Implementation Statement, covering the Fund Year from 1 April 2022 to 31 March 2023

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 2-9. 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, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during the year. This is provided in Section 9.

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

This Statement is based on the Fund's latest SIP which was in place during the Fund Year – dated September 2022. This Statement should be read in conjunction with the latest SIP which can be found online.

1. Introduction

The SIP was reviewed and updated during the Fund Year in September 2022 to reflect the following:

- the new governance structure whereby all of the DB funds (where possible) are held within a Columbia Threadneedle ("CTI") Sub-Fund solely used by the Trustee;
- the Trustee's de-risking risk management framework; and
- an update to the Fund's target interest rate and inflation hedge ratios.

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

The Trustee has, in its opinion, followed all of the policies in the 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 monitored on a daily basis as part of the Fund's risk management trigger framework and 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 including expected return and risks of the investment strategy).

As at 31 March 2023, the Fund was on track to achieve full funding by the target date. In addition, the Trustee remains comfortable that the level of risk and expected returns remains appropriate.

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 currently being addressed by the Trustee.

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 in the previous Fund Year, in July 2021. This review included analysis of the DC Section membership demographics. Considering the advice of its investment adviser, 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 during the Fund year. The Trustee reviewed the Fund's progress against the de-risking triggers which the Trustee agreed to set in a previous Fund year as part of the Fund's de-risking mechanism. On approaching the next trigger, the Trustee discussed adopting an alternative 'lower risk' investment strategy. This 'lower risk' strategy is reviewed at each Investment Sub Committee meeting to consider whether it is still appropriate for the Fund should the next trigger be reached.

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 Fund's Statement of Investment Arrangements. In response to significant market movements in September and October 2022, caused by the rapid rise in UK gilt yields following the 'mini budget', the Trustee carried out the below transfers, which involved transferring money to the Fund's LDI Portfolio to reduce leverage and maintain the high levels of interest rate and inflation hedging in place:

- In September 2022, the Fund partially disinvested from Insight corporate bonds and invested the proceeds in the CTI LDI portfolio.
- In October 2022, the Fund partially disinvested from the two diversified growth funds managed by Ruffer and Newton, the LGIM global equities portfolio and the corporate bond funds managed by Newton and Insight. The proceeds were invested in the CTI LDI portfolio.

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 in the previous 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 reviews the investment strategy as part of its risk management framework, it considers the investment risks set out in Section 4.1 of the Statement and Appendix 2 of the SIP. It also considers a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considers the need for diversification and specific circumstances of the Fund (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

DC Section: When the Trustee's investment adviser 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.

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

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 regarding 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 funds.

The Trustee monitors the performance of the Fund's investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of the Fund over the quarter, one year and three years. Performance is considered in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities using scores provided by its investment adviser, on a quarterly basis as part of the standard monitoring reports.

4.1 Policy towards risk (Appendix 2 of the 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 the risk of inadequate returns, credit risk, equity risk, currency risk, collateral adequacy risk and ESG (including climate) risks. The Trustee's implementation of its policy for these risks during the year is summarised below.

With regard to the risk of inadequate returns, as at 31 March 2023, the required return for the Fund to be fully funded on the agreed Long-Term Funding Target basis by 1 April 2034 was assessed as around gilts +0.8% pa. The best estimate expected return on the Fund's asset allocation as at the same date was around gilts +1.5% pa. Therefore, the expected return on the Fund's assets was expected to be sufficient to produce the return needed over the longer term. The Trustee monitors the required return on an ongoing basis.

The Fund's interest rate 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 broadly in line with the target levels.

With regard to collateral adequacy risk, the Trustee holds collateral alongside the CTI LDI portfolio, to be used should the LDI manager require cash to be posted for a deleverage event. The target leverage of the LDI portfolio is broadly around 2:1. The Trustee aims to maintain the leverage within the LDI portfolio between 1:1 and 3:1. The Trustee assesses the leverage of the Fund's LDI portfolio regularly as part of the quarterly monitoring reports it receives. As at 31 March 2023, the leverage was within 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 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 Fund, 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.

The quarterly reports reviewed during the year showed that all managers have produced performance broadly in line with expectations over the long-term.

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

5. Implementation of the investment arrangements

Both Sections: The Trustee has not made any changes to its manager arrangements over the Fund Year.

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

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. The Trustee is already in the process of winding up the Fund.

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 surplus cash in the CTI 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 retained in the CTI LDI portfolio 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 which the Trustee offered during the Fund Year are daily priced.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the 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).

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 most recently based on LCP's 2022 (previously 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.

