TRUSTEE'S REPORT
YEAR ENDED 30 JUNE 2022

Implementation Statement ('IS')

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 ("the Regulations"). The Regulations, amongst other things, require that trustees produce an annual Implementation Statement which outlines the following:

- A summary of the changes made to the Statement of Investment Principles ("SIP") over the scheme year;
- Evidence on how the Trustee has fulfilled the objectives and policies included in the SIP over the scheme year;

Describe the voting behaviour by, or on behalf of the trustees (including the most significant votes cast by trustees or on their behalf) during the scheme year and state any use of the services of a proxy voter during that year.

This Implementation Statement ("IS") has been prepared by the Trustee of the PGL Pension Scheme (the "Scheme") and covers the Scheme year 1 July 2021 to 30 June 2022.

The IS covers the Defined Contribution ("DC") assets and Defined Benefit ("DB") assets of the Scheme.

This statement does not disclose information on any investments in gilts, cash (with the exception of the Insight Liquidity Fund) or the additional voluntary contribution ("AVC") investments on the grounds of materiality. Additionally, annuity policies have not been included as the Trustee recognises that it cannot directly influence the investment process nor stewardship policies and practices of the annuity providers.

DC section

It is worth noting that Phoenix Group reviewed the pension arrangements for all staff and agreed that contributions for all employees would be paid to the Standard Life MasterTrust from 1 July 2020. Past savings that members had built up in the Scheme were transferred to Standard Life during 2021. A small group of DC members remain in the Scheme due to tax protections that would have been lost if they had transferred to the MasterTrust in 2021. Administration processes have now been put in place that will allow the tax protections to be retained, subject to certain conditions being met. The intention is to therefore move these remaining members to the MasterTrust in 2023.

Summary of changes to the SIP over the Scheme year

The Trustee has a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics.

The SIP was not formally reviewed during the year to 30 June 2022 given the nature of investments and the intention to wind up and was last updated in September 2020 to take account of new regulations which came into effect from 1 October 2020.

The Trustee consults with the company when making changes to the SIP and obtains written advice from its investment consultant, Aon Investments Limited ("AIL"). The latest version of the SIP is available for members to view here: https://pensioninformation.aon.com/pgl/

Meeting Objectives and Policies Outlined in the SIP

The Trustee outlines in its DC Scheme SIP several key objectives and policies. These are noted below, together with an explanation of how they have been adhered to and achieved in practice over the course of the year to 30 June 2022.

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Implementation Statement (Continued)

Asset Allocation Strategy

Each asset allocation strategy aims to provide members with the potential for higher levels of growth during the accumulation of their retirement savings though exposure to equities, and then to gradually diversify their investments in the years approaching retirement, to reduce volatility and provide a broad base of assets from which members can choose the type of benefits they wish to take.

The objectives for the default strategy are as follows:
- Aim for significant long term real growth while members are further away from retirement.
- Manage down volatility in fund values as members near retirement.
- Target an end point portfolio that is appropriate and consistent with how members may take their benefits when they retire.

The objectives and policies the Trustee has adopted in respect of the default strategy, following analysis of the membership, are expected to meet the needs of members, by providing the following:
- The opportunity to increase the value of their benefits with investment growth.
- An investment which manages risk in an appropriate and considered way.
- A portfolio commensurate with how members may take their benefits when they retire.

The Default Option, the Drawdown Lifestyle Strategy, initially invests wholly in the Initial Growth Phase Fund until fifteen years before a member's selected retirement age. From fifteen years from a member's selected retirement age, lower risk investments are gradually introduced, including protection and income generating investments, through the Diversified Asset Fund, Bond Phase Fund, Short-Term Inflation Linked Fund and Long-Term Inflation Linked Fund.

At a member's selected retirement date, the Drawdown Lifestyle Strategy invests the member's assets across a range of asset classes with the aim of providing a real income during the post-retirement phase whilst protecting the value of the investments.

The Annuity Lifestyle Strategy is identical to the Drawdown Lifestyle Strategy until five years before retirement. From five years before a member's selected retirement age their account is moved into lower risk assets through the Pre-Retirement Bond Fund and the Liquidity Fund. At a member's selected retirement date, the Annuity Lifestyle Strategy invests the member's assets with 75% in the Pre-Retirement Bond Fund and 25% in the Liquidity Fund.

The Cash Lifestyle Strategy Is identical to the Drawdown Lifestyle Strategy until five years before retirement. Five years before a member's selected retirement age their account is moved into cash, namely the Liquidity Fund. At a member's selected retirement date, the Cash Lifestyle Strategy invests the member's assets 100% in the Liquidity Fund.

Under fiduciary mandates managed by AIL, AIL monitors and reviews the strategy and performance of the Lifestyle strategies on a regular basis. During the course of the year, the Trustee received quarterly investment monitoring reports from AIL which provided information on the short and long-term performance of all funds offered to members. During the period of review, the Lifestyle strategies performed broadly in line with their objectives. Where funds underperformed their benchmarks, they still provided members with some protection against broader market falls seen over the period.

The Trustee is comfortable that it has met the objective stated.

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Implementation Statement (Continued)

Other policies set out in the SIP

- The Trustee regularly reviews the appropriateness of the three asset allocation strategies and may make changes from time to time. Members are advised accordingly of any changes.
- The Trustee takes professional advice when formally reviewing the investment manager or fund options offered to members.
- The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle option at least triennially.

The investment strategy was not formally reviewed during the year to 30 June 2022. An investment strategy review was due to be carried out by 2 July 2022. However, given the Scheme's limited life expectancy this review has not taken place. Whilst the review is overdue, the decision has been taken for all remaining Scheme members to move to the Standard Life MasterTrust in 2023

AIL reported to the Trustee on their review of the DC investment strategy on 2 July 2019. This review covered both the default strategy in place and the wider self-select fund range offered to members, taking into account members' circumstances, in particular the range of members' attitudes to risk, the form in which they may take their benefits and the range of terms to retirement.

