

Implementation Statement

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. The 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 by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12 below.

This Statement is based on the Fund's SIP which was in place during the Fund Year - dated September 2019. This Statement should be read in conjunction with this SIP which can be found online.

1. Introduction

No review of the SIP was undertaken during the Fund Year. The last time the SIP was formally reviewed was September 2019. The SIP was reviewed shortly after year end to reflect a number of updates to the Fund's investments since the previous SIP.

The Trustee has, in its opinion, 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.

The Trustee has, in its opinion, followed the Fund's voting and engagement policies during the Fund Year, 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 took a number of steps to review the Fund's existing managers and funds over the period, as described in Section 7 below.

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 2021, the Fund was on track to achieve full funding by the target date.

Objectives for the DC Section

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.

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On 31 May 2018 the Trustee undertook an investment strategy review as part of a project to assess the appropriateness of moving the DC Section to a Master Trust arrangement. Following that review, the majority of members in the DC Section moved to Aegon's Master Trust on 15 October 2018. A smaller subset of c.130 members were unable to move to that arrangement due to the presence of Guaranteed Minimum Pensions attached to their accounts, which would be lost if such a move took place. The Trustee therefore chose to continue running an arrangement with Legal & General for those members and in reviewing the investment strategy, took account specifically of that cohort of members.

As part of the performance and strategy review of the DC default arrangement in May 2018 the Trustee considered the remaining DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Fund.

Based on the outcome of this analysis, the Trustee concluded that the default arrangement had been designed to be in the best interests of the majority of remaining DC Section members and reflected the demographics of those members. The Trustee also believed that the default was appropriate to achieve the objective of generating returns significantly above inflation while members were further from retirement and gradually to lower risk investments as members near retirement.

The Trustee also provides members with access to a range of investment options which it believes is suitable for this purpose and enables appropriate diversification. The Trustee has made available alternative lifestyle strategies and a self-select fund range to members covering all major asset classes as set out in the SIP. The Trustee monitors the take up of these funds as part of the strategy review and it has been relatively high compared to typical market experience. The Trustee has reminded members to review their investment holdings and check they are suitable for their risk tolerances and retirement planning.

The Trustee reviewed the membership demographics as part of the last formal strategy review. The Trustee, with the help of its investment advisor, is currently working on its triennial strategy review.

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 January 2021 and agreed to de-risk the investment strategy following a significant improvement in the funding position. The de-risking was implemented by fully redeeming the Fund's holdings in the BMO global equity portfolio and Capital Emerging Markets Total Opportunities Fund. The proceeds were invested in the BMO Liability Driven Investment (LDI) portfolio. As part of this review, the Trustee made sure the Fund's assets were adequately and appropriately diversified between different asset classes.

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.

DC section: This was considered as part of the last strategy review in May 2018, but not over the period covered by this statement. 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 provided a suitably diversified range to choose from. The Trustee has also made the decision historically to "White Label" the funds offered to DC members of the Fund. This allows bespoke generic funds to be set-up making fund names clearer and easier to understand for members.

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The Trustee also reviewed retirement data as part of the performance and strategy review of the DC default arrangement, looking at how members chose to access their benefits as well as at what age they accessed them versus when they said they would.

4. Considerations in setting the investment arrangements

DB Section: When the Trustee reviewed the investment strategy in January 2021, 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 undertook a performance and strategy review of the DC default arrangement in July 2021 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.

5. Implementation of the investment arrangements

DB Section: The Trustee appointed BentallGreenOak in December 2020 to manage an alternative credit (real estate debt) 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.

Both Sections: The Fund's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of with regards 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. However, during the Fund year the ISC did not meet with any managers due to not being able to meet in person. Shortly after year end, the ISC met with Ruffer at its virtual meeting on 21 April 2021 to discuss the Fund's investment. The Trustee monitors the performance of the Fund's investment managers on a quarterly basis, using the quarterly performance monitoring report. 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 returns broadly in line with expectations over the long-term.

