

Implementation Statement (“IS”)

Reckitt Benckiser Pension Fund (the “Fund”)

Scheme Year End – 05 April 2023

The purpose of the Implementation Statement is for us, the Trustees of the Reckitt Benckiser Pension Fund, to explain what we have done during the year ending 05 April 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Fund’s material investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

A few managers, as outlined below, did not provide requested voting and engagement information, and the information provided was limited. We will engage with these managers, as set out in our engagement plan, to encourage them to provide detailed and meaningful disclosures about their voting and engagement activities.

Managers who have been unable to provide any information will be the first priority, followed by those who have only been able to provide partial information e.g., engagement information only at a firm level rather than fund-specific engagements.

How the policies in the SIP have been followed

1. Review and changes made to the SIP over the year

The Trustees have a policy to review the SIP formally at least every three years, or after any significant change.

The SIP was reviewed and revised in July 2021 to reflect the material changes within the DB section.

The SIP was updated in Q1 2023 following the implementation of the HSBC Global Islamic Global Equity Index Fund. The SIP is expected to be approved and signed off by the Trustees in Q2 2023. The latest version of the SIP can be found at: <https://pensioninformation.aon.com/myrbpensiondisclosure>

2. Meeting the objectives and policies outlined in the SIP that apply to the DB section

The Trustees outline in their SIP a number of key objectives and policies. These are noted below together with an explanation of how these objectives have been met and policies adhered to over the course of the year:

The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from the employer, the cost of current benefits of the Members of the Fund.

The Trustees are satisfied that the Fund's assets generated sufficient income and capital growth and that the Fund was able to meet its current liabilities during the Fund year. To ensure there remains sufficient liquidity within the Fund's assets, the Trustees have set up a c.0.5% (of total Fund assets) allocation to a cash fund with BlackRock to enable the Trustees to regularly draw liquid funds at low cost. The Trustees maintain monies in this fund by disinvesting from other holdings where needed. The majority of the Fund's other holdings are highly liquid and would be available for redemption at short notice if necessary.

To ensure that the Fund is at all times able to meet its liabilities as they fall due by limiting the risk of the assets failing to meet the liabilities over the long term.

The Trustees are satisfied that asset growth has continued such that the Fund remains on track to meet its liabilities over the long term, with risk relative to liabilities being appropriately managed through regular reviews and monitoring. The Liability Driven Investment "LDI" mandate with LGIM aims to hedge, as at 5 April 2023, c.100% of the Fund's exposure to interest rate and inflation risk (as a proportion of self-sufficiency liabilities). This mandate uses a combination of government bonds and derivatives to help the Fund's asset movements better track the movements of the Fund's liabilities, thus reducing the risk of a reduction in the Fund's funding level.

The Trustees consider that the balance of investments held and the approach to managing risk is in the best interests of members in order to mitigate downside risk to the funding position of the Fund whilst helping the Fund to achieve its ultimate objective over an appropriate time horizon.

To minimise the long-term costs of the Fund by maximising the return on the assets whilst having regard to the objective stated above.

The Trustees believe that the Fund's assets generate adequate risk-adjusted returns which are consistent with the Fund's long-term objectives. The results of the Actuarial Valuation from March 2021 showed that the Fund had reached a very strong funding position, and the Trustees subsequently agreed to significantly de-risk the portfolio, reducing the target allocation to return-seeking assets from 20% to 5%. The remaining return-seeking assets are invested in equities, while the Fund also maintains an exposure to property (of around 5% of assets as at 5 April 2023) which is being gradually sold down. The performance of the Fund's assets is monitored through quarterly investment reporting from the Fund's investment managers and periodical independent performance monitoring from Northern Trust. The Trustees believe that the performance of the Fund's return-seeking assets over the year has been acceptable and consistent with their investment advisors' expectations. The Trustees also reviewed the costs incurred in managing the Fund's investments over the year and deemed them to be in-line with their and their investment advisor's expectations.

“To allocate a portion of the Fund’s assets to a Liability Driven Investment (“LDI”) strategy to hedge an appropriate proportion of the Fund’s liabilities against interest rate and inflation risk.