The Trustee, with advice from its investment adviser, concluded that the existing default strategy (the Drawdown Lifestyle Strategy) was appropriate for the Scheme and the existing Cash and Annuity Lifestyle variants would continue to be offered alongside to provide additional flexibility to members.

In terms of the range of funds available, the current funds provide exposure to the main asset classes and options across the risk spectrum, ranging from very low risk funds, such as cash, to higher risk equity-based funds. It was also concluded that the existing range provides members with a good choice of options and there is no obvious overlap between funds.

AIL presented proposals for changes to the asset allocation of the default strategy. As a result of the review changes were made to the PGL Progressive Growth Phase Fund as AIL identified an improved asset allocation approach to meet the fund's broad objectives. Following the changes, the Fund was renamed the PGL Diversified Asset Fund and the benchmark and performance objective were also amended to better match the revised allocation. This fund is used in the default strategy and is also available as a self-select option. These changes were implemented in November 2019.

The Trustee is comfortable that it has met the objectives stated.

The Trustee considers the risk that ESG factors, including climate change, negatively impact the value of investments held as being financially material. The Trustee considers these risks by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their activities and performance.

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Implementation Statement (Continued)

On behalf of the Trustee AIL manages this risk through:

<u>Asset allocation decisions</u>
Issues of sustainability such as population dynamics, resource depletion and climate change will have an impact on economic growth and asset values over the long-term. AIL take account of these and other similar issues when forming views of how markets are likely to evolve in future, which they in turn use to determine the asset allocation strategies used.

<u>Stress testing</u>
AIL use climate change scenarios to assess how robust the default strategy is to the potential impact of climate change and evaluate the extent to which changes can help to improve this area of risk exposure.

<u>Manager level</u>
The extent to which asset managers integrate ESG considerations into their investment decisions is one of many factors that AIL take account of in their rating process. AIL actively engage with all underlying investment managers on their ESG policies. Each fund receives a formal ESG rating from 1 to 4 (the rating system derives from the UN PRI sustainable investment principles). Any manager that scores a 1 (the lowest rating) is removed from portfolios until they improve their approach to integrating ESG considerations. Importantly this is about improving behaviours, not exclusion; AIL work with managers to explain how they can better engage on ESG.

AIL on behalf of the Trustee collects annual cost transparency reports covering all of its investments and asks that the investment managers provide this data in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class.

The Trustee reviews and looks to challenge the cost and charge data on an annual basis.

The Trustee, with assistance from Aon, collated all of the member borne cost and charges annually, these are published in the Annual Chair's Statement.

Having reviewed the member borne costs for the most recent year, Aon has confirmed that they appear appropriate for each fund. The Trustee is satisfied that there are no specific concerns.

DB section

Summary of changes to the SIP over the Scheme year

Over the year there have been no changes to the SIP.

The Trustee consults with the company when making changes to the SIP and obtains written advice from its investment consultant, Aon Solutions UK Limited ("Aon").

The most recent SIP can be found at: https://pensioninformation.aon.com/pgl/

Meeting Objectives and Policies Outlined in the SIP

The Trustee outlines in its DB Scheme SIP several key objectives and policies. These are noted below, together with an explanation of how the objectives and policies have been met and adhered to over the course of the year, but should be considered in the context of the Scheme now only holding Annuity Policies and cash funds.

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Implementation Statement (Continued)

Investment objectives

- The Trustee aims to invest the assets of the DB section prudently to ensure that the benefits promised to members are provided. The Trustee has purchased Annuity Policies to insure these benefits and minimise the risk that the Scheme is unable to meet this objective.

To this end, the DB Scheme's investment strategy comprises two Annuity Policies in relation to the full Scheme membership (i.e. two 'buy-ins' have been completed to secure all liabilities of the DB Scheme, completed with Phoenix Life Limited (PLL) in December 2016 and March 2019) which are intended to match the liabilities for the membership of the Scheme, and eliminate the interest rate, inflation and longevity risk to the DB Scheme of the liabilities.

The Annuity Policies remained in place over the Scheme year and the collateral underpinning the Annuity Policies was reviewed by the Trustee's investment adviser on a monthly basis.

The residual assets of the DB Scheme form a cash allocation invested in the Insight Liquidity Fund.

Investment strategy and risk

- The overall strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile. The Trustee consulted with the Company and considered written advice from its investment adviser when choosing the DB section's planned asset allocation strategy.

- In setting the investment strategy for the DB section the Trustee's policy was to consider the following:
  – A full range of asset classes;
  – The risks and rewards of a range of alternative asset allocation strategies;
  – The need for appropriate diversification both across asset classes and within asset classes; and
  – The suitability of each asset class included in the planned asset allocation strategy.

The Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring its performance.

No changes to investment strategy or new investments were made over the year to 30 June 2022.

In 2018, the Trustee assessed its investment strategy in line with the Scheme's Investment Objective as part of the decision to proceed with the second Annuity purchase to secure the remaining liabilities of the Scheme. It was agreed that the residual assets should be invested in a cash fund to provide the security and liquidity required. The Trustee received advice from its investment adviser when considering the appropriateness of these decisions.

In relation to future investments, the Trustee will take advice from its investment adviser.

The Trustee's policies with regards to investment risks as stated within the SIP have been appropriately carried out through various monitoring and actions over the year.

Liquidity risk is managed by the Scheme by investing the residual assets in a liquidity fund. Cash in the trustee bank account is kept within an agreed range to minimise the risk of a high balance accumulating.

Underperformance risk, organisational risk and the risk of failing to meet objectives are addressed through the quarterly monitoring of the assets and the manager (Insight).

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Implementation Statement (Continued)

Other policies set out in the SIP

Decision Making

The SIP details routine decision-making approaches and responsibilities of the Trustee and relevant delegated parties i.e. investment advisers, insurance policy providers (PLL) and appointed fund managers (Insight).

The Trustee's policy is to review the contents of the SIP and its direct investments and to obtain written advice about them at regular intervals (normally annually and at least every three years).

