Implementation Statement, covering the Fund Year from 1 April 2021 to 31 March 2022

The Trustee of the Skanska Pension Fund (the "Fund") 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 Fund Year, as well as details of any review of the SIP during the Fund 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 2-11 below. This Statement covers the Defined Benefit ("DB") and Defined Contribution ("DC") Sections of the Fund.

The Statement is also required to include a description of the voting behaviour during the Fund Year by, and on behalf of, trustees (including the most significant votes cast) and state any use of the services of a proxy voter during that year. This is provided in Section 11 below.

This Statement is based on the Fund's SIP which was in place during the Fund Year approved by the Trustee on 31 August 2021. This Statement should be read in conjunction with this SIP which can be found online.

1. Introduction

The SIP was reviewed and updated during the Fund Year in August 2021 to reflect:

- an update to the Fund's LDI benchmark and target interest rate and inflation hedge ratios;
- the sale of the Fund's holdings in the Capital Hospitals Limited, Bristol PFI and Essex Schools infrastructure projects;
- the withdrawal from the M&G Secured Property Income Fund queue and the appointment of BentallGreenOak to manage a real estate debt mandate for the Fund;
- the sale of BlueBay's private debt business to Arcmont, resulting in a renaming of the funds which the Fund was invested in;
- the removal of the Fund's holdings in the Capital Emerging Market Total Opportunities Fund and the BMO Institutional Global Equity Fund in January 2021, and partial disinvestment from the L&G global equity portfolio in July 2021, as part of a number of de-risking actions; and
- the transfer of members with AVC benefits with Equitable Life to the Aegon Master Trust; and
- a number of small wording updates to reflect the most recent best practice wording in LCP's view as the Fund's investment adviser.

Further detail and the reasons for these changes are set out in Section 3. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has followed the policies in the Fund's SIP during the Fund Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

Objectives for the DB Section

Progress against the Fund's long-term journey plan is reviewed as part of the quarterly performance monitoring reports. The Trustee is also able to view the progress on an ongoing basis using LCP Visualise online (a tool provided by the Fund's investment adviser which shows key metrics and information on the Fund).

As at 31 March 2022, the Fund was on track to achieve full funding by the target date and during the year the Trustee agreed to de-risk the Fund's investment strategy on a number of occasions, following a significant improvement in the Fund's funding position.

Objectives for the DC Section

The DC Section is closed to contributions and contains only members who could not move to Aegon Master Trust due to Guaranteed Minimum Pension issues, which are expected to be addressed by the end of 2023.

The Trustee's primary objectives for the DC Section are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile of the DC Section and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

The DC investment arrangements were reviewed during the Fund Year, in July 2021. This review included analysis of the DC Section membership demographics. Considering the advice of its investment consultants, the Trustee concluded that the default investment option remains reasonable given the circumstances of the DC Section, and that it remains appropriate given the objective of generating returns significantly above inflation whilst members are further from retirement and reducing risk as members near retirement.

The Trustee also provides members with access to a range of investment options. The Trustee has made available alternative lifestyle strategies and a self-select fund range to members covering major asset classes (such as equities, bonds and cash) as set out in the SIP.

3. Investment strategy

DB Section: The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the investment strategy in June 2021 and January 2022. Following significant improvements in the funding position, the Fund passed through three of its de-risking triggers which the Trustee had agreed as part of a de-risking mechanism for the Fund. On reaching each trigger, the Trustee agreed to adopt an alternative 'lower risk' investment strategy. As part of these reviews, the Trustee made sure the Fund's assets were adequately and appropriately diversified between different asset classes.

