** The Trustee completes an annual assessment of the charges (Total Expense Ratios) and transaction costs levied by Scottish Widows, which are benchmarked by the Trustee's professional advisers. Such costs are reported to members in the Chairman's Statement on DC governance, available here:

<https://warwick.ac.uk/services/humanresources/internal/rewardandbenefits/corebenefits/pensions/ups/>

Based on external advice, the Trustee believes that the charges and transaction costs applied to the DC Section's range of investment options are broadly competitive, taking into account the size of the arrangement and investment strategy of the DC Section.

Section 5: Voting and engagement

Over the Scheme year, the DC Section was invested exclusively in pooled investment vehicles managed by BlackRock, iShares (by BlackRock), State Street Global Advisers (SSgA), Aberdeen, Schroder and Legal & General Investment Management (LGIM). The majority of these funds are managed on a passive basis relative to a defined index, albeit there are a handful of funds held through the current DC Section Default Option that are actively managed.

The role of Scottish Widows

Scottish Widows provides the platform through which the Trustee accesses the DC Section's range of pooled investment vehicles and is responsible for the appointment and removal of the underlying investment managers used through the Default Option, the range of alternative lifestyle options and the Legacy Default Option.

The voting and engagement entitlements of all of the DC Section's pooled investment vehicles lie with the investment managers as the legal owners of the securities. However, at the end of 2021, BlackRock announced it would enable pooled fund clients (such as Scottish Widows) to vote their own shares through the adoption of a choice of Institutional Shareholder Services' (ISS) voting policies. In 2021, Scottish Widows chose the ISS Socially

Responsible Investment Policy¹, which it felt was most closely aligned with its approach to voting. This policy was implemented in April 2022. After a close engagement with SSgA, a similar approach will be adopted to the shares held through the SSgA funds for the Scheme year ending 31 March 2024. The ISC will continue to engage with Scottish Widows, at least annually, to understand how the application of its Responsible investment policies and practices continues to evolve.

Voting activity

The Trustee understands the importance of carrying out periodic reviews of the voting and engagement information of its investment managers to ensure they align with its own policies. The Trustee, together with its professional advisers, requested such information from Scottish Widows (as the bundled pension provider to the DC Section) for the period 1 April 2022 to 31 March 2023 and this was provided in June 2023.

Having reviewed the above in accordance with their policies, the Trustee is comfortable that the actions of the fund managers are broadly aligned with the DC Section's stewardship policies.

Manager voting data

The table below provides information, sourced from Scottish Widows, relating to the investment managers voting activity for the pooled investment funds provided through the DC Section over the Scheme year. This includes the underlying funds held by the Default Option, the Legacy Default Option, the wider range of lifestyle strategies and the range of self-select funds.

Please note that where information for funds held through the DC Section is not present in the table, data was either not provided by Scottish Widows or there are no voting rights attached to these assets. The Trustee, through its advisers, will continue to work with Scottish Widows and the DC Section's investment managers on the quality of data provided for future Statements.

Fund name	BlackRock ACS UK Equity Tracker Fund	BlackRock ACS World (Ex-UK) Equity Tracker Fund	BlackRock ACS Japan Equity Tracker Fund	BlackRock ACS Climate Transition World Equity Fund	BlackRock ACS US Equity Tracker Fund
Structure	Pooled	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour				
Number of company meetings the manager was eligible to vote at over the year	680	1,991	489	638	586
Number of resolutions the manager was eligible to vote on over the year	10,135	25,196	5,974	9,667	7,224
Percentage of resolutions the manager voted on	99%	95%	100%	93%	99%
Percentage of resolutions the manager abstained from	0%	0%	0%	0%	0%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	96%	93%	97%	95%	95%

¹ In voting their shares, socially responsible institutional shareholders are concerned with sustainable economic returns to shareholders, good corporate governance and the ethical behaviour of corporations and the social and environmental impact of their actions.