In mid-2021 the Trustees implemented a Liability Driven Investment (LDI) mandate with Legal & General Investment Management (LGIM). This mandate hedges an appropriate proportion (approximately 100% of self-sufficiency liabilities) of the Fund's liabilities against interest rate and inflation risk. The Trustees regularly monitor the mandate. For example, following the initial mandate set up the Fund's assets had experienced strong performance against the liabilities, with the funding level improving materially to over 100% on a gilts + 0.2% basis. As a result, LGIM's target hedge ratios were updated in January 2023 to be consistent with the Trustees' strategic objectives.

To allocate a portion of the Fund’s assets to Buy-in strategies to hedge an appropriate proportion of the pensioner liabilities against market and longevity risks.

In March 2020 the Trustees entered a pensioner buy-in contract with Scottish Widows to hedge an appropriate proportion (approximately half – c.52%) of the Fund's pensioner liabilities against market and longevity risks. The buy-in asset contributes to the Fund's overall 100% interest rate and inflation hedge ratio target in addition to the hedging provided by the LDI assets.”

3. Meeting the objectives and policies as set out in the SIP that apply to the DC section

Policies in relation to investment strategy

Over the year, the Trustees have provided members with a range of investment choices. Members can choose between two approaches:

- Lifestyle – For members who do not wish to make an active investment decision, three lifestyles are available targeting different benefits at retirement, namely drawdown (flexible retirement), annuity purchase and cash.
- Self-select approach – For members who want to make a more active investment decision there are 15 self-select funds available which members can choose from depending on their risk appetite.

The Trustees review the range of funds offered and the suitability of the lifestyle option every three years. The Trustees review the member population annually. The latest investment strategy review was undertaken in 2021, and asset class changes were agreed in principle, with these changes aiming to enhance members' projected outcomes. Fund selection activities were completed in Q4 2022 with the following two changes made:

- Replacement of the Blackrock MSCI Currency hedged World Index Fund with the BlackRock ACS World ESG Equity Tracker Fund (hedged) within the Global Equity (WEQ) Fund in the accumulation phase of the Default strategy.
- Introduction of the HSBC Islamic Global Equity Index Fund in the self-select fund range.

Policies in relation to ongoing monitoring

The Trustees receive and review semi-annual monitoring reports from their investment advisor, which provide information regarding the short and long-term performance of the all the funds offered to members, including the default investment option. Over the year, these reviews did not raise any concern over the adequacy of the investment strategy.

Policies in relation to investment risks

The SIP describes five broad areas of investment risk that are relevant to the DC section.

Policies in relation to expected return on assets

The SIP sets out the Trustees' expectations in terms of the returns members can expect from the asset classes offered via the DC Section. There was no change made to these over the year.

4. Meeting the objectives and policies as set out in the SIP that apply to both the DB and DC sections

The Trustees outline in the SIP a number of key objectives and policies. We have considered the broad themes of these objectives and policies and how they fit together below. We have also provided an explanation of how objectives have been met and policies adhered to over the course of the Plan year.

Policies relating to Corporate Governance, Socially Responsible Investment ("SRI") and voting

The Trustees received training on lifestyle strategies and the integration of SRI principles in April 2022. Training was delivered by the Trustees' investment advisor.

The Trustees previously undertook a climate beliefs exercise with the assistance of their investment advisor to help consolidate their views and understanding of sustainability themes and issues in investment. In July 2022, the Trustees reviewed and updated the climate beliefs policy, ensuring that this remains in line with the views of the Trustees.

The Trustees will use their updated beliefs as a guide for future decision making on investment strategy. The Trustees believe that their beliefs and policies with regard to SRI, including climate, are consistent with the best interests of members. In line with their fiduciary duty, the Trustees prioritise the financial interests of members whilst recognising that SRI factors can affect the risk and return of the Fund, and appropriate management of SRI factors is expected to result in better financial outcomes in the medium to long term.

Over the Fund year to 5 April 2023, the Trustees collected the voting and engagement records of each of the Fund's investment managers. This data is reported in detail later in this IS.