The appropriateness of the investments were considered throughout the year as part of the quarterly review of the Scheme assets.

Members' Views and Non-Financial Factors

- In setting and implementing the DB section's investment strategy the Trustee does not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

In line with its policy, the Trustee has not collected nor taken into account the views of Scheme members in relation to non-financial factors.

Arrangements with asset managers

- Consider the quantitative performance of Insight at least annually in comparison with the benchmark performance as appropriate

- Monitor both the cash fund holding and the Annuity Policy collateral on a quarterly basis.

- In respect of the cash holding, this includes monitoring the extent to which Insight:

  – make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity; and
  – engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee regularly monitors the Scheme's investments, to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies, including those on non-financial matters.

The Trustee monitors the Scheme assets and suitability of the residual cash allocation, managed by Insight, on a quarterly basis by way of reports from its investment adviser. These quarterly reports summarise the results of the monthly review of the Annuity Policy collateral, which is performed by the investment adviser. Details of Insight's approach to ESG engagement is detailed later in this statement.

The Trustee, with assistance from Aon, collects data in line with industry standard templates from Insight on the costs incurred by the Scheme during the Scheme year.

Implementation Statement (Continued)

Stewardship – Voting and Engagement

As part of its delegated responsibilities, the Trustee expects the Scheme's investment managers to:

– where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and

– exercise the Trustee's voting rights (where applicable) in relation to the Scheme's assets.

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights, where applicable, by the appointed managers. Regarding the Annuity Policies and the collateral held in relation to them, the responsibility for voting and engagement with managers is with PLL.

The Scheme invests in short-term money market securities through its arrangements with Insight Investment Limited (Insight) (through the allocation to the Liquidity Fund). Whilst voting is not directly applicable for the Liquidity Fund (in that the fund primarily holds investment grade short dated money market instruments such as short dated government issued instruments (Gilts and T-Bills), certificates of deposits, floating rates notes and commercial paper etc. and a small (less than 1%) allocation to corporate bonds.

The Trustee believes that Insight, as a large institutional asset manager, holds an important position of influence as a major investor and the Trustee expects Insight to engage with the companies they invest in, in general, to enhance the value of assets in the economy. Insight engages with issuers and incorporates responsible investment approaches and policies in the investment process where applicable. ESG criteria are reflected in Insight's cash portfolios both in terms of ensuring material ESG risks are analysed, and to encourage better practice with regard to high-profile ESG issues. Insight monitor and analyse ESG ratings and risks within their cash investment universe on a monthly basis. Insight exclude the worst performers, and if there are possible investments with similar financial details, they will opt for the better performer in ESG terms. If an issuer has no ESG rating, they will engage with the company to understand the risks it faces; if the issuer does not engage, Insight will consider removing their holding. Out of over 1,000 engagements by Insight in 2021, c.80% included references to ESG issues.

In addition, The Trustee acknowledges that, as stated in Insight's 2021 Responsible Investment Annual Report, Insight was awarded A+ ratings by the Principles for Responsible Investment for all relevant categories in 2020.

Following the purchase of the Annuity Policies, the responsibility for managing arrangements with underlying investment managers lies with PLL. The Trustee believes that PLL should use its influence and purchasing power where possible to ensure that ESG factors (including climate change) are appropriately considered by underlying investment managers and financial counterparties.

The collateral held to back the Annuity Policies is held in gilts, cash and supranational instruments and management is delegated to Aberdeen Standard Investments Ltd. Given the discretion to manage these assets has been delegated to PLL as part of the purchase of the Annuity Policies and the limited materiality of stewardship in these asset classes, or the ability to directly influence ESG integration or stewardship policies, the Trustee has not sought to obtain stewardship or engagement information in relation to these asset classes.

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Implementation Statement (Continued)

Summary

Overall, the Trustee is of the opinion the stewardship carried out on behalf of the Scheme is appropriate, and in line with the stewardship policy as stated in the SIP. The Trustee notes the efforts from their investment manager, AIL, in monitoring the appointed underlying asset managers and encouraging better practices where appropriate. Similarly, there is evidence of the willingness and ability of the appointed underlying asset managers to take proactive stewardship activity.

The Trustee recognises that it has a responsibility as a large institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. Accordingly, the Trustee continues to expect improvements over time, in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme, through considered voting and engagement.

Investment manager voting and engagement activity – DC section

Aon Investments Limited

As the fiduciary investment manager, AIL appoints underlying asset managers to achieve the objective of the default strategy and each self-select fund. The Trustee delegates the monitoring of ESG integration and stewardship quality to AIL.

During the year AIL enhanced its ESG rating process and made evolutions to the ESG ratings both in terms of the assessment criteria and rating levels. These changes are designed to reflect the growing recognition of financial materiality of ESG issues. The new ESG ratings have moved to a three-tier ESG rating system. AIL has confirmed that all equity and fixed income managers have been rated Integrated or better on ESG criteria. This means that all the appointed asset managers have taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.

AIL has undertaken a considerable amount of engagement activity over the period, examples of which have been outlined within this statement. AIL held 15 ESG specific meetings predominantly covering the equity and fixed income managers that are invested in by AIL across all delegated funds in which AIL's clients invest. At these meetings, AIL were able to analyse and discuss the voting and engagement activities undertaken during the year to 30 June 2022, highlighting areas of improvement and discussing manager strategy in the area of Responsible Investment.

Engagement Example: Passive Manager

Over the last two years, AIL's Engagement Programme maintained a dialogue with one of its leading global asset managers on behalf of Aon's schemes which invest with the manager through the default strategy. Discussions focused on areas of concern regarding stewardship, in particular the manager's ability to demonstrate commitment to publicly stated climate change goals, reporting and transparency. This included meetings with their Global Head of Stewardship and newly appointed Head of ESG.