Fund name	BlackRock ACS UK Equity Tracker Fund	BlackRock ACS World (Ex-UK) Equity Tracker Fund	BlackRock ACS Japan Equity Tracker Fund	BlackRock ACS Climate Transition World Equity Fund	BlackRock ACS US Equity Tracker Fund
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	3%	6%	2%	4%	4%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0%	0%	1%	0%	0%

Fund name	BlackRock Aquila Connect Pac Rim Equity Fund	BlackRock ACS Continental European Equity Tracker Fund	iShares Emerging Markets Equity Index Fund	iShares Environment & Low Carbon Tilt Real Estate Index Fund*	LGIM Future World Global Equity Index Fund
Structure	Pooled	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour				
Number of company meetings the manager was eligible to vote at over the year	473	495	3,864	393	5,067
Number of resolutions the manager was eligible to vote on over the year	3,317	8,862	33,350	4,309	54,368
Percentage of resolutions the manager voted on	100%	86%	97%	84%	100%
Percentage of resolutions the manager abstained from	0%	1%	3%	0%	1%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	88%	88%	88%	95%	80%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	11%	11%	11%	4%	19%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	0%	0%	0%	0%	10%

* Note: the data provided by Scottish Widows for this fund covers the period 1 January 2022 to 31 December 2022

Fund name	SSgA Europe ex UK Screened (ex Controversies and CW) Index Equity Fund	SSgA Asia Pacific Ex-Japan Screened (ex Controversies and CW) Index Fund	SSgA AUT Emerging Market Screened Index Equity Tracker Fund	SSgA Emerging Markets ESG Screened Index Equity Sub-Fund	Aberdeen Global Corporate Bond Tracker Fund
Structure	Pooled	Pooled	Pooled	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustee to influence the manager's voting behaviour				
Number of company meetings the manager was eligible to vote at over the year	500	463	3,784	4,010	9
Number of resolutions the manager was eligible to vote on over the year	8,966	3,242	32,887	34,225	42
Percentage of resolutions the manager voted on	85%	100%	97%	97%	0%
Percentage of resolutions the manager abstained from	1%	1%	3%	2%	0%
Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on	89%	84%	82%	82%	0%
Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on	11%	16%	18%	18%	0%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	7%	11%	7%	7%	0%

Notes:

- The proportion of resolutions that were voted on and abstained from may not sum to 100%. This can be due to how the investment manager or local jurisdictions define abstentions or classify a formal vote or abstentions as opposed to not returning a voting form or choosing to nominate a proxy.
- Given the fixed income focus of the Aberdeen Global Corporate Bond Fund limited voting information was provided.

Proxy voting – BlackRock

BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform its voting decision. BlackRock's analysis is informed by its internally developed proxy voting guidelines, its pre-vote engagements, research, and the situational factors at a particular company.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. BlackRock will vote in favour of proposals where it supports the approach taken by a company's management or where BlackRock has engaged on matters of concern and anticipate management will address them. BlackRock will vote against management proposals where it believes the board or management may not have adequately acted to

advance the interests of long-term investors. BlackRock ordinarily refrains from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) for voting against management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement its voting intention. In all situations the economic interests of its clients are paramount.

BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year. BlackRock's market-specific voting guidelines are available on its website at <https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines>

Proxy voting – LGIM

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 LGIM does not outsource any part of the strategic 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 consider are minimum best practice standards which it believes 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 its 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 its 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.

Proxy voting - SSgA

SSgA use a variety of third-party service providers to support its stewardship activities. Data and analysis from service providers are used as inputs to help inform its position and assist with prioritisation. However, all voting decisions and engagement activities are undertaken in accordance with SSgA's in-house policies and views, ensuring the interests of its clients remain the sole consideration when discharging its stewardship responsibilities. SSgA has contracted Institutional Shareholder Services (ISS) to assist with managing the voting process at shareholder meetings. SSgA use ISS to: (1) act as its proxy voting agent (providing State Street Global Advisors with vote execution and administration services), (2) assist in applying its voting guidelines, (3) provide research and analysis relating to general corporate governance issues and specific proxy items, and (4) provide proxy voting guidelines in limited circumstances.

In addition, SSgA has access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complement its in-house analysis of companies and individual ballot items. All final voting decisions are based on its proxy voting policies and in-house operational guidelines.

Significant votes

The Investment and Disclosure Regulations that came into force from October 2020 require information on significant votes carried out on behalf of the Trustee over the Scheme year to be included within this Statement. The guidance does not currently define what constitutes a "significant" vote, however recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes.