To date, no managers have found to be falling short of the standards expected by the Trustees in this area.

This year, the Trustees have focussed on the requirements under the Task Force on Climate-Related Financial Disclosures (TCFD) reporting regulation. The Trustees undertook climate-based scenario analysis to understand the impact of a range of climate scenarios on the Fund's assets (and liabilities for the DB section). They also agreed upon the climate metrics they will be monitoring within the Fund and set a target to reach net zero carbon footprint by 2050, in line with the UK government's target, with an interim target of achieving a 50% reduction by 2030 (relative to a baseline position of 5 April 2022). The Trustees reviewed the current position of the portfolio in relation to these metrics where this information was available.

Policies in relation to monitoring the Fund's investments

DB Section

The Trustees receive quarterly investment reporting from the Fund's investment managers and periodical independent performance monitoring from Northern Trust in order to track and evaluate the performance of the Fund's investment managers against their respective benchmarks. In addition to this, the Trustees hold meetings with the investment managers in order to verify that the managers are continuing to work competently and have the appropriate skillset to manage the Fund's investments.

Based on this monitoring, and the investment managers' compliance with the requirements of the Pensions Act 1995, the Trustees review the continued appointment of the investment managers from time to time.

DC Section

As with the DB Section, the Trustees receive quarterly investment reporting from the Fund's investment managers. For the DC Section, the Trustees also receive semi-annual investment monitoring reports from their investment advisors containing both investment and governance information.

DC performance monitoring brings notifiable changes to the Trustees' attention, flags underperforming funds and provides ESG scores for each fund held. The Trustees also receive annual member outcome analysis which helps provide information on how members' projected retirement outcomes are evolving.

Policies in relation to arrangements with asset managers

DB Section & DC Section

Prior to the appointment of any new investment manager, the Trustees will seek professional advice from their investment advisors, in order to ensure that the investments are appropriate for the Fund's objectives. The investment advisors will share the Trustees' investment beliefs as set out in the SIP with any prospective manager. Such managers are asked to review and confirm that their approach is aligned with the policies in the SIP.

The Trustees regularly monitor the Fund's investments to consider the extent to which the decisions of the investment managers are aligned with the Trustees' policies, including non-financial matters.

The Trustees have appropriate governing documentation in place. The Trustees have set investment objectives and have a regular monitoring process in place for their investment managers to ensure the managers are incentivised to make decisions that align with the policies in the SIP.

The Trustees delegate the day-to-day stewardship activities to their investment managers and receive reporting from their investment managers in this regard.

DC Section

DC assets are typically invested in pooled funds, where there is less opportunity to amend documentation. As a result, the Trustees will endeavour to feedback their views to asset managers and look to work together as and when events arise to determine an appropriate course of action.

DB Section

Where appropriate, the Trustees will seek to amend documentation to ensure there is more alignment.

Policies in relation to Fund charges

DB Section

The Investment Managers are paid ad valorem fees for their services based on the value of assets under management, with fees included in the relevant Investment Management Agreements (IMAs).

With regard to transaction costs, the Trustees monitor these through ex-post costs and charges reports, provided by the Investment Managers, required by regulations under the Markets in Financial Instruments Directive (MiFID). They also commission a report to collate this data across the DB portfolio from their investment advisor.

The Trustees monitor the fees paid by the Fund in relation to its investments and is aware of the importance of the total costs of the Fund's investments when analysing the overall value of its assets. With the support of their investment advisor, the Trustees take these matters into account when considering the appointment or continued appointment of the investment managers.

The Trustees acknowledge that portfolio turnover costs are necessary to generate investment returns, but carefully monitor these costs and compare them against their expectations for the type of investment.

Upon review of the charges data currently available, the Trustees believe that all costs relating to their investments are appropriate.

The Trustees also have regard to the actual portfolio turnover, having reviewed a report summarising the portfolio turnover of their investments (on a best endeavours basis, where relevant) and how it compares with the expected turnover range for each mandate following guidance from its Investment Managers and Investment advisor.

DC Section

Cost and charges data has been collated by Aegon, the Plan's platform manager, for the Fund year and will be published in the Annual Chair's Statement. The Trustees review the cost and charges data on an annual basis.