After the Fund Year end, at its virtual meeting on 25 April 2023, the Investment Sub Committee (a subset of Trustee and Company representatives) ("ISC") reviewed LCP's RI scores as above, along with LCP's qualitative RI assessments for each fund and red flags for any managers of concern, coming out of LCP's 2022 RI Survey. The ISC was satisfied with the results of the review and no further action was taken.

The Trustee also received quarterly updates on ESG and Stewardship related issues from its investment adviser.

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

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 LGIM Ethical Global Equity Index remained available as an investment option to members during the Fund Year.

8. Voting and engagement

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

- LGIM: [2021 UK Stewardship Code Summary (lgim.com)]
- Ruffer: [Ruffer | Voting policy]
- Newton: [Responsible investment policies and principles (newtonim.com)]

- Abrdn: [docs (abrdn.com)]

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

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 voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with its investment managers on specific ESG factors. At the February 2023 Trustee meeting, the Trustee discussed and agreed stewardship priorities for the Fund which were:

- Climate Change;
- Diversity, Equity & Inclusion; and
- Human Rights.

These priorities were selected because the Trustee believes Climate Change ranks as one of the most important global risks. Diversity, Equity & Inclusion and Human Rights were also important priorities to the Trustee as these align with the values of the sponsoring employer. LCP communicated these priorities to the managers on behalf of the Trustee in June 2023, following a further discussion with the ISC after the Fund year-end. At the time of writing, the majority of the Fund's investment managers had acknowledged the notification and confirmed that these priorities are taken into account in their ongoing stewardship and engagement activities with investee companies.

The Trustee regularly invites the Fund's investment managers to present at ISC meetings. After the Fund Year-end, the ISC met with Ruffer at its meeting on 25 April 2023 to discuss the Fund's investments with Ruffer. When Ruffer presented to the ISC, the ISC asked several questions about the managers' voting and engagement practices to check alignment with its stewardship priorities.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

9. 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. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

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

Within the DB Section

- LGIM 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:

- LGIM Skanska Global Equity (60:40) Index Fund
- LGIM Skanska UK Equity Index Fund
- LGIM Skanska Ethical Global Equity Index Fund
- LGIM Skanska World (ex UK) Equity Index Fund
- Abrdn GARS (component of LGIM Skanska Diversified Fund)

- Newton Real Return Fund (component of LGIM Skanska Diversified Fund)

In addition to the above, the Trustee contacted the Fund's asset managers that do not hold listed equities, to ask if any of the assets held by the Fund had voting opportunities over the Fund Year. Commentary provided from these managers is set out in Section 9.4.

LCP has sought to obtain relevant voting data for Section 9.4 from the Fund's investment managers listed above. The Fund's investment managers were unable to provide an extensive commentary on the next steps they would take following the vote. The Trustee's investment adviser will work with the managers with the aim of providing this information in future statements.

9.1 Description of the voting processes

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

LGIM

LGIM's voting and engagement activities are driven by ESG professionals. Their assessment of the requirements in these areas seeks to achieve the best outcome for LGIM's clients. LGIM's voting policies are reviewed annually and take into account feedback from its clients. All decisions are made by LGIM'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, LGIM 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.

LGIM 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 LGIM's engagement policies, which are reviewed on an annual basis, with ad-hoc feedback also taken into account.

Ruffer

Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS). Ruffer has developed its own internal voting guidelines, however Ruffer takes into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer is cognisant of proxy advisers' voting recommendations, it does not delegate or outsource its stewardship activities when deciding how to vote on its clients' shares.

Each research analyst, supported by Ruffer's responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

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.

Newton

Newton has established overarching stewardship principles which guide its ultimate voting decision, based on guidance established by internationally recognised governance principles in addition to other local governance codes. All voting decisions are taken on a case-by-case basis, reflecting Newton's investment rationale, engagement activity and Newton's approach to relevant codes, market practices and regulations. These are applied to the company's unique situation, while also taking into account any explanations offered for why the company has adopted a certain position or policy. It is only in the event that Newton recognises a material conflict of interest that it applies the vote recommendations of its third-party voting administrator.

Newton seeks to make proxy voting decisions that are in the best long-term financial interests of its clients, and which seek to support investor value by promoting sound economic, environmental, social and governance policies, procedures and practices.

In general, voting decisions are taken consistently across all Newton's clients that are invested in the same underlying company. This is in line with Newton's investment process that focuses on the long-term success of the investee company. Further, it is Newton's intention to exercise voting rights in all circumstances where it retains voting authority. All voting opportunities are communicated to Newton by way of an electronic voting platform.