As noted earlier in this Statement, at this time the Trustee has not set stewardship priorities / themes for the DC Section. So, for this Implementation Statement, the Trustee, with support from its professional advisers has asked the investment managers to determine what they believe to be a significant vote. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustee will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

Manager significant vote data

Each underlying fund manager provided significant vote data in a different format and the range of significant votes reported on was considerable. For the 9 BlackRock and iShares (BlackRock) funds noted above, **BlackRock** reported significant votes covering 93 shareholder resolutions (excluding duplication across the underlying funds) across 26 different companies. **SSgA** reported significant votes covering 346 shareholder resolutions across 242 different companies for the 3 underlying funds noted above. For the Future World Global Equity Index Fund, **LGIM** reported a total of 559 significant votes.

It is not feasible to detail each of these votes within this Statement and in the absence of agreed stewardship priorities / themes and common reporting the Trustee has elected to report a sample of the voting data, using the following criteria:

- For the BlackRock funds, the Trustee has selected 3 significant votes which, where possible, are broadly aligned with Scottish Widows' 3 stewardship themes (noted in Section 2 above) and which were cited in Scottish Widows' 2022 Stewardship report.
- For the SSgA funds, the Trustee has selected 3 significant votes which, where possible, are broadly aligned with Scottish Widows' 3 stewardship themes (noted in Section 2 above) and which represent the largest holdings across the underlying funds.
- For the LGIM Fund, the Trustee has selected 3 significant votes which, where possible, are broadly aligned with Scottish Widows' 3 stewardship themes (noted in Section 2 above) and which represent the largest holdings in the Fund.

All data provided in the tables below has been sourced from Scottish Widows and the underlying investment managers. Across the underlying managers the quality of data and format of reporting varies significantly and as a result there is some unavoidable inconsistency to the data included. Where no information was provided for specific items, this is noted as 'N/A'. The Trustee, through its advisers, will continue to work with Scottish Widows and the DC Section's investment managers on the quality of data provided for future Statements.

BlackRock	Vote 1: Amazon.com, Inc	Vote 2: ExxonMobil Corporation	Vote 3: Alphabet
Date of vote	25-May-22	25-May-22	01-Jun-22
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	N/A	N/A	N/A
Summary of the resolution	Report on Efforts to Reduce Plastic Use	Report on Low Carbon Business Planning	Report on Metrics and Efforts to Reduce Water Related Risk
How the manager voted	For	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?		N/A	
Rationale for the voting decision	<p>While BlackRock believed that Amazon's goals in relation to plastic recycling were clear, at the time of the AGM, the company did not explicitly disclose the total amount of plastic used, making it difficult for investors to determine how effectively it was managing this material risk and what progress it was making year on year. As a result, BlackRock supported this shareholder proposal, as having a better understanding, from enhanced disclosures, of how Amazon was addressing this material long-term business risk was aligned with investors' financial interests.</p>	<p>BlackRock did not support this shareholder proposal based on its assessment that it is overly prescriptive in nature and unduly constraining on management, and therefore not in its clients' long-term economic interests.</p>	<p>BlackRock supported this shareholder proposal as it believes it is in the best financial interests of its clients for Alphabet to enhance its disclosure on this material long-term business risk.</p>
Outcome of the vote	N/A	N/A	N/A
Implications of the outcome	<p>As a result of the vote, Amazon published an update to its packaging reduction strategy, detailing efforts to reduce and replace plastic packaging, among other initiatives, in December 2022. BlackRock will continue to engage with Amazon to discuss these issues and will monitor progress against stated plans</p>	<p>BlackRock believes ExxonMobil is making encouraging strides to improve its disclosure to provide shareholders with insight into its strategic business planning around the energy transition. ExxonMobil has a goal to achieve net zero emissions from its operated assets by 2050 with interim 2030 targets and has increased planned investments to \$15 billion from 2022 through 2027.</p>	N/A
Criteria on which the vote is considered "significant"	<p>Engaging on plastics pollution is an increasingly important topic for BIS</p>	<p>BlackRock did not believe this proposal was in the long-term economic interests of its clients</p>	<p>BlackRock believes that water management is a material risk for Alphabet given the significant volumes of water used to cool data centers</p>