DC Section: The Trustee believes that the fees paid by members are relatively competitive for the small level of assets remaining in the DC Section as these were negotiated when the arrangement was significantly larger. The Trustee is currently reviewing fees for the different investment options of the Fund as part of its triennial strategy review.

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.

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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 and Knightsbridge. The Trustee also received income and distributions from M&G, Arcmont, Barings 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 of the DC Section funds which the Trustee offered during the Fund Year are daily priced.

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 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 Responsible Investment Survey 2020. The Trustee was satisfied with the manager RI scores and no further action was taken.

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 closed ended pooled fund, the BentallGreenOak UK Secured Lending Fund III 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, in its opinion, followed the Fund's voting and engagement policies during the Fund Year, 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 taken into account in their investments and therefore, as mentioned in the SIP, it has made available the L&G Ethical Global Equity Index as an investment option to members.

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 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, with a review expected in 2021.

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Following a competitive tender process, the Trustee appointed a new administrator, Trafalgar House Pensions Administration, on 1 April 2020.

Towards the end of the Fund Year, the Trustee considered alternative governance structures for its investments, considering the effectiveness of its current decision making and governance processes, with further training received after year end.

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 part of the investment strategy review in January 2021, 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 + 1.2% pa, factoring in recovery plan contributions. The Trustee agreed to de-risk the Fund's investment strategy, which led to a reduction in the best estimate expected return on the Fund's strategic asset allocation to around gilts + 2.2% pa. Therefore, the expected return on the Fund's assets was expected to be sufficient to produce the return needed over the long-term.

The Fund's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. Over the period the Fund's hedging levels were broadly in line with the target levels.

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 2021, 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 generally 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 has the ability to monitor this daily on LCP Visualise.

DC Section: With regard to the risk of inadequate returns, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the 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 for both sections 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.

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10. Investment manager arrangements (SIA)

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

As noted in Section 3, in January 2021, the Trustee carried out a strategy review for the Fund and decided to de-risk the investment strategy, which included fully disinvesting from the BMO Global Equity Fund and Capital Emerging Markets Total Opportunities Fund over the year.

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;
- BMO Global Equity Fund;
- Capital Emerging Markets Total Opportunities Fund;
- Ruffer Total Return Fund; and
- 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:

- Standard Life GARS;
- Newton Real Return Fund;
- L&G Global Equity (60:40) Index Fund; and
- L&G Ethical Global Equity Index Fund.

For the DC Section we have included the funds with equity holdings used in the default strategy given the high proportion of DC Section assets invested in these funds. In addition, we have also included self-select funds which incorporate responsible investment factors, recognising that members choosing to invest in these funds may be interested in this information.

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 set out in the Appendix.

11.1 Description of the voting processes

L&G

L&G's voting and engagement activities are driven by ESG professionals in its Investment Stewardship team. All client voting decisions are therefore made by the team in line with the relevant 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 firms.

The team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares and for additional information only

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(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.

BMO

BMO has a specialist governance team who focus on the "most complex and sensitive" votes. Proxy advisor Institutional Shareholder Services (ISS) executes voting on what BMO considers to be more simple, routine votes, using BMO's voting rules and corporate governance policies which are updated in-house and are on a regional basis.

In certain cases where the specialist governance team is involved, vote decisions are arrived at through consultation with the internal investment teams at BMO. In addition, controversial high-profile meetings can be escalated to the Proxy Working Group, which contains representatives from each part of BMO's business. Generally, BMO's engagement with key companies ahead of votes guides their voting, as well as research from ISS and, for FTSE All-Share companies, additional research provided by the Investment Association's Institutional Voting Information Service (IVIS).

For regional or local high-profile issues, BMO proactively advises clients on its intention to vote well in advance of the meeting, giving clients the option to state their preference and vote differently. Clients receive detailed vote reports which are also available online, including reasons for BMO's decisions.