The Responsible Investment team reviews all resolutions for matters of concern. Any such contentious issues identified may be referred to the appropriate global fundamental equity analyst or portfolio manager for comment. Where an issue remains contentious, Newton may also decide to confer or engage with the company or other relevant stakeholders.

Where Newton plans to vote against management on an issue, it may seek to engage with the company on a best-effort basis and depending on the significance of its holding, to share its concerns and to provide an opportunity for its concerns to be allayed. In such situations, Newton only communicates its voting intentions ahead of the meeting directly to the company and not to third parties. In some cases, depending on the materiality of its holding and the issue of concern, Newton alerts a company via email regarding an action it has taken at its annual general meeting (AGM) to explain its thought process. Newton may then hold a call with the board to gain a better understanding of the situation and communicate further. This can often be in tandem with the global equity analyst.

Newton utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that Newton recognises a potential material conflict of interest that the recommendation of its external voting service provider will be applied.

Newton's external voting provider is subject to the requirements set by Newton's Vendor Management Oversight Group. As such, regular due diligence meetings are held and minutes maintained with this provider, which includes reviewing its operational performance, service quality, robustness of research and its internal controls, including management of its potential material conflicts of interest. In addition, and along with its other clients, Newton participates in consultations that seek specific feedback on proxy voting matters. This helps ensure alignment of interest between Newton's expectations and the voting recommendations provided by the external provider.

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.

9.2 Summary of voting behaviour

A summary of voting behaviour over the Fund Year is provided in the tables below separately for the DB and DC assets for the Fund Year to 31 March 2023.

DB funds	LGIM					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 Dec Index-GBP Hedged**	**Total Return Fund**	**Real Return Fund**
Total size of fund at end of the Fund Year	£13,897m	£9,476m	£2,482m	£1,278m	£880m	£3,393m	£3,746m
Value of Fund assets at end of the Fund Year (£ / % of total DB assets)	£15.7m / 2.4%	£6.7m / 1.0%	£3.3m / 0.5%	£3.2m / 0.5%	£3.2m / 0.5%	£34.9m / 5.4%	£28.3m / 4.3%
Number of equity holdings at end of the Fund Year	541	624	744	841	530	73	69
Number of meetings eligible to vote	733	676	618	505	503	90	78
Number of resolutions eligible to vote	10,870	8,543	10,391	6,267	3,590	1,496	1,287
% of resolutions voted	99.9	99.4	99.9	100.0	100.0	100.0	100.0
Of the resolutions on which voted, % voted with management	94.5	65.4	81.0	88.8	70.8	95.3	89.2
Of the resolutions on which voted, % voted against management	5.5	34.5	18.5	11.3	29.2	4.3	10.8
Of the resolutions on which voted, % abstained from voting	0.0	0.1	0.5	0.0	0.0	0.4	0.0
Of the meetings in which the manager voted, % with at least one vote against management	37.9	97.2	79.1	71.5	74.4	36.7	45.0
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.2	26.6	9.7	9.2	17.9	6.2	7.0

DC Funds	LGIM				Newton	abrdn
Fund name	**UK Equity Index Fund**	**World (ex UK) Equity Index Fund**	**Global Equity (60:40) Index Fund**	**Ethical Global Equity Index Fund**	**Real Return Fund[2]**	**GARS[2]**
Total size of fund at end of the Fund Year	£13,897m	£4,376m	£1,111m	£949m	£3,746m	£1,088m
Value of Fund assets at end of the Fund Year (£ / % of total DC assets)	£512k / 16.5%	£27k / 0.9%	£1,095k / 35.3%	£29k / 0.9%	£195k / 6.3%	£195k / 6.3%
Number of equity holdings at end of the Fund Year	541	3,203	3,435	1,041	69	19
Number of meetings eligible to vote	733	3,008	3,197	1,155	78	22
Number of resolutions eligible to vote	10,870	36,202	41,099	16,602	1,287	283
% of resolutions voted	99.9	99.8	99.8	99.8	100.0	82.0
Of the resolutions on which voted, % voted with management[1]	94.5	77.6	81.9	82.0	89.2	82.3
Of the resolutions on which voted, % voted against management[1]	5.5	21.7	18.0	17.8	10.8	17.7
Of the resolutions on which voted, % abstained from voting[1]	0.0	0.8	0.1	0.2	0.0	0.0
Of the meetings in which the manager voted, % with at least one vote against management	37.9	77.1	70.1	76.0	45.0	76.5
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.2	15.1	12.2	13.0	7.0	13.8

[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”).

9.3 Most significant votes

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

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

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

The Trustee has interpreted its "significant votes" to mean those that align with the Trustee's stewardship priorities, and/or a material fund holding. The Trustee has reported on two of these significant votes per fund.