SSgA	Vote 1: Commonwealth Bank of Australia	Vote 3: Westpac Banking Corp.	Vote 3: Meituan
Date of vote	12-Oct-22	14-Dec-22	18-May-22
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.52%	2.01%	1.76%
Summary of the resolution	Report on Climate Change	Report on Climate Change	Elect Director
How the manager voted	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSgA does not publicly communicate its vote in advance.		
SSgA Rationale for the voting decision	This proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable.	This proposal does not merit support as the company's disclosure and/or practices related to climate change are reasonable.	SSgA voted against the nominee due to the lack of gender diversity on the board.
Outcome of the vote	N/A	N/A	N/A
Implications of the outcome	Where appropriate SSgA will contact the company to explain its voting rationale and conduct further engagement.		
Criteria on which the vote is considered "significant"	Environmental Proposal	Environmental Proposal	Director Election

LGIM	Vote 1: Amazon.com, Inc.	Vote2: NVIDIA Corporation	Vote 3: Alphabet Inc.
Date of vote	25-May-22	02-June-22	01-Jun-22
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.70%	1.20%	0.90%
Summary of the resolution	Resolution 1f - Elect Director Daniel P. Huttenlocher	Resolution 1g - Elect Director Harvey C. Jones	Resolution 7 - Report on Physical Risks of Climate Change
How the manager voted	Against	Against	For
If the vote was against management, did the manager communicate their intent 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 their policy not to engage with their investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
LGIM Rationale for the voting decision	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. We are targeting the largest companies as we believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
Outcome of the vote	93.3% of shareholders supported the resolution.	0.8% of shareholders supported the resolution.	17.7% of shareholders supported the resolution.
Implications of the outcome	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.		
Criteria on which the vote is considered "significant"	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Fund level engagement

The table provides details of the engagement activity for the DC Section's pooled funds over the Scheme year. Please note that where funds are not present in the table, data was not provided by Scottish Widows.

Fund name	BlackRock ACS UK Equity Tracker Fund	BlackRock ACS World (Ex-UK) Equity Tracker Fund	BlackRock ACS Japan Equity Tracker Fund	BlackRock ACS Climate Transition World Equity Fund	BlackRock ACS US Equity Tracker Fund	BlackRock Aquila Connect Pac Rim Equity Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes	Yes
Total number of company engagements undertaken on behalf of the holdings in this fund in the year	3,132	1,599	293	711	662	207
Total number of individual companies engaged	1,982	936	193	401	385	141

Fund name	BlackRock ACS Continental European Equity Tracker Fund	iShares Emerging Markets Equity Index Fund	iShares Environment & Low Carbon Tilt Real Estate Index Fund*	LGIM Future World Global Equity Index Fund	SSgA – firmwide engagements*
Does the manager perform engagement on behalf of the holdings of the fund	Yes	Yes	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes	Yes	Yes
Total number of company engagements undertaken on behalf of the holdings in this fund in the year	424	434	118	720	878
Total number of individual companies engaged	234	278	86	311	593

* SSgA does not report on fund level engagements and therefore figures quoted in the table above cover firmwide engagements.

Number of engagements by topic undertaken with holdings in the funds

The following table provides data on the number of engagements undertaken by BlackRock and LGIM segregated by broad ESG theme. Where funds are not present in the table, suitable data was not provided by Scottish Widows.

	BlackRock ACS UK Equity Tracker Fund	BlackRock ACS World (Ex-UK) Equity Tracker Fund	BlackRock ACS Japan Equity Tracker Fund	BlackRock ACS Climate Transition World Equity Fund	BlackRock ACS US Equity Tracker Fund	BlackRock Aquila Connect Pac Rim Equity Fund
Topic	Number of Engagements					
Environmental Issues	1,586	812	110	385	371	132
Social Issues	1,250	714	114	340	316	151
Governance Issues	2,809	1,450	278	686	586	193

	BlackRock ACS Continental European Equity Tracker Fund	iShares Emerging Markets Equity Index Fund	iShares Environment & Low Carbon Tilt Real Estate Index Fund*	LGIM Future World Global Equity Index Fund
Topic	Number of Engagements			
Environmental Issues	194	275	57	256
Social Issues	135	168	32	178
Governance Issues	385	391	116	252