The charges data includes the annual management charge, which is the annual fee charged by the manager for investing in the fund; additional expenses such as trading fees or legal fees are also summarised to reflect the total cost of investing in a fund. In addition to this, transaction costs (including those associated with portfolio turnover)

that are incurred within the day-to-day management of the assets by the manager are also collated and published in the statement.

5. Meeting the objectives and policies as set out in the SIP that apply to both the DB and DC sections

Overall, the Trustees are of the opinion that they have successfully adhered to all of the policies outlined in the SIP over the year to 5 April 2023. They are also satisfied that the investment managers are exercising their voting rights and engaging with investee companies where appropriate (see next section for detail). The Trustees will continue to monitor the managers' activities in these areas.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund's investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Fund's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Fund's material funds held in Defined Benefit ("DB") and Defined Contribution ("DC") section with voting rights for the year to 31 March 2023. The voting information provided is for the year to 31 March 2023 which the Trustees are comfortable broadly matches the 05 April 2023 Fund year.

		Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DB	BlackRock Aquila Life European Equity Index Fund and Currency Hedged Equity Index Fund	8,994	76.8%	9.3%	1.1%
	BlackRock Aquila Life Japanese Equity Index Fund and Currency Hedged Equity Index Fund	6,176	100.0%	2.9%	0.0%
	BlackRock Aquila Life Pacific Rim Equity Index Fund	3,317	86.9%	11.5%	0.0%
	BlackRock Aquila Life UK Equity Index Fund	14,903	96.5%	5.0%	1.6%
	BlackRock Aquila Life US Equity Index Fund and Currency Hedged Equity Fund	7,672	99.2%	3.9%	0.0%
	BlackRock Aquila Emerging Markets Fund	37,074	99.4%	12.7%	2.3%
	LGIM Infrastructure Equity MFG Fund - GBP Currency Hedged	1,073	100.0%	23.9%	0.0%
	LGIM FTSE RAFI All World 3000 Equity Index Fund and Currency Hedged Fund	Not provided			
DC	Aegon BlackRock MSCI Currency Hedged World Index	14,092	88.0%	6.0%	0.0%
	Aegon BlackRock Global Developed Fundamental Weighted Index	6,399	92.0%	9.0%	4.0%
	Aegon BlackRock Global Minimum Volatility Index	4,881	97.0%	5.0%	0.0%
	Aegon BlackRock US Equity Index	7,672	99.2%	3.4%	0.0%
	Aegon BlackRock European Equity Index	8,994	76.8%	9.3%	1.1%
	Aegon BlackRock UK Equity Index	15,027	96.5%	5.0%	1.6%
	Aegon BlackRock Emerging Markets Equity Index	33,350	97.0%	11.0%	3.0%
	Aegon BlackRock Dynamic Allocation	9,679	90.0%	4.0%	0.0%
	Aegon BlackRock 50/50 Global Equity Index	34,376	96.6%	5.8%	0.4%
	Aegon LGIM Ethical Global Equity Index	16,602	99.8%	17.8%	0.2%
	HSBC Islamic Global Equity Index Fund	1,423	97.0%	19.8%	0.0%
	TT Emerging Markets Equity Fund	1,005	99.0%	10.4%	1.8%

Source: Managers

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Fund's managers use proxy voting advisers.

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

	Description of use of proxy voting adviser(s)
BlackRock	Voting decisions are made by members of the BlackRock Investment Stewardship ("BIS") team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines. While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.
HSBC	HSBC use the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application of our voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC's guidelines. HSBC review voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on our guidelines.
LGIM	LGIM's Investment Stewardship team uses Institutional Shareholder Services (ISS)'s 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.
TT	TT use Institutional Shareholder Services (ISS) for our proxy voting requirements. ISS provides them the proxy research, which is then reviewed by TT. Whilst they are guided by ISS, TT will always vote in what they believe is their clients' best interests. TT specifically discuss meetings where ISS issues a recommendation against management and hold internal discussions. The voting decisions are ultimately the portfolio managers' responsibility. Their Head of ESG, Basak Yeltekin, provides advice to the portfolio managers as needed. They internally record their rationale where they diverge from ISS recommendations. TT recently also added Glass Lewis as a provider of proxy research to have a second opinion in cases where ISS recommends voting against management, or where they may want to do further analysis on management and shareholder proposals.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Fund's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Fund's funds. A sample of these significant votes can be found in the appendix

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Fund's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Fund.