Capital

All US proxies are voted. Proxies for companies outside the US are also voted, provided there is sufficient time and information available. After a proxy is received, a summary of the proposals contained in the proxy is prepared. A discussion of any potential conflicts of interest is also included in the summary.

For proxies of securities managed by a particular investment division of the Capital Research and Management Company ("CRMC"), the initial voting recommendation is made by one or more of the division's investment analysts familiar with the company and industry. A second recommendation is made by a proxy coordinator (an investment analyst with experience in corporate governance and proxy voting matters) or other individual within the appropriate investment division, based on knowledge of Capital's voting principles and familiarity with proxy related issues.

The proxy summary and voting recommendations are made available to the appropriate proxy voting committee for a final voting decision. Proxies for the funds are voted by the appropriate investment committee of CRMC's equity investment divisions under delegated authority. Therefore, if more than one fund invests in the same company, certain funds may vote differently on the same proposal.

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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, i.e. 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.

Aberdeen Standard

Aberdeen Standard Investment views all votes as significant and votes for all shares globally for which they have voting authority. They believe that in the interest of full transparency, they should disclose all their voting decisions as each individual scheme, influenced by its sponsor, industry, membership and many other factors, will have their own views about what constitutes significant votes.

Aberdeen Standard are strong supporters of principles of good stewardship that are set out in the UK Stewardship Code. This was published by the Financial Reporting Council in

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July 2010 and updated in September 2012. Aberdeen Standard 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 Aberdeen Standard to exercise influence as and when appropriate.

Aberdeen Standard utilises the services of ISS as its proxy voting service.

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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.

DB funds	L&G					BMO	Capital Group	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 exJapan Dev Index-GBP Hedged	Global Equity Fund	Emerging Markets Total Opportunities Fund	Total Return Fund	Real Return Fund
Total size of fund at end of reporting period	£21,983m	£17,354m	£4,914m	£2,715m	£1,745m	£11m	£789m	£3,812m	£5,477m
Value of Fund assets at end of reporting period	£59.4m	£25.3m	£12.9m	£12.5m	£11.6m	£0m (fund redeemed in 29 Jan 21)	£0m (fund redeemed on 27 Jan 21)	£69.5m	£68.3m
Number of equity holdings at end of reporting period	598	662	461	509	404	237	115	95	91
Number of meetings eligible to vote	943	794	686	551	534	251	146	85	98
Number of resolutions eligible to vote	12,574	9,495	11,412	6,518	3,774	3,655	1,428	1,163	1,307
% of resolutions voted	100	100	99.9	100	100	98.8	97.6	96.9	99.2
Of the resolutions on which voted, % voted with management ¹	92.9	71.8	84.2	86.1	74.2	76.2	87.9	91.2	85.4
Of the resolutions on which voted, % voted against management ¹	7.1	28.2	15.3	13.9	25.8	23.8	8.2	6.6	14.6
Of the resolutions on which voted, % abstained from voting ¹	0.0	0.0	0.5	0.0	0.0	0.0	3.9	2.1	0.0
Of the meetings in which the manager voted, % with at least once vote against management	3.3	7.8	4.4	5.9	10.1	85.7	33.6	41.0	38.0
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	0.8	0.3	0.4	0.2	0.2	18.3	n/a	7.6	9.9

Data in the table is provided for the year to 31 March 2021 with the exception of Capital, where we have provided data to the Fund's disinvestment date. BMO were unable to provide data for the part period invested.