The manager has clearly made big strides over the last 12 months, even though sometimes the rhetoric has outpaced its ability to deliver. Discussions were helpful regarding the following areas:

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Following AIL's review of significant votes cast by the manager during the year, AIL was encouraged to see more evidence that the manager is prepared to challenge companies on climate transparency, particularly in light of the manager's public pledges and rhetoric on the importance of sustainability issues. However, while encouraging, AIL noted that the manager's voting actions were more measured compared with others and could go further, in line with the manager's stated principles. That said, AIL has yet to see the real impact of the revised stewardship and voting principles which the manager brought into force for 2021, along with the appointment of the new Head of ESG. AIL will be monitoring the manager's voting activity over the 2022/2023 proxy season.

AIL was encouraged by the manager's initiative to give pooled fund investors the ability to vote individually, rather than needing to accept the manager's standard voting policy, noting that this is an option not widely available. AIL noted the reality is that pooled clients will only have the option to choose from a short list of alternative voting policies. Furthermore, AIL noted that this facility is not currently available to DC investors due to operational restrictions and will engage with the manager and platform provider to monitor developments and push for these to be resolved.

AIL was pleased that the manager has made improvements to the reporting available on the website and the amount of reporting at the firm level, following feedback. That said, AIL was disappointed that this has not yet translated into product level reporting. AIL has also expressed concerns that the manager is still not in a position to offer meaningful and supportive engagement reporting, despite repeated engagements on this topic. In particular, AIL has found the manager hesitant to divulge detail around their activities, for example they will not provide voting rationales on all significant votes, and continues to push for improvements in this area.

AIL welcome the progress made by the manager around voting and challenge on climate / sustainability issues and reporting improvements. However, AIL remains of the view that greater progress could be made given the manager's scale and potential influence. AIL will continue to monitor and engage with the manager, scrutinising their voting and engagement actions. As part of these discussions AIL will take these concerns forward in stronger terms and ask the manager to be clearer as to their intentions in these areas

Voting and Engagement

Equity Funds

Over the year, the Scheme was invested in several funds which held equity exposure. AIL appoints a number of underlying asset managers within each fund. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

All equity managers utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research.

Aon Managed Retirement Pathway Funds, Aon Managed Initial Growth Phase Fund, Aon Managed Global Equity Fund, Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund

The Aon Managed Retirement Pathway Funds (default for some employer sections), Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund (both available as self-select funds), invested in six underlying passive equity funds over the period including a new UBS Global Equity Climate Transition Fund. The Aon Managed Initial Growth Phase Fund and Aon Managed Global Equity Fund, which are both available as self-select funds, invested in four underlying passive equity funds including a new UBS Global Equity Climate Transition Fund.

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Implementation Statement (Continued)

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below Please note the UBS Global Equity Climate Transition Fund launched in February 2022 and information is shown since the fund's launch.

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	-Aon Manged Retirement Pathway Funds	Aon Managed Initial Growth Phase Fund	Aon Managed Global Equity Fund	Aon Managed Diversified Asset Fund	Aon Managed Diversified Multi Asset Fund
BlackRock MSCI World Index Funds*	87.0%	6.0%	0.0%	Yes	Yes	Yes	Yes	Yes
BlackRock Emerging Market Index Fund*	99.0%	11.0%	3.0%	Yes	Yes	Yes	Yes	Yes
BlackRock Currency Hedged MSCI World Index Fund	87.0%	6.0%	0.0%	Yes	No	No	Yes	Yes
LGIM Global Developed Four Factor Scientific Beta Index Fund	99.7%	20.3%	0.2%	Yes	Yes	Yes	Yes	Yes
LGIM Global Developed Four Factor Scientific Beta Currency Hedged Index Fund	99.7%	20.3%	0.2%	Yes	No	No	Yes	Yes
UBS Global Equity Climate Transition Fund	100.0%	8.1%	0.9%	Yes	Yes	Yes	No	No

Source: Aon Investments Limited, BlackRock, LGIM.

*Also available as self-select funds.

**This fund was incepted in February. Voting statistics are only available from this period

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Aon Managed Core Retirement Pathway Funds, Aon Managed Core Initial Growth Phase Fund and Aon Managed Core Diversified Asset Fund

The Aon Managed Core Retirement Pathway Funds (default for some employer sections), Aon Managed Core Initial Growth Phase Fund (available as a self-select fund) and the Aon Managed Core Diversified Asset Fund (available as a self-select fund) invested in seven underlying passive equity funds over the period, including a new UBS Global Equity Climate Transition Fund.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below. Please note the UBS Global Equity Climate Transition Fund launched in February 2022 and information is shown since the fund's launch.

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Core Retirement Pathway Funds	Aon Managed Core Initial Growth Phase Fund	Aon Managed Core Diversified Asset Fund
BlackRock UK Equity Index Fund*	96.0%	5.0%	1.0%	Yes	Yes	Yes
BlackRock US Equity Index Fund	99.0%	4.0%	0.0%	Yes	Yes	Yes
BlackRock European Equity Index Fund	86.0%	12.0%	1.0%	Yes	Yes	Yes
BlackRock Japanese Equity Index Fund	99.0%	2.0%	0.0%	Yes	Yes	Yes
BlackRock Pacific Rim Equity Index Fund	99.0%	11.0%	0.0%	Yes	Yes	Yes
LGIM Global Developed Four Factor Scientific Beta Index Fund	99.7%	20.3%	0.2%	Yes	Yes	Yes
UBS Global Equity Climate Transition Fund**	100.0%	8.1%	0.9%	Yes	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

*Also available as self-select funds.

**This fund was incepted in February. Voting statistics are only available from this period

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Voting example: China Tower Corporation Limited (January 2022)

In January 2022 BlackRock voted against a proposal for China Tower Corporation Limited, a telecommunications company, to elect Gao Tongqing as director. BlackRock voted against this director election due to concerns around the lack of gender-related diversity at board level. Additionally, BlackRock also noted that the proposed board composition fails to comply with the local regulatory requirements of Hong Kong Exchanges and Clearing Limited (HKEX) to have no more 'single gender' boards for Hong Kong listed issuers.