Funds				Number of engagements Fund specific	Firm level	Themes managers engaged on
BlackRock	Aquila	Life		400	Not provided	
Currency Hedged		European				
Equity Index Fund						
BlackRock	Aquila	Life		306	Not provided	
Currency Hedged		Japan				
Equity Index Fund						
BlackRock	Aquila	Life		608	Not provided	Environment - Biodiversity, Climate Risk Management, Land Use/Deforestation, Environmental Impact Management, Operational Sustainability, Other company impacts on the environment, Water and Waste
Currency Hedged		US Equity				
Index Fund						
BlackRock	Aquila	Life		425	Not provided	Social - Business Ethics and Integrity, Community relations, Diversity and Inclusion, Health and Safety, Human Capital Management, Indigenous Peoples Rights, Other Human Capital Management issues, Other company impacts on people/human rights, Privacy and Data Security, Social Risks and Opportunities, Supply Chain Labour Management
European Equity Index Fund						
BlackRock	Aquila	Life		366	Not provided	Governance - Board Composition and Effectiveness, Board Gender Diversity, Business Oversight/Risk Management, Corporate Strategy, Executive Management, Governance Structure, Other, Remuneration, Sustainability Reporting
Japanese Equity Index Fund						
BlackRock	Aquila	Life	Pacific	220	Not provided	
Rim Equity Index Fund						
BlackRock	Aquila	Life	UK	3,188	Not provided	
Equity Index Fund						
BlackRock	Aquila	Life	US	693	Not provided	
Equity Index Fund						
BlackRock	Aquila	Emerging		561	Not provided	
Markets Fund						
BlackRock	Aquila	Life	Over			Not provided
15 Year Corporate Bond						
Index Fund						
LGIM	Infrastructure	Equity		46	Not provided	Environment – Climate Change
MFG Fund - GBP		Currency				
Hedged						Social – Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety)
						Governance – Board effectiveness - Diversity, Board effectiveness - Other, Leadership - Chair/CEO, Remuneration, Capital allocation, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks), ESG Scores

LGIM FTSE RAFI All World 3000 Equity Index Fund	519	Not provided	Environment – Climate Change
			Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health
			Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Strategy/purpose
			Strategy, Financial and Reporting – Reporting (e.g. audit, accounting, sustainability reporting),
Aegon LGIM Ethical Global Equity Index	403	Not provided	Environment - Climate Change
			Social - Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health
			Governance - Board effectiveness - Diversity, Board effectiveness - Other, Leadership - Chair/CEO, Remuneration, Strategy/purpose, ESG Scores, and others.
CBRE			Not provided
M&G PRUDENTIAL CORP PE ALL STOCKS CORP			Not provided
Aegon BlackRock MSCI Currency Hedged World Index	1,540	Not provided	
Aegon BlackRock Global Developed Fundamental Weighted Index	1,290	Not provided	Environment – Biodiversity, Climate Risk Management, Land Use/Deforestation, Environmental Impact Management, Operational Sustainability, Other company impacts on the environment, Water and Waste
Aegon BlackRock Global Minimum Volatility Index	402	Not provided	Social - Business Ethics and Integrity, Community relations, Diversity and Inclusion, Health and Safety, Human Capital Management, Indigenous Peoples Rights, Other Human Capital Management issues, Other company impacts on people/human rights, Privacy and Data Security, Social Risks and Opportunities, Supply Chain Labour Management
Aegon BlackRock US Equity Index	693	Not provided	
Aegon BlackRock European Equity Index	425	Not provided	
Aegon BlackRock UK Equity Index	2,921	Not provided	Governance - Board Composition and Effectiveness, Board Gender Diversity, Business Oversight/Risk Management, Corporate Strategy, Executive Management, Governance Structure, Remuneration, Sustainability Reporting
Aegon BlackRock Emerging Markets Equity Index	450	Not provided	
Aegon BlackRock Dynamic Allocation	1,288	Not provided	
Aegon BlackRock Corporate Bond All-Stocks Index	228	Not provided	
Aegon BlackRock 50/50 Global Equity Index			Not provided
HSBC Islamic Global Equity Index Fund*	160	3,456	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste
			Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety)
			Governance - Board effectiveness – Diversity, Independence or Oversight
			Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose
TT Emerging Markets Equity Fund	25	91	Environment - Climate change, Natural resource use/impact, Pollution, Waste
			Social - Conduct, culture and ethics, Human and labour rights, Human capital management, Inequality, Public health