Further detail on the investment strategy changes during the Fund Year are set out below:

- In June 2021, the Fund sold its holdings in Capital Hospitals with the proceeds transferred to the BMO LDI portfolio.
- In July 2021, the Fund partially disinvested from the L&G global equities portfolio and invested the proceeds in the BMO LDI Portfolio. This was part of a de-risking exercise following an improvement in the funding position that resulted in the Fund passing its first de-risking trigger.
- In January 2022, The Fund appointed Insight to manage a corporate bonds mandate for the Fund, funded from surplus cash within the BMO LDI portfolio.
- In February 2022, the Fund partially disinvested from the two Diversified Growth Funds managed by Ruffer and Newton. This was part of another de-risking exercise following a further improvement in the funding position, which resulted in the Fund passing its second de-risking trigger. The proceeds were invested in the Insight corporate bonds mandate. The Fund's interest rate and inflation hedge ratios were also increased to around 90% (on a gilts + 0.4% pa basis).
- The Fund's funding position continued to improve and the Fund passed through its third de-risking trigger in February 2022. A further de-risking of the investment strategy was therefore implemented, which involved a partial disinvestment from the L&G global equities portfolio, with the proceeds invested in the Insight corporate bonds mandate. The Fund's interest rate and inflation hedge ratios were also increased to 95% (on a gilts + 0.4% pa basis).

From time to time, the Trustee reviews the Fund's asset allocation within the collateral pool and compares this to the strategic asset allocation detailed in the Statement of Investment Arrangements. Since the actual asset allocation did not deviate materially from the strategic allocation over the Fund Year, the Trustee undertook no rebalancing action.

The triggers put in place as part of the de-risking mechanism are monitored and if a trigger is hit, the Trustee would consider the appropriateness of the proposed de-risking action before it is implemented.

DC Section: The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy and performance of the default arrangement over the Fund Year. The Trustee concluded that drawdown remains an appropriate retirement target and the current allocation of the default remains appropriate given the specific circumstances of the Fund.

As part of this review the Trustee made sure the Fund's default arrangement was adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from.

4. Considerations in setting the investment arrangements

DB Section: When the Trustee reviewed the investment strategy in June 2021 and January 2022, it considered the investment risks set out in Appendix 2 of the SIP. 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.

DC Section: When the Trustee's investment consultants undertook a strategy review of the DC investment arrangements in July 2021 it considered the investment risks set out in Appendix 2 of the SIP.

5. Implementation of the investment arrangements

DB Section: The Trustee appointed Insight in January 2022 to manage a corporate bond mandate for the Fund. The Trustee obtained formal written advice from its investment adviser, LCP, before investing in the fund and made sure the investment portfolio of the fund chosen was adequately and appropriately diversified.

Before appointing Insight, 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.

Both Sections: The Fund's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. LCP monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of with regard to the Fund'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 Fund invests in, or any material change in the level of diversification in the fund.

The Trustee regularly invites the Fund's investment managers to present at Investment Sub-Committee (ISC) meetings. During the Fund year, the ISC met with Ruffer at its virtual meeting on 21 April 2021 to discuss the Fund's investment with Ruffer. The ISC also met with Insight at its virtual meeting on 19 October 2021 to discuss Insight's Short Dated Buy and Maintain Bond Fund (a corporate bonds mandate) prior to appointing them. After the Fund year, the ISC met with Newton at its virtual meeting on 30 May 2022 to discuss the Fund's investments with Newton.

The Trustee was comfortable with all its investment manager arrangements over the Fund Year.

The Trustee monitors the performance of the Fund's DB Section and DC Section investment managers on a quarterly basis, using the quarterly performance monitoring report provided by the Trustee's investment consultants. The report shows the performance of each manager over the quarter, one year and three years (where applicable). Performance is considered in the context of the manager's benchmark and objectives.

The most recent quarterly report shows that all managers have produced performance broadly in line with expectations over the long-term.

DC Section: The Trustee reviewed fees for the different investment options of the Fund as part of its triennial strategy review in July 2021. Based on the analysis provided by its investment consultants, the Trustee believes that the fees paid by members are competitive given the small level of assets remaining in the DC Section as the fees were negotiated when the arrangement was significantly larger.

6. Realisation of investments

DB Section: The Trustee reviews the Fund'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 Fund Year, the Trustee used cashflows and surplus cash in the BMO LDI portfolio to help fund capital calls from the Fund's illiquid managers: Arcmont, Barings, BentallGreenOak and Knightsbridge. The Trustee also received income and distributions from M&G, Arcmont, Barings, BentallGreenOak and Knightsbridge, which is sometimes retained in the Trustee's bank account and used to meet benefit payments and fund further capital calls.