LGIM

In determining significant votes, LGIM'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 LGIM'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 LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

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 the research, portfolio management and responsible investment teams to make a voting decision following difference between the recommendations of the company, ISS and its internal voting guidelines.

Newton

Newton's significant holdings universe is determined based on the proportion of a shares of investee companies held, as well as the size of the investment based on its value above certain thresholds. The significant votes will be drawn from this universe and are defined as votes that are likely to generate significant scrutiny from end clients or other stakeholders. Those votes may relate to resolutions that receive a particularly high proportion of dissent from investors or involve a corporate transaction or resolutions raised by shareholder.

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 based on the Trustee's stewardship priorities.

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

DB Section

Manager	LGIM		Ruffer		Newton	
Company Name	Alphabet Inc.	Amazon.com. Inc.	BP Plc	Cigna Corporation	ConocoPhillips	Greencoat UK Wind Plc
Date of vote	01/06/2022	25/05/2022	12/05/2022	27/4/2022	10/5/2022	28/04/2022
Relevant stewardship	Climate change	Human rights	Climate change	Diversity, equity and inclusion	Climate change	N/A
Approx size of the holding at the date of the vote	1.7%	2.8%	3.1%	1.5%	1.2%	1.7%
Summary of the resolution	Report on physical risks of climate change	Elect director Daniel p. Huttenlocher	Approve Shareholder Resolution on Climate Change Targets	Report on Gender Pay Gap	GHG Emissions	Re-elect Shonaid Jemmett-Page as Director
Outcome of the vote	Failed	Passed	Failed	Failed	Failed	Passed
How manager voted	For	Against	Against	Against	For	Against
Where voted against management, did you communicate your intent to the company ahead of the vote	Yes	Yes	Yes	No	No	No
Rationale for the voting decision	LGIM expects companies to be taking sufficient action on the key issue of climate change.	The Director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	Ruffer voted in line with ISS and management.	As the company does report its gender representation statistics, shareholders have enough information to assess how effectively company practices are working to eliminate discrimination in pay and opportunity in its workforce.	Newton supported the shareholder proposal requesting reporting on GHG targets, and notably Scope 3 emissions across the value chain.	Newton raised concerns over the past share issuance undertaken by the trust. Newton believed the share placing was not conducted in a manner that was in the best interests of shareholders.
Why the vote was considered 'most significant'	Escalation of LGIM's climate-related engagement activity.	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.	Ruffer believes this vote will be of particular interest to its clients.	Ruffer believes this vote will be of particular interest to its clients.	Newton determined this vote as significant owing to the rarity of a shareholder proposal achieving majority support.	The proposal failed to include industry accepted best practice in terms of pricing of placed share.

DC Section

Manager	LGIM		abrdn		Newton	
Company Name	BP Plc	Alphabet Inc.	The Kroger Company	Sysco Corporation	ConocoPhillips	Greencoat UK Wind Plc
Date of vote	12/05/2022	01/06/2022	June 2022	November 2022	10/5/2022	28/04/2022
Relevant stewardship priority	Climate change	Climate change	Human rights	Diversity, equity and inclusion	Climate change	Climate change
Approx size of the holding at the date of the vote	3.0%	1.2%	N/A	N/A	1.2%	1.7%
Summary of the resolution	Approve Net Zero – from ambition to action report	Report on Physical Risks of Climate Change	Shareholder proposal to produce a report on Human Rights and Protection of Farmworkers	Report on Third-Party Civil Rights Audit	GHG Emissions	Re-elect Shonaid Jemmett-Page as Director
Outcome of the vote	Passed	Failed	Failed	Failed	Failed	Passed
How manager voted	For	For	Against	For	For	Against
Where voted against management, did you communicate your intent to the company ahead of the vote	Voted in line with management	Yes	Voted in-line with management	No	No	No
Rationale for the voting decision	LGIM note the challenges in the decarbonization efforts of the Oil & Gas sector and expects companies to set a credible transition strategy, consistent with the Paris goals.	A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.	Abrdn believes that while shareholders would benefit from increased transparency on the human rights risks, the company is already in the process of addressing this.	Sysco has faced legal challenges to its diversity approach and taken action aimed at addressing these issues going forward. The requested audit would enable the company and its shareholders to better understand the efficacy of these measures.	Newton supported the shareholder proposal requesting reporting on GHG targets, and notably Scope 3 emissions across the value chain.	Newton raised concerns over the past share issuance undertaken by the trust. Newton believed the share placing was not conducted in a manner that was in the best interests of shareholders.
Why the vote was considered 'most significant'	Escalation of LGIM's climate-related engagement activity.	Escalation of LGIM's climate-related engagement activity.	Abrdn wishes to encourage the steps already made by Kroger to address human rights risks.	Abrdn wishes to encourage Sysco to continue work undertaken to address diversity concerns.	Newton determined this vote as significant owing to the rarity of a shareholder proposal achieving majority support.	The proposal failed to include industry accepted best practice in terms of pricing of placed share.