BlackRock have engaged with the company to communicate its concerns about the lack of gender diversity on the board. While the board will need to appoint a female director before the end of the transition period in 2024 to comply with HKEX's Listing Rules, BlackRock are of the view that Nomination Committee members should take a more proactive approach toward achieving a minimal level of gender diversity and ensuring the diversity of perspective.

Despite voting against this proposal, the vote passed.

Voting example: Accenture plc (January 2022)

In January 2022, LGIM voted against the management of Accenture plc, a professional services company, on a resolution to elect director Arun Sarin. LGIM states a vote against management was applied as it expects a CEO, or non-executive director, not to hold too many external positions to ensure they can undertake their duties effectively. LGIM also expects companies not to recombine the roles of Board Chair and CEO without prior shareholder approval.

LGIM has stated it will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

Engagement example: Texas Instruments

BlackRock's Investment Stewardship team provided an engagement example with the American technology company, Texas Instruments. During 2021 BlackRock held meetings with Texas Instruments on several occasions, following BlackRock's vote against management on behalf of clients for the insufficient progress on the Task Force for Climate-related Financial Disclosures ('TCFD') and Science Based Targets initiative disclosure.

Following a vote against management in April 2021, BlackRock engaged with Texas Instruments in Q3 2021 as a follow-up opportunity to reiterate to Texas Instruments the context to BlackRock's voting action at the AGM and also to hear about how the company plans to integrate the feedback it has received from shareholders. BlackRock considers this to be a particular concern as the semiconductor industry, which Texas Instruments operates in, has struggled to make net zero commitments, in part, given the critical use of hydrocarbons and perfluorocarbons in the complex semiconductor manufacturing process and the lack of viable substitutes for broad use.

As part of the engagement, Texas Instruments communicated its plans to continue improving its sustainability reporting, including investigating the potential of incorporating science-based targets into the company's strategy and also that it has joined its peers in participating in industry-level dialogue to advance its strategy. Texas Instruments has since released its 2020 sustainability report, which included Sustainability Accounting Standards Board and TCFD-aligned disclosures, along with a new goal to reduce absolute Scope 1 and 2 greenhouse gas emissions by 25% and reduce energy intensity by 50% by the end of 2025, against a 2015 baseline.

As a result of these efforts, BlackRock believes Texas Instruments recognises the need for clear plans to transition its business model to operate in a low-carbon economy. BlackRock continues to monitor the company's progress on fully aligning to the four pillars of the TCFD and delivering on its climate- and sustainability-related commitments.

Implementation Statement (Continued)

Engagement example: Anti-microbial resistance

Over the year, LGIM has engaged with several companies on the topic of anti-microbial resistance ("AMR"). LGIM believes the overuse of many antimicrobials in human activities are often linked to the uncontrolled release of antimicrobial agents which can last for a prolonged period of time. Existing water sanitation and management systems have not been designed to address AMR concerns.

LGIM reached out to 20 water utility companies through an open letter to understand if these investee companies are aware of this issue and if they have plans to introduce effective monitoring systems to detect agents such as antibiotic-resistant bacteria and genes. In addition, LGIM has hosted meetings with several of these companies. These meetings highlighted that awareness of AMR is low in most countries; LGIM believe this is due to the lack of regulatory requirements and / or little perception of the potential business risks to the individual company.

Following continued engagements, LGIM found several investee companies are considering AMR. In particular, one utility company is seeking to understand what happens to emerging contaminants in the wastewater treatment process and has implemented a programme that will analyse the results to try to understand what improvements in their systems would be required to address it.

Through these engagements, LGIM also stresses it is important to promote a more enhanced and standardised approach to AMR through influencing the regulatory landscape. It is working with its peers within the Investor Action on AMR initiative.

Aon Managed Active Global Equity Fund

The Aon Managed Global Impact Fund, available as a self-select fund, invested in three underlying active impact equity funds. This Fund also forms part of the Aon Managed Retirement Pathway.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained
Mirova Global Sustainability Equity Fund	100.0%	42.0%	1.0%
Nordea Global Climate and Environment Fund	99.1%	10.8%	0.0%
Baillie Gifford Positive Change	93.7%	2.6%	0.3%

Source: Aon Investments Limited, Baillie Gifford, Nordea & Mirova

Voting example: Essilor Luxottica

In June 2022 Mirova voted against the management of Essilor Luxottica, a company that designs, produces and markets ophthalmic lenses, optical equipment, prescription glasses and sunglasses.

It voted against two resolutions, one of which was against the company's compensation report and the other specifically on the compensation of the Chief Financial Officer and Chief Executive Officer. Mirova voted against these resolutions due to issues in relation to labour practises and compensation structure.

Previously Mirova had signed an investor statement seeking engagement regarding allegations of unfair labour practices at the one of the company's US locations. It also noted several problematic aspects around the implementation of the compensation structure. To express Mirova's dissent with lack of engagement and concerns with the amount of compensation paid, Mirova voted against the compensation items.

TRUSTEE’S REPORT
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Implementation Statement (Continued)

Voting example: Shimano

In March 2022 Nordea voted against the management of Shimano, a Japanese multi-national manufacturing company, to elect director Thaizo Shimano. It voted against the proposal in this case as Nordea believes it is in the best interest of shareholders to separate the Chief Executive Officer and Chair of Board roles. Nordea also saw that there was a lack of gender diversity on the board.

On this occasion the vote passed but Nordea has stated it will continue to vote against combined Chief Executive Officer and Chair of Board positions in all companies.

Engagement example: Nibe Group

In September 2021, Baillie Gifford engaged with the Chief Financial Officer (“CFO”) of Nibe, a manufacturing company specialising in sustainable energy systems like heat pumps. The aim of the engagement was for Baillie Gifford to understand more about Nibe’s ESG impact reporting practices and to encourage improved disclosure of the carbon emissions avoided from the use of the company’s products.

Nibe confirmed that its emissions calculations were still in progress, made more complicated by the decentralised systems used in its products. Nibe also explained that it is not ready to set science-based targets but it is actively considering them. Baillie Gifford also discussed the proactive role Nibe is playing in the promotion of heat pumps as a climate solution. Baillie Gifford will continue to monitor the company’s progress and engage accordingly.