DC Section: It is the Trustee's policy to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All DC funds remained as daily dealing during the Fund Year.

7. Financially material considerations and non-financial matters

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

The Trustee reviews LCP's responsible investment (RI) scores for the Fund's existing managers as part of the Fund's quarterly performance monitoring report. These scores cover the manager's approach to ESG factors, voting and engagement and are based on LCP's 2020 Responsible Investment Survey.

The Trustee also considers individual fund RI scores and assessments which are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's manager and fund recommendations.

The Trustee added a new pooled fund, the Insight Short Dated Buy and Maintain Bond Fund during the Fund Year. In selecting and appointing this manager, the Trustee reviewed LCP's RI assessments of the shortlisted managers and ESG factors, voting and engagement were considered.

The Trustee has followed its voting and engagement policies by continuing to delegate to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

Within the DC Section the Trustee recognises that some members may wish for ethical matters to be considered in their investments and therefore, as mentioned in the SIP, the L&G Ethical Global Equity Index remained available as an investment option to members during the Fund Year.

8. Investment governance, responsibilities, decision-making and fees (Appendix 1 of SIP)

As mentioned in Section 5, the Trustee assesses the performance of the Fund's DB Section and DC Section investments on an ongoing basis as part of the quarterly monitoring reports it receives.

The performance of the professional advisers is considered on an ongoing basis by the Trustee.

The Trustee has put in place formal objectives for its investment adviser and will review the adviser's performance against these objectives on a regular basis.

During the Fund Year, the Trustee considered and received training on alternative governance structures for its investments, considering the effectiveness of its current decision making and governance processes. In August 2021, the Trustee agreed to adopt an alternative governance structure whereby all its funds where possible would be held within a BMO Sub-Fund solely used by the Fund. This was adopted to provide a number of operational efficiencies for the Trustee. Non-BMO funds were incorporated into the BMO Sub-Fund as at 31 March 2022, except for the LGIM global equities portfolio and Bentley Works holding.

9. Policy towards risk (Appendix 2 of SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

DB Section: 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 Fund's investment adviser or information provided to the Trustee by the Fund's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

With regard to the risk of inadequate returns, as at 31 March 2022, the required return for the Fund to be fully funded on the agreed Long-Term Funding Target basis by 2034 was assessed as around gilts + 0.9% pa, making no allowance for further recovery plan contributions. The best estimate expected return on the Fund's asset allocation was around gilts + 1.7% pa at the same date. Therefore, the expected return on the Fund's assets was expected to be sufficient to produce the return needed over the long-term. The Trustee monitors the required return on an ongoing basis.

The Fund's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the Fund Year, the Fund's hedging levels were increased to around 95% (on a gilts + 0.4% pa basis) in a number of stages, to reduce one of the key risks faced by the Fund, that is, changes in long term interest rates and expectations of future inflation, which affect the valuation of the Fund's liabilities.

With regard to collateral adequacy risk, the Trustee holds cash within the BMO LDI portfolio, to be used to manage the level of leverage within the LDI portfolio. The target leverage ratio of the LDI portfolio is 3:1. The Trustee aims to maintain the leverage within the LDI portfolio between 1:1 and 4:1. The Trustee assesses the leverage of the Fund's LDI portfolio on an ongoing basis as part of the quarterly monitoring reports it receives. As at 31 March 2022, the leverage was towards the lower end of the target range.

Together, the investment and non-investment risks set out in Appendix 2 of the SIP give rise to funding risk. The Trustee formally reviews the Fund'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 and the Trustee also can monitor this daily on LCP Visualise.

DC Section: With regard to the risk of inadequate returns, the Trustee makes use of equity funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default option and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term. The Trustee recognises that there are other, non-investment, risks faced by the Scheme, and takes these into consideration as far as practical.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

10. Investment manager arrangements (SIA)

There are no specific policies in the Statement of Investment Arrangements (SIA).