9.4 Votes in relation to assets other than listed equity

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

M&G – Illiquid Credit Opportunities Fund V

M&G confirmed that, due to the private fixed income nature of the assets within the fund, proxy voting activity was not applicable during the Fund Year. M&G provided the following comment on their approach to voting:

"An active and informed voting policy is an integral part of our investment philosophy. In our view, voting should never be divorced from the underlying investment management activity. By exercising our votes, we seek both to add value to our clients and to protect our interests as shareholders. We consider the issues, meet the management if necessary, and vote accordingly".

Arcmont – Senior Loan Fund I and Direct Lending Fund III

As a private debt asset manager, funds managed or advised by Arcmont Asset Management Limited (the "Arcmont Funds") hold varying levels of rights and responsibilities across their portfolio of investments depending on the investment strategy in question. The primary asset class in which the Arcmont Funds invest is debt. However, the Arcmont funds do sometimes take equity positions alongside the debt investments they make. These will typically be minority investments (generally representing between 5% and 10% of the aggregate equity interests in the asset) and structured as either a shareholding or as a Limited Partnership investment in a coinvest fund.

It is generally fair to say that the Arcmont Funds are typically passive equity investors. In equity investments structured as coinvest, the Arcmont funds will be Limited Partnerships and so the asset will be managed on their behalf, with no voting or consent rights as regards to the asset. For equity investments structured as shareholdings, the Arcmont funds' holding is typically so small that their consent is not required for any decision and they will typically not be consulted, subject to certain market-standard protections for minority investors. Note that this scenario obviously excludes cases where the Arcmont Funds hold all, or substantially all, equity interests in an asset due to having enforced over their debt or holds a more meaningful minority stake in a given asset.

For debt investments, in restructuring scenarios, and the few equity investments where the Arcmont funds will typically hold substantial, or even decisive, voting positions, consent requests on an asset will come to the Investment Team and the Transaction Legal team. Ordinary course and non-credit related matters will typically be approved by the deal team and Transaction Legal alone. More consequential matters however, including credit related decisions or restructuring scenarios, will be presented to the Arcmont Investment Committee and, separately, the board of managers of each of the relevant Arcmont funds.

Barings – Global Private Loan Fund II and III

Barings only votes on items related to the debt facilities and Barings' voting process over the year to 31 March 2023 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*."

Barings confirmed that there were no voting opportunities that arose over the last 12 months to 31 March 2023.

BentallGreenOak ("BGO") – UK Secured Lending III

Investments are managed and reviewed by BGO's in-house asset management and origination team, and constant dialogue is maintained with borrowers.

The fund's lending team engages with sponsors as part of BGO's asset management process utilising the ESG scorecard to ask an array of questions related to the environment, social well-being, and their governance policies.

This allows the fund to obtain a comprehensive picture of the ESG qualities the property and the sponsor are promoting. Where BGO sees outliers from industry norms or previous transactions, BGO will engage with the sponsor to better understand if improvements are possible.

Insight – Short Dated Buy & Maintain Fund

Although Insight has reported no voting activities over the period, it conducted various engagements, which incorporated discussions of ESG issues.

Insight understands that it must demonstrate the highest standards of accountability and transparency in its stewardship programme. Engagement with issuers is a key part of Insight's credit analysis and monitoring. As a matter of policy, all credit analysts regularly meet with issuers to discuss ESG related and non-ESG related issues. Given the size and depth of Insight's credit analyst resource, one of the key inputs into Insight's ESG analysis is the direct information which Insight receives from companies via engagements that take place. Insights uses a research-led approach to identify poor performers to initiate targeted engagement to encourage positive improvements across each of these themes.

With regards to its holdings in corporate bonds, in 2022, Insight conducted 1,178 engagements with corporate bond issuers, including derivative counterparties, the majority of which incorporated discussions of ESG issues. Insight's engagements are focused on creating positive change at the organisations it invests in.

Insight is a proactive member of a range of industry associations (UK sustainable investment and finance association, UN-supported PRI initiative) and has participated in collaborative initiatives (UK stewardship code, climate action 100+) to support engagements on material issues.