Engagement example: Alphabet

Despite Mirova’s continued engagement with Alphabet over the last few years, Alphabet’s track record has significantly deteriorated with controversies arising such as:

Freedom of expression and access to unbiased information in relation to pressure from controversial government;

Discrimination against users and employees based on ethnicity and gender;

HR malpractices; and

Repeated fines and multiple on-going investigations by regulators on breach of data privacy laws.

Mirova have attempted to engage with Alphabet over the years through different means including collaborative engagements with PRI investors and Share Action, however Alphabet has not responded to any of these requests.

In 2021, Mirova decided to co-file a resolution at Alphabet's AGM, requiring the Board of Directors to oversee a third-party review analysing the effectiveness of its whistle-blower policies in protecting human rights. This request was made in light of repeated allegations by former employees of mishandled complaints and abusive termination of whistle-blowers. Despite the effective control of the capital by its founders and executives, as well as the negative voting recommendation issued by proxy provider ISS, 10% of votes were favourable.

Several of these controversies remain unresolved and more are arising on the same topics, which indicates a lack of proactivity from the company. As a result, Mirova downgraded their view on Alphabet to ‘risk’.

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Implementation Statement (Continued)

Engagement example: Cleanaway

In 2021, Nordea engaged with a waste management company, Cleanaway. Nordea spoke with both the new CEO within the first four weeks of his entering the role, and with the chair. Regarding the new CEO, Nordea continued to have in depth conversations in Q1 2022 to assist with the setting of his environmental agenda. This should, in Nordea's view, include the adoption of Science Based Targets as well as a thorough analysis of the current sustainability profile of the company. The conversation with the chair centred around the handling of the aftermath of Vik Bansal's departure as well as Cleanaway's broader environmental and diversity strategy.

This engagement aligns with the environmental objectives of Nordea's Global Climate and Environment Strategy and is highly relevant with regards to several of the Sustainable Development Goals ('SDGs'), including SDG 5 "Gender Equality".

Regarding Cleanaway's environmental and diversity goals, Nordea believe the chair is supportive but seems to have given the CEO a broad remit regarding the specifics. Nordea will therefore meet with the new CEO shortly to make specific suggestions, the main being the adoption of Science Based Targets and TCFD reporting, as well as an analysis of the company's operations using the FutureFit framework. Nordea will also continue pushing the chair to adopt longer term environmental and diversity goals in order to be able to provide quality oversight and guidance. Nordea will continue to monitor the situation and facilitate further engagement if necessary

Aon Managed Active Global Equity Fund

The Aon Managed Active Global Equity Fund, available as a self-select fund, invested in four underlying active equity funds and an underlying passive equity fund over the period.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained
BNY Mellon Long-Term Global Equity Fund	100.0%	2.2%	0.0%
Baillie Gifford Global Alpha Growth Fund	96.4%	2.4%	0.3%
Harris Associates Global Equity Fund	100.0%	2.4%	0.0%
BlackRock MSCI World Index Funds	87.0%	6.0%	0.0%

Source: Aon Investments Limited, Baillie Gifford, BlackRock, Walter Scott (BNY Mellon) & Harris Associates, UBS.

Voting example: Anheuser-Busch InBev

In September 2021, Harris voted in favour of the management of Alibaba Group Holding Limited, a multi-national technology company, for the resolution to re-elect the executive vice Chairman and co-founder, Joseph Tsai. Harris's rationale was that it trusts that Joseph Tsai will act in the best interest of shareholders given he owns over 300 million shares of Alibaba Group,

As an outcome, the vote was passed. Harris considered this vote significant since it elected contrary to standard guidelines in what it believes to be the best interest of its shareholders.

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Implementation Statement (Continued)

Engagement example: Cognex Corporation

Over the year, Walter Scott (part of BNY Mellon) engaged with Cognex Corporation, a US based company specialising in machine vision technology, reflecting that the company's disclosure regarding sustainability is behind that of the market. Walter Scott engaged with the Cognex Corporation during 2021 through a conference call with the CEO, providing an opportunity to discuss sustainability and the company's objectives. This conference call came shortly after Walter Scott were the lead investor on the annual CDP engagement letter. As part of the discussion, the CEO noted that there had been a significant increase in board engagement on sustainability than there had been historically.

Cognex Corporation are actively investigating how to enhance their sustainability disclosures, including reaching out to Walter Scott for examples of similar technology companies who have done a good job of ESG related disclosures. Walter Scott view this as encouraging, however meaningful progress is still to be made. As such, Walter Scott will fastidiously monitor ongoing developments in the company's ESG rated disclosures and continue to engage constructively on the topic.

Engagement example: BHP

Baillie Gifford engaged with one of the world's largest mining companies, BHP, during the second half of 2021. The environment is a key area where the company is penalised in terms of ESG issues given the nature of its business. In particular, BHP tends to screen poorly by ratings providers on the basis of their emissions and resource usage.

Towards the end of 2021, Baillie Gifford engaged with the Chairman, Ken MacKenzie, and Vice President of Sustainability and Climate Change, Fiona Wild, to discuss the climate transition resolution on the company's AGM agenda. Discussions over the last few years have focused on BHP's emissions targets and disclosures, encouraging better reporting and more attention on their decarbonisation strategy, specifically relating to scope 3 emissions.

Climate change is a material consideration for the BHP, and Baillie Gifford believe the board has responsibility for ensuring successful implementation of the company's climate strategy. Baillie Gifford outlined some concerns with the proposed resolution, specifically that it is advisory, will hand significant influence to proxy advisors and consultants and may reduce accountability from the board. Baillie Gifford explained its belief that an annual vote is not necessary as it wants to avoid an endless cycle of shareholder engagement and short-term progress assessments. Baillie Gifford encouraged the company to take a long-term, forward-looking approach, which explains how the climate strategy relates to the broader business plan, how the company intends to meet targets and where it sees bottlenecks and opportunities.