Governance - Board effectiveness – Diversity/ Independence or Oversight/Other, Leadership - Chair/CEO, Remuneration, Shareholder rights

Strategy, Financial and Reporting - Capital allocation, Reporting, Financial performance, Strategy/purpose, Risk management

Source: Managers. The engagement data for Aegon BlackRock Global Minimum Volatility Index fund is as of 31 March 2023.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- LGIM and BlackRock provided fund-level engagement information but not in the industry standard ICSWG template. They also did not provide any firm-level engagement information
- CBRE did not provide any information requested as they do not collate statistics on the number of engagements
- M&G did not provide any engagement data.
- LGIM did not provide any voting data for its FTSE RAFI All World 3000 Equity Index Fund and Currency Hedged funds.
- BlackRock did not provide fund level engagement and firm level engagement numbers for these funds 50/50 Global Equity Index, Aquila Life Over 15 Year Corporate Bond Index Fund.
- HSBC did not provide fund-level themes for engagement carried out.

We will engage with the managers to encourage improvements in reporting.

This report does not include commentary on the Fund's liability driven investments and/or cash, gilts etc because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions ("AVCs") due to the relatively small proportion of the Fund's assets that are held as AVCs.

Our Engagement Action Plan

Based on the work we have done for the IS, we have decided to take the following steps over the next 12 months:

1. While LGIM and BlackRock provided a comprehensive list of fund-level engagement, which we find encouraging, these examples did not give as much detail as required by the Investment Consultants Sustainability Working Group ("ICSWG") industry standard. They also did not provide firm-level engagement information. Our investment advisor, Aon, will meet with these managers to better understand their engagement practices.
2. While CBRE has confirmed to have been in regular communication with tenants of directly owned real estate assets, they did not provide any engagement data as they do not collate statistics on the number of engagements. Our investment advisors will engage with the manager to encourage improvements in their engagement reporting.
3. We will continue to undertake ESG monitoring of our managers.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Fund's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below

Aegon BlackRock MSCI Currency Hedged World Index	Company name	Bank of Montreal
	Date of vote	13-Apr-22
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	SP 4: Adopt a Policy to Ensure the Bank's Financing is Consistent with IEA's Net Zero Emissions by 2050 Scenario
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.
	Outcome of the vote	Fail
	Rationale for the voting decision	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company
	Implications of the outcome	Not provided
	Criteria on which the vote is considered significant?	Significant Vote Proposal
Aegon BlackRock Emerging Markets Equity Index	Company name	Grupo Mexico S.A.B. de C.V.
	Date of vote	28-Apr-22
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Elect or Ratify Directors; Verify Independence of Board Members; Elect or Ratify Chairmen and Members of Board Committees
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.
	Outcome of the vote	Pass
	Rationale for the voting decision	The Company does not meet our expectations of having adequate climate risk disclosures against all 4 pillars of TCFD.2- [SF-M0201-034] The company does not meet our expectations of having adequate climate-related metrics and targets.3 - [SF-M0000-001] Vote against due to lack of disclosure.
	Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	Criteria on which the vote is considered significant?	BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients.
Aegon BlackRock Dynamic Allocation	Company name	Barclays Plc
	Date of vote	04-May-22
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No