11. Description of voting behaviour during the Fund 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 Fund Year. In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, on the Fund's funds that hold equities as follows:

Within the DB Section:

- L&G global equity portfolio
- Ruffer Total Return Fund
- Newton Real Return Fund

For the Knightsbridge private equity funds, Knightsbridge has confirmed it does not have access to the underlying portfolio company voting of each venture partnership.

Within the DC Section:

- L&G Global Equity (60:40) Index Fund
- L&G UK Equity Index Fund
- L&G Ethical Global Equity Index Fund
- L&G World (ex UK) Equity Index Fund
- abrdn GARS
- Newton Real Return Fund

For the DC Section we have included all the funds with equity exposure.

In addition to the above, the Trustee's investment adviser contacted the Fund's other asset managers that don't hold listed equities, to ask if any of the assets held by the Fund had voting opportunities over the period. Commentary provided by these managers is in Section 11.4.

11.1 Description of the voting processes

L&G

L&G's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for L&G's clients. L&G's voting policies are reviewed annually and take into account feedback from its clients. All decisions are made by L&G's investment stewardship team and in accordance with its Corporate Governance & Responsible Investment and Conflicts of Interest policy documents. 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, with the aim of fully integrating voting with engagement and to ensure consistent messaging to companies.

The team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares and for additional information only (meaning final voting decisions are made by the team, but voting recommendations are used to enhance research and ESG assessment tools). To ensure its proxy provider votes in accordance with its position on ESG, L&G has a custom voting policy in place with specific voting instructions that apply to all markets globally. The Investment Stewardship team retains the ability to override any vote decisions that were based on its custom voting policy, for example due to additional information gained when engaging with a firm, and monitors votes including a regular manual check of votes that have been input on the ProxyExchange platform.

L&G holds an annual stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the Investment Stewardship team. The views expressed at the roundtable form a key consideration in the development of L&G's engagement policies, which are reviewed on an annual basis, with ad-hoc feedback also taken into account.

Ruffer

Ruffer uses internal voting guidelines as well as proxy voting research, currently from ISS, to assist in the assessment of resolutions and the identification of contentious issues. Ruffer does not rely solely on its proxy vote advisers when deciding how to vote.

Research analysts, supported by Ruffer's dedicated responsible investment team, are responsible for reviewing the relevant issues on a case-by-case basis, and exercising their judgement based on their knowledge of the company in question. If there are any controversial resolutions, the issue is discussed with senior investment staff and can be escalated further to the Head of Research or Chief Investment Officer if no agreement is reached.

Ruffer discusses with companies any issue that could impact its investment and requests additional information or explanation on votes if necessary. If Ruffer votes against the recommendations of management, it seeks to communicate this decision to the company before the vote, along with an explanation on Ruffer's reason for doing so.

Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting. However, it can accommodate client voting instructions for specific areas of concerns or companies where feasible. Ruffer has formal procedures to deal with conflicts of interest and to ensure they do not arise where possible.

Newton

Newton's head of Responsible Investment (RI) is responsible for the decision-making process of Newton's RI team when reviewing votes on contentious issues. These issues may also be referred to an appropriate industry analyst for comment and, where considered relevant, Newton may confer with the company or other interested parties for further clarification, or to reach a compromise or commitment from the company.

Newton does not maintain a strict proxy voting policy, but will take into account a company's individual circumstances, Newton's rationale for the investment, and any engagement activities, together with relevant governing laws, guidelines and local market best practice.

For all votes, voting decisions are approved by either the deputy chief investment officer or a senior investment team member (such as the head of global research). Newton uses proxy advisors such as ISS, for information to aid the decision-making process and as a platform to submit votes only (meaning voting decisions are not outsourced). In the event of a potential material conflict of interest between Newton, the company or a client, however, the ISS's voting recommendations are used.

Newton prefers to retain discretion in relation to exercising clients' votes believing that "the value of our clients' portfolios can be enhanced by the application of good stewardship". Newton only informs the relevant company, ie not its clients, on its voting intentions ahead of meetings. Where Newton plans to vote against management on an issue, it often engages with the company in order to provide an opportunity for Newton's concerns to be allayed.