Baillie Gifford opposed BHP's climate transition plan at the AGM. The resolution received 83% support and was passed. However, Baillie Gifford will continue to engage with the company to encourage them to take a more ambitious approach to addressing its value chain emissions and thus preparing the business for the low carbon transition.

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Implementation Statement (Continued)

Aon Managed Active UK Equity Fund - *Please note that this fund closed in September 2021*

The Aon Managed Active UK Equity Fund, available as a self-select fund invested in three underlying active equity funds and a passive underlying fund over the period.

The voting activity undertaken over the year for each underlying fund to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained
BlackRock UK Equity Optimum Fund	100.0%	3.0%	1.0%
Majedie UK Equity Fund	100.0%	2.6%	0.5%
Lindsell Train UK Equity	100.0%	0.0%	0.5%
BlackRock UK Equity Index Fund	96.0%	5.0%	1.0%

Source: Aon Investments Limited, BlackRock, Majedie & Lindsell Train.

Voting example: AstraZeneca

In November 2021, Majedie voted against the management of AstraZeneca and against proposed changes to the Remuneration Policy to amend the Performance Share Plan. AstraZeneca was proposing significant increases to variable pay for the second consecutive year and Majedie did not consider the rationale for this to be sufficiently compelling. As an outcome, both items were voted in favour of by a majority of votes. Majedie continue to monitor remuneration outcomes at the company. Majedie classed this as a significant vote, as AstraZeneca was one of the portfolio's top five holdings (as at 30/06/21) and ISS and board voting recommendations on these proposals disagreed.

Engagement example: Yakult

Over the year, Lindsell Train engaged with Yakult regarding its strategies to reduce the amount of plastic packaging and improve its recycling practices.

Lindsell Train had raised concerns that Yakult's progress in terms of its environmental policies had been slow. In particular, Yakult's unambitious greenhouse gas reduction targets, plastic recycling and water consumption reduction targets and that, if not addressed, these could tarnish the brand.

Yakult were quick to respond to the concerns raised. Management conveyed that climate change, plastic packaging, and water-related issues are of enormous strategic importance and it wants to ensure that any areas of concern are properly addressed. Yakult provided a detailed overview of its recycling infrastructure, as well as the various recycling techniques (chemical, thermal and incineration) that are currently practised. Ultimately, Yakult will face tough decisions in terms of the future of its production strategy and the material they use to bottle their product.

Yakult are acutely aware of the demands of the increasingly discerning consumer and will continue to dedicate the necessary resource to ensuring they get this right. Lindsell train will be monitoring their actions closely.

HSBC Islamic Global Equity Index Fund

The Trustee makes the HSBC Islamic Global Equity Index Fund available as part of the self-select fund range.

TRUSTEE'S REPORT
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Implementation Statement (Continued)

Voting Policy

HSBC uses the services provided by proxy voting advisor Institutional Shareholder Services ("ISS") to assist with the global application of its own voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC then reviews voting policy recommendations for all active holdings, which enables it to ensure ISS has applied the policy correctly and to determine whether there are company-specific reasons to depart from the policy.

HSBC state that it often provides feedback to ISS on its application of the policy - either to amend the recommendation for a particular meeting or for future meetings. A decision to depart from a policy recommendation will be made by the portfolio manager and/or a member of the Governance team. This could result from an investment insight into the company concerned that goes beyond the ISS analysis or from an engagement with the company which indicates that the governance concern is misplaced or will be addressed. Reasons for departures from policy are recorded and reviewed subsequently by a governance oversight group. HSBC policy is applied at three levels: market-specific criteria for developed Europe; global 'good practice' standards for other developed markets; more flexible application for emerging and frontier markets.

The voting activity undertaken by BlackRock over the year to 30 June 2022 is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
HSBC Islamic Global Equity Index Fund	95.7%	17.2%	0.2%

Source: Aon Investments Limited, HSBC.

Engagement Policy

HSBC states that it meets with companies on a range of ESG issues and has a clear set of engagement objectives which may include:

Improving understanding of a company's business and strategy;

Monitoring performance;

Signalling support or raising concerns about company management, performance or direction; and

Promoting good practice.

HSBC undertakes a risk assessment on an annual basis, helping to identify ESG practices of concern in different regions and where it has the most exposure on an absolute and relative basis. It prioritises themes, sectors or key stocks on the basis of scale of client holdings, salience of the issues concerned and our overall exposure. This process results in the development of an annual engagement plan.

HSBC has developed a process for each formal equity engagement based on setting defined company specific objectives, tracking progress made, measuring company action and recording engagement. It meets with companies on a range of issues. Its active equity and credit analysts engage with issuers as part of the investment process, both before and during the period of investment and also cover ESG issues.

When analysing issuers, HSBC considers which specific ESG factors are generally material for the industry in which each company operates. It also uses proprietary sector-specific weighting for ESG factors to reflect the materiality of each set of issues to the sector. The factors included above are by no means exhaustive, and it can consider further unlisted ESG factors that may have meaningful impact on companies' future potential.

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Implementation Statement (Continued)

LGIM Ethical Global Equity Index Fund

The Trustee makes the LGIM Ethical Global Equity Index Fund available as part of the self-select fund range.

Voting policy

LGIM uses proxy voting adviser Institutional Shareholder Services ("ISS") to execute votes electronically and for research. LGIM also receives research from the Institutional Voting Information Service ("IVIS"). This augments LGIM's own research and proprietary ESG assessment tools. LGIM does not outsource any part of the voting decisions to ISS. LGIM has a custom voting policy in place with ISS, which seeks to uphold what LGIM considers to be best practice standards companies should observe. LGIM can override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information.

The voting activity undertaken over the year to 30 June 2022 is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
LGIM Ethical Global Equity Index Fund	99.7%	17.6%	0.2%

Source: Aon Investments Limited, LGIM.

Engagement policy

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues,
2. Formulate the engagement strategy,
3. Enhancing the power of engagement,
4. Public Policy and collaborative engagement,
5. Voting, and
6. Reporting to stakeholders on activity.