¹The 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 a 100 due to rounding

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DC funds	L&G			Newton	Aberdeen Standard	
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	£21,983m	£6,675m	£1,549m	£909m	£5,477m	£2,989m
Value of Fund assets at end of reporting period (£)	£0.47m	£0.02m	£1.19m	£0.02m	£0.48m ²	
Number of equity holdings at end of reporting period	598	2,540	2,858	1,008	91	123
Number of meetings eligible to vote	943	3,243	3,641	1,274	98	245
Number of resolutions eligible to vote	12,574	37,840	44,680	18,215	1,307	3,365
% of resolutions voted	100.0	99.8	99.9	99.9	99.2	98.2
Of the resolutions on which voted, % voted with management¹	92.9	80.3	83.6	83.8	85.4	87.5
Of the resolutions on which voted, % voted against management¹	7.1	19.2	16.3	16.0	14.6	12.4
Of the resolutions on which voted, % abstained from voting¹	0.0	0.6	0.1	0.2	0.0	0.1
Of the meetings in which the manager voted, % with at least once vote against management	3.3	6.4	5.5	5.1	38	57.6
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.8	0.3	0.4	0.6	9.9	95.0

Data in the table is provided for the year to 31 March 2021.

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 a 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 Aberdeen Standard Global Absolute Return Strategy ("GARS").

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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.

BMO

Significant votes are selected by BMO based on one or more criteria, including:

- Materiality of issues and the impact on shareholder value;
- Votes against the recommendation of the Board;
- Value/size of the shareholding relative to the total portfolio;
- The materiality of the vote to engagement outcomes and
- Size of holdings in the company.

Capital

Capital classifies "most significant votes" as follow:

- all votes against management;
- all shareholder proposals;
- particularly controversial proposals determined on a case-by-case basis; and
- activities that are best representative of the companies' stewardship policies.

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

Aberdeen Standard

Aberdeen Standard regard all votes as significant and hence, disclose information on all the resolutions they voted on over the year. For the purposes of this report, we have narrowed

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down these votes to include house-hold names and resolutions where Aberdeen Standard voted against management or resolutions concerning responsible investment.

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DB Section

Manager	L&G			BMO		
Company name	Barclays	Whitehaven Coal	The Procter & Gamble Company (P&G)	Boston Scientific Corporation	Central Japan Railway Co.	Exxon Mobil Corporation
Date of vote	07/05/2020	22/11/2020	13/10/2020	07/05/2020	23/06/2020	27/05/2020
Country	UK	Australia	USA	USA	Japan	USA
Summary of the resolution	Approve Barclays' Commitment in Tackling Climate Change	Shareholder request to report on the potential wind-down of coal operations and return of capital to shareholders	Shareholder request to report on efforts to eliminate deforestation	Approval of named Executive Officers' compensation and stock plan	Election of a number of directors	Re-election of a number of directors
How you voted	For	For	For	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Voted with management	Voted with management	Voted with management	No	No	No
Rationale for the voting decision	Proposal sets out its long-term plans and has the backing of ShareAction and co-filers.	Advocates for a 'managed decline' for fossil fuel companies, in line with global climate targets. As the most polluting fossil fuel, the phase-out of coal will be key to this	Concerns that P&G had not responded to CDP Forest disclosure, and were not doing enough to ensure pulp/wood used in products is from certified sources. Deforestation is key priority for L&G	Concerns around incentives not being aligned with maximising shareholder value	Concerns of a lack of board diversity	Concerns around a lack of sufficient oversight by the board to the company (with the company behind peers on climate change and resisting engagement)

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Manager	Capital			Ruffer			Newton		
Company name	Valaris	Maruti Suzuki India Limited	Abbott Laboratories	Exxon Mobil Corporation	Lloyds Bank	Newmont Mining	LEG Immobilien AG	Microsoft Corporation	Linde plc
Date of vote	15/06/2020	26/08/2020	24/04/2020	27/05/2020	21/05/2020	21/04/2020	19/08/2020	02/12/2020	27/07/2020
Country	UK	India	US	USA	UK	US	Germany	USA	UK
Summary of the resolution	Approve remuneration report	Approve Dividend	Adopt Simple Majority Vote	Re-election of a number of directors	Vote on remuneration policy	Re-election of a number of directors	Approval of remuneration policy	Approval of Deloitte & Touche LLP as auditors	Approval of executive compensation arrangements and election of remuneration committee directors
How you voted	Against	Against	Against	Against	Against	Against	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No
Rationale for the voting decision	Some elements of the Executive Compensation Plan are not in the interest of minority shareholders.	The proposed dividend payout is too low.	The supermajority vote requirement impedes shareholder action on ballot items that may be critical to shareholder interests.	Concerns around a lack of sufficient oversight by the board to the company (with the company behind peers on climate change and resisting engagement)	Concerns the policy does not sufficiently incentivise management to deliver shareholder value.	Concerns regarding director independence	Concerns over a lack of alignment with performance as remuneration was not linked to any targets	Concerns that independence was jeopardised by having served as auditors for 37 consecutive years	Concerns that executive pay was not subject to rigorous performance conditions and therefore not aligned with shareholders' interests, and was excessive