Abrdn

Abrdn seeks to integrate and appraise environmental, social and governance factors in its investment process. It seeks to understand each company's specific approach to governance, how value is created through business success and how investors' interests are protected through the management of risks that materially impact business success. This requires Abrdn to play its part in the governance process by being active stewards of companies, dynamically involved in dialogue with management and non-executive directors, fully understanding the material risks and opportunities – including those relating to environmental and social factors. Specifically on voting, Abrdn seeks to exercise shareholder rights on behalf of clients and engage with companies on their behalf in a manner consistent with their long-term best interests.

Abrdn regards all votes as significant and hence vote for all shares globally for which they have voting authority. To be able to provide a specified number of votes across a portfolio, Abrdn has identified 5 categories of votes they consider as significant. These are as follows: high profile votes; shareholder and environmental and social resolutions; engagement; corporate transactions and votes contrary to custom policy.

Abrdn is a strong supporter of principles of good stewardship that are set out in the UK Stewardship Code. Abrdn believes that it is mutually beneficial for companies and long-term investors to have a relationship based on accountability, engagement and trust as such a relationship ensures that each party has a good understanding of the other's views and expectations. It also allows Abrdn to exercise influence as and when appropriate.

Abrdn utilises the services of ISS as its proxy voting service.

11.2 Summary of voting behaviour over the Fund Year

A summary of voting behaviour over the period is provided in the tables below separately for the DB and DC assets for the Fund Year to 31 March 2022.

DB funds	L&G					Ruffer	Newton
Fund name	**UK Equity Index Fund**	**N America Equity Index-GBP Hedged**	**Europe (ex UK) Index-GBP Hedged Fund**	**Japan Equity Index-GBP Hedged**	**A/Pac ex-Japan Dev Index-GBP Hedged**	**Total Return Fund**	**Real Return Fund**
Total size of fund at end of reporting period	£18,537m	£13,781m	£3,592m	£1,873m	£1,327m	£3,648m	£5,227m
Value of Fund assets at end of reporting period	£24.2m	£10.1m	£4.7m	£4.9m	£4.8m	£50.8m	£45.5m
Number of equity holdings at end of reporting period	566	642	497	510	421	92	79
Number of meetings eligible to vote	772	663	549	512	499	101	98
Number of resolutions eligible to vote	10,813	8,181	9,447	6,109	3,457	1,425	1,476
% of resolutions voted	100	99.7	99.8	100	100	94.9	99.2
Of the resolutions on which voted, % voted with management	93.1	70.4	82.2	86.6	73.4	93.0	83.9
Of the resolutions on which voted, % voted against management	6.9	29.5	17.1	13.3	26.4	6.3	16.1
Of the resolutions on which voted, % abstained from voting	0.0	0.1	0.7	<0.1	0.2	0.7	0.0
Of the meetings in which the manager voted, % with at least one vote against management	43.6	94.7	76.9	75.0	72.9	41.6	47.0
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	5.4	23.4	8.5	10.4	16.6	6.4	11.7

DC funds	L&G				Newton	abrdn
Fund name	**L&G UK Equity Index Fund**	**L&G World (ex UK) Equity Index Fund**	**Global Equity (60:40) Index Fund**	**Ethical Global Equity Index Fund**	**Real Return Fund**	**GARS**
Total size of fund at end of reporting period	£18,537m	£5,504m	£1,366m	£1,149m	£5,227m	£992m
Value of Fund assets at end of reporting period	£0.53m	£0.03m	£1.16m	£0.03m	£0.47m[2]	
Number of equity holdings at end of reporting period	566	2,488	2,785	1,020	79	23
Number of meetings eligible to vote	772	2,931	3,175	1,123	98	114
Number of resolutions eligible to vote	10,813	34,024	39,493	15,785	1,476	1,420
% of resolutions voted	99.9	99.8	99.9	99.9	99.2	99.9
Of the resolutions on which voted, % voted with management[1]	93.1	79.0	82.6	83.2	83.9	84.1
Of the resolutions on which voted, % voted against management[1]	6.9	20.1	17.0	16.5	16.1	15.7
Of the resolutions on which voted, % abstained from voting[1]	0.0	0.9	0.2	0.3	0.0	0.2
Of the meetings in which the manager voted, % with at least once vote against management	43.6	74.6	69.5	74.1	47.0	72.6
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	5.4	14.1	11.7	11.4	11.7	12.5

[1]The rows, "of the resolutions on which voted, % voted with management", "of the resolutions on which voted, % voted against management" and "of the resolutions which voted, abstained from voting" might not sum to 100% due to rounding.
[2]The DC Section provides members with a Diversified Fund which is invested equally between the Newton Real Return Fund and abrdn Global Absolute Return Strategy ("GARS").