LGIM monitors several ESG subjects and conducts engagement on various issues. It's top five engagement topics are climate change, remuneration, diversity, board composition and strategy. LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients.

More information can be found on LGIM's engagement policy https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

BlackRock World ex-UK Equity Index Fund

The Trustee makes the BlackRock World ex-UK Equity Index Fund available as part of the self-select fund range.

TRUSTEE'S REPORT
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Implementation Statement (Continued)

Voting policy

BlackRock's proxy voting process is led by its Investment Stewardship team. Voting decisions are made by the Investment Stewardship team with input from investment colleagues. Blackrock's voting decisions are informed by its voting guidelines, engagements with companies and research on each underlying company. BlackRock reviews its voting guidelines annually and updates them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the year.

BlackRock subscribes to research from proxy voting advisers ISS and Glass Lewis. BlackRock uses the research and its own analysis to identify companies where additional engagement would be beneficial. BlackRock does not routinely follow the voting recommendations of its proxy voting advisers.

The voting activity undertaken over the year to 30 June 2022 is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
BlackRock World ex-UK Equity Index Fund	94.0%	7.0%	0.0%

Source: Aon Investments Limited, BlackRock.

Voting and engagement - Property and Infrastructure

Over the year, the Scheme was invested in several funds which held exposure to property and infrastructure assets. AIL appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the strategies that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds, Aon Managed Property and Infrastructure Fund and Aon Managed Initial Growth Phase Fund

The Aon Managed Retirement Pathway Funds (default strategy for some employer sections), Aon Managed Property and Infrastructure Fund and Aon Managed Initial Growth Phase Fund (both available as self-select funds), invested in three underlying property / infrastructure funds over the period. The BlackRock Global Property Securities Index Fund invests in listed property investments, the Legal & General Infrastructure Index Fund invests in listed infrastructure and the Threadneedle Pensions Property Fund invests directly in UK commercial property.

Both BlackRock and LGIM utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

TRUSTEE'S REPORT
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Implementation Statement (Continued)

The voting activity undertaken by BlackRock and LGIM in relation to the listed investments over the year to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Property and Infrastructure Fund
BlackRock Global Property Securities Index Fund	85.0%	4.0%	0.0%	Yes	Yes
LGIM Infrastructure Index Fund	100.0%	23.6%	0.0%	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

Direct property investments

The Trustee appreciates that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustee expects ESG engagement to be integrated in its managers' investment approaches. The direct property manager (Threadneedle) is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle takes an approach to real estate whereby they strive to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

Key topics of engagement during 2021 include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During 2021, Threadneedle completed a range of projects designed to improve the energy efficiency of the assets. As an example, capital expenditure of £1.4 million was allocated to Skydome in Coventry to replace legacy boilers, upgrade and improve the BMC and replace the roof, including the installation of a new photovoltaic system. Threadneedle continue to monitor data, particularly around energy and greenhouse gas emissions, across the portfolio.

Engagement - Fixed Income

Over the year, the Scheme invested in 11 funds, including the default strategy, which held exposure to fixed income. AIL appoints a number of underlying asset managers to provide this exposure.
While equity managers may have more direct influence on the companies they invest in, fixed income managers are also increasingly influential in their ability to encourage positive change. The Trustee also acknowledges that the concept of stewardship may be less applicable with respect to some of its fixed income investments, particularly for government bonds.

Aon Managed Retirement Pathway Funds, Aon Managed Diversified Asset Fund, Aon Managed Diversified Multi Asset Fund, Aon Managed Bond Phase Fund, Aon Managed Diversified Multi Strategy Bond Fund and Aon Managed Liquidity Fund

The Aon Managed Retirement Pathway Funds (default strategy for some employer sections) invested in six underlying actively managed fixed income funds over the period. The Aon Managed Retirement Pathway Funds also invested in several passively managed fixed income strategies, including both corporate bonds and government bonds, and a fund that provides exposure to short dated money market assets.

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Implementation Statement (Continued)

The Aon Managed Bond Phase Fund and Aon Managed Diversified Multi Strategy Bond Fund (both available as self-select funds) invested in five underlying actively managed fixed income funds over the period. The Aon Managed Bond Phase Fund also invested in a passively managed fixed income strategy.

The Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund (both available as self-select funds) invested in six underlying actively managed fixed income funds. These funds also invested in several passively managed fixed income strategies and a fund that provides exposure to short dated money market assets.

The Aon Managed Liquidity Fund (available as a self-select option) invested in a single underlying fund that provided exposure to short dated money market assets.

Further detail is provided in the table below.

Underlying manager information

Underlying manager	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Asset Fund	Aon Managed Diversified Multi Asset Fund	Aon Managed Bond Phase Fund	Aon Managed Diversified Multi Strategy Bond Fund	Aon Managed Liquidity Fund
BlackRock (two active strategies)	Yes	Yes	Yes	Yes	Yes	No
BlackRock (passive corporate bonds)	Yes	Yes	Yes	Yes	No	No
BlackRock (passive government bonds)	Yes	Yes	Yes	No	No	No
BlackRock (cash)	Yes	Yes	Yes	No	No	Yes
Insight (active strategy) *	Yes	No	No	Yes	Yes	No
LGIM (annuity matching bonds)	Yes	No	No	No	No	No
PIMCO (active strategy)	Yes	Yes	Yes	Yes	Yes	No
T-Rowe Price (active strategy)	Yes	Yes	Yes	Yes	Yes	No
Aegon (active strategy)	Yes	Yes	Yes	Yes	Yes	No
Janus Henderson (active strategy)	Yes	Yes	Yes	Yes	Yes	No

Source: Aon Investments Limited.
*The Insight Absolute Return Bond Fund (active strategy) was fully disinvested in October 2021.

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Implementation Statement (Continued)

Engagement example: Dell Inc

An ongoing engagement example detailed by PIMCO is with Dell Inc regarding supply chain management, which was first initiated in 