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DC Section

Manager	L&G			Aberdeen Standard			Newton		
Company name	Amazon	Toshiba Corp	Qantas	Samsung	Orsted A/S	Future Plc	Goldman Sachs	Nike	Alibaba Group
Date of vote	05/2020	18/03/2021	23/10/2020	17/03/2021	01/03/2021	10/02/2021	04/2020	09/2020	09/2020
Country	USA	Japan	Australia	South Korea	Denmark	United Kingdom	USA	USA	China
Summary of the resolution	Multiple proposals on the company's ESG practises and reporting	1: Appoint Three Individuals to Investigate Status of Operations. 2: Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies.	Resolution 3 Approve participation of Alan Joyce in the Long-Term Incentive Plan Resolution 4 Approve Remuneration Report.	Elect various directors	Authorise share re-purchase programme	Approve restricted stock plan	Ratify PWC as auditor and shareholder proposal to conduct a review of Statement on the Purpose of a Corporation.	Advisory vote to ratify named executive officers' compensation, ratify PricewaterhouseCoopers LLP as auditors and report on political contributions disclosure.	Elect directors
How you voted	For (10 out of 12)	For	Against 3 and For 4	For	For	For	Against auditor, For share holder proposal	For report on political contributions, against the other resolutions	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	Mostly voted with management	Voted with management	No				No	No	No
Rationale for the voting decision	Amazon has been facing a lot of media attention due to its poor governance policies. L&G has been engaging with the company over its practises.	L&G voted in favour as it believes that it is essential to improve the trust between shareholders and management which has been falling due to media controversies.	Voted against 3. to signal remuneration concerns to management. Voted in favour of 4. as it increases transparency.	Voted in favour of this decision as the company has taken a lot of steps to improve the Board's diversity, experience and independence.	The company confirmed that this is a renewal of a current policy and that it will adhere to the 10% limits using share repurchases only as part of its obligations under its share incentive schemes.	Voted in favour of this resolution as the stability of the senior team at Future Plc and the CEO is of paramount importance to the long-term prosperity of the company.	Newton voted against re-appointing PWC due to long tenure but voted in favour of the shareholder resolution as it would increase transparency.	Concerns that independence was jeopardised by having served as auditors for a long time. Signalling concerns about executive compensation to management. In favour of additional transparency from report on political contributions.	Newton voted against the election of two members of the governance committee who were seeking re-election given Newton's concern surrounding the level of independence on the board.

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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 one voting opportunity over the period under review on an ETF 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

While ESG factors form a noteworthy role in the investment process, as debt providers Arcmont generally does not have control or decision-making power over strategic or operative decisions of a business. However, given its close and regular interactions with the management of companies Arcmont invest in, it actively monitors ESG risk factors and addresses these with management/the owners of the businesses and seeks appropriate action(s). This is similarly the case, where Arcmont holds minority equity/ownership co-investments as part of a wider debt investment. These minority equity positions typically do not entitle Arcmont to active voting rights.

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 2021 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 was one equity holding in the Global Private Loan Fund II and one equity holding in the Global Private Loan Fund III as at 31 March 2021.