11.3 Most significant votes over the Fund Year

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

L&G

In determining significant votes, L&G's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- high profile votes which have such a degree of controversy that there is high client and/or public scrutiny;

- votes where there is significant client interest either directly communicated by clients to the Investment Stewardship team (at L&G's annual Stakeholder roundtable event), or where there is a significant increase in requests from clients;
- sanction vote as a result of a direct or collaborative engagement; and
- vote linked to an L&G engagement campaign, in line with L&G 5-year ESG priority engagement themes.

For the DC funds, L&G has provided a few votes which they consider significant. For the purposes of this report, we have narrowed down these votes to include house-hold names and resolutions where L&G voted against management or resolutions concerning responsible investment.

Ruffer

Ruffer has interpreted "most significant votes" as those that it thinks will be of particular interest to its clients. In most cases, this is when:

- the vote forms part of continuing engagement with the company; and/or
- Ruffer has held a discussion between members of its research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and Ruffer's internal voting guidelines.

Newton

Newton regards "most significant votes" as all votes against management, including where Newton supports shareholder resolutions that the company's management are recommending voting against.

abrdn

abrdn regards all votes as significant and hence, discloses information on all the resolutions they voted on over the year. For the purposes of this report, we have narrowed down these votes to include house-hold names and resolutions where abrdn voted against management or resolutions concerning responsible investment.

DB Section

Manager	L&G			Ruffer			Newton		
Company name	Mitsubishi UF J Financial Group Inc.	The Sage Group Plc	Korea Electric Power Corp.	Roya Dutch Shell	Ambev	Rakuten	Citigroup Inc	Greencoat UK Wind Plc	TE Connectivity Ltd.
Date of vote	29/06/2021	02/03/2022	29/03/2022	18/05/2021	29/04/2021	21/03/2022	27/04/2021	26/11/2021	09/03/2022
Country	Japan	UK	Korea	UK	Brazil	Japan	USA	UK	Switzerland
Summary of the resolution	Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	Re-elect Drummond Hall as Director	Approve Financial Statements and Allocation of Income	Vote on management resolution relating to the company's climate transition plan	Vote on remuneration	Vote on approval of deep discount stock option plan	Vote on amending proxy access right	Vote on approval of Capital Raising	Vote on electing a remuneration committee member
How you voted	For	Against	Against	For	Against	Against	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	n/a	Yes	Yes	n/a	Yes	No	No	Yes	No
Rationale for the voting decision	L&G expects companies to be taking sufficient action on the key issue of climate change.	There is a lack of progress on gender diversity on the board. LGIM expects boards to have at least one-third female representation on the board.	LGIM's Climate Impact Pledge. Certain requests were made and not met.	Progress made as a result of engagement and commitment of the company leadership to meaningfully engage on the Climate Action 100+.	Weak share price and margin performance over a number of years.	The stock option plan aligns the external directors too directly and strongly with the management team such that this oversight is then called into question.	Concerns relating to improving minority shareholder rights by way of providing shareholders with access to propose directors for election to the company's board.	Concerns over the discount to market price at which the shares would be issued and shares would not necessarily be offered to existing shareholders.	Concerns that the executive remuneration arrangements as a majority of long-term incentives can vest subject to time served. This led Newton to vote against the members of the compensation committee.