	Summary of the resolution	Approve Barclays' Climate Strategy, Targets and Progress 2022
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.
	Outcome of the vote	Pass
	Rationale for the voting decision	N/A
	Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
Aegon BlackRock Global Minimum Volatility Index	Criteria on which the vote is considered significant?	BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients.
	Company name	Rio Tinto Plc
	Date of vote	08-Apr-22
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	<p>We endeavor to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.</p> <p>Our market-specific voting guidelines are available on our website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines</p>
	Summary of the resolution	Approve Climate Action Plan
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.
	Outcome of the vote	Pass
	Rationale for the voting decision	N/A
	Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
LGIM Infrastructure Equity MFG Fund - GBP Currency Hedged	Criteria on which the vote is considered significant?	BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients.
	Company name	VINCI SA
	Date of vote	12-Apr-22

	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Summary of the resolution	Resolution 4 - Reelect Xavier Huillard as Director
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~2.9%
	Outcome of the vote	Pass
	Rationale for the voting decision	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board.
	Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	Criteria on which the vote is considered significant?	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we have voted against all combined board chair/CEO roles.
Aegon LGIM Ethical Global Equity Index	Company name	Alphabet Inc.
	Date of vote	01-Jun-22
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Summary of the resolution	Resolution 7 - Report on Physical Risks of Climate Change
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~2.0%
	Outcome of the vote	Fail
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	Implications of the outcome	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
HSBC Islamic Global Equity Index Fund	Criteria on which the vote is considered significant?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.
	Company name	Starbucks Corporation
	Date of vote	23-Mar-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.7%
	Summary of the resolution	Shareholder proposal to Report on Plant-Based Milk Pricing
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No

TT Emerging Markets Equity Fund	Rationale for the voting decision	We believe that the proposal would enhance accountability in relation to the pricing of plant-based milk.
	Outcome of the vote	The resolution passed
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	We will continue to engage on the issue along with other issues of concern and will likely vote against a similar proposal should we see insufficient improvements.
	On which criteria have you assessed this vote to be "most significant"?	The company is on our 2023 engagement priority list, has a significant weight in the portfolio and we voted against management.
	Company name	Contemporary Amperex Technology Co., Ltd.
	Date of vote	31-Mar-23
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Summary of the resolution	Approve Application of Credit Lines
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	~1.0%
BlackRock Aquila Life US Equity Index Fund	Outcome of the vote	Pass
	Rationale for the voting decision	We voted against the external guarantees (resolution 12), as these have gone up substantially year-on-year. In 2023: CNY 82.83 billion (this is lightly lower vs CNY 98bn in 2022), USD 4.06 billion (vs USD 2.4bn in 2022) and EUR 2.11 billion (vs 500m in 2022) in total. In total, the guarantees account for ~126% of the net assets of CATL. Also some of these entities are not even 50% owned by CATL (the guarantee includes entities where CATL own as little as 3.8%).
	Implications of the outcome	N/A
	Criteria on which the vote is considered significant?	Financially material topic
	Company name	HCA Healthcare, Inc.
	Date of vote	21-Apr-22
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	We endeavor to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues. Our market-specific voting guidelines are available on our website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines
	Summary of the resolution	Report on Lobbying Payments and Policy
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.
	Outcome of the vote	Fail
	Rationale for the voting decision	[SF-S0000-021] The company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.
	Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the

BlackRock Aquila Life Pacific Rim Equity Index Fund		framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	Criteria on which the vote is considered significant?	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Our vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins
	Company name	Santos Limited
	Date of vote	03-May-22
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	We endeavor to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
		Our market-specific voting guidelines are available on our website at https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines
	Summary of the resolution	Approve Capital Protection
	Approximate size of fund's holding as at the date of the vote (as % of portfolio)	BIS does not typically provide this information. We have directed clients to look this information up themselves.
	Outcome of the vote	Withdrawn
	Rationale for the voting decision	[SF-S0000-020] The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company
	Implications of the outcome	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	Criteria on which the vote is considered significant?	Vote Bulletin; BIS periodically publishes Vote Bulletins on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. Our vote bulletins can be found here: https://www.blackrock.com/corporate/about-us/investment-stewardship#vote-bulletins

Source: Managers