DC Section

Manager	L&G			abrdn			Newton		
Company name	Apple Inc.	Meta	Mitsubishi UFJ Financial Group	Goldman Sachs Group, Inc.	Microsoft Corporation	Capital One Financial Corporation	AstraZeneca Plc	Citigroup Inc	CME Group Inc
Date of vote	March 2022	May 2021	June 2021	April 2021	November 2021	May 2021	May 2021	April 2021	May 2021
Country	US	US	Japan	US	US	US	UK	US	UK
Summary of the resolution	Oversee a third-party audit analysing the adverse impact of policies and practices on the civil rights of company stakeholders.	Elect director Mark Zuckerberg	Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement	Report on the Impacts of Using Mandatory Arbitration	Report on Gender/Racial Pay Gap	Advisory Vote to Ratify Named Executive Officers' Compensation	Elect Directors x4; Approve Remuneration Policy; and Amend Restricted Stock Plan.	Amend Proxy Access Right	Elect Directors x6; Advisory Vote to Ratify Named Executive Officers' Compensation.
How you voted	For	Withhold	For	For	For	Against	Against	Against management	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	n/a	n/a	n/a	Not provided by abrdn in time for finalising this statement	Not provided by abrdn in time for finalising this statement	Not provided by abrdn in time for finalising this statement	No	No	No
Rationale for the voting decision	LGIM voted in favour of this resolution as it relates to diversity and inclusion policies and LGIM considers these to be material risks to companies.	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different requiring distinct skills and experiences	LGIM believes that companies should be taking sufficient action on the key issue of climate change.	Voted in favour as disclosures would allow investors further insight on the positive practices which the company discloses regarding its approach to arbitration.	While the company reports on its commitments to pay equity, more consistent data could increase accountability for diversity efforts and provide shareholders with useful information	Voted against as concerned about the link between pay and performance.	Newton did not believe that the company had provided the necessary justification for significant increase in the variable pay awards that were granted to senior executives.	Newton voted in favour of this to improve minority shareholder rights by way of providing shareholders with access to propose directors for election to the Board.	A significant proportion of the long-term pay awards not being subject to performance

11.4 Votes in relation to assets other than listed equity

The following comments were provided by the Fund's DB asset managers who don't hold listed equities, but invest in assets that had voting opportunities during the period:

M&G – Illiquid Credit Opportunities Fund V

M&G did not have any significant votes for this fund over the Fund Year. M&G aims to vote on all resolutions at general meetings of companies held in M&G's actively managed portfolios. M&G will vote against proposals that compromise its clients' interests. It may not vote in favour of resolutions where it is unable to make an informed decision on the resolution because of poor quality disclosure, or due to an unsatisfactory response raised on specific issues.

Newton – Global Dynamic Bond Fund

The fund had three voting opportunities over the period under review, two ETF holdings and one public limited company holding, though Newton does not believe it was of any significance. Newton actively decided not to participate in the vote.

Arcmont – Senior Loan Fund I and Direct Lending Fund III

Given Arcmont is a Private Debt asset manager, there is limited scope to participate in voting activities where Arcmont has a blocking or majority vote. Therefore, Arcmont does not have a formal voting policy or track voting activities.

Arcmont may be able to vote in limited instances where investments take on an equity element and is assigned voting board seats, or in the rare circumstances that Arcmont becomes a majority shareholder of the business. However, at the levels of co-investment that Arcmont participates in, and in the current market conditions, it is typically only granted votes on economic protections and structural changes to the equity, per example if a new class of shares is to be issued and Arcmont is diluted.

Arcmont is committed to maintaining an open and active dialogue with management, helping to identify any changes in an investment's ESG risk profile, but more importantly, enabling discussions to influence business practices to mitigate ESG risks. Arcmont tracks and monitors the ESG risk profiles of its investments to assess the severity of the risks, whilst moving to take appropriate action should a risk become too great.

Barings – Global Private Loan Fund II and III

Barings only votes on items related to the debt facilities and Baring's voting process over the year to 31 March 2022 is summarised effectively by the following statement: "*Should voting opportunities arise, any voting decisions would be made in line with established investment management structures and decision-making responsibilities for the fund*."

There were two equity holdings in the Global Private Loan Fund II and ten equity holdings in the Global Private Loan Fund III as at 31 March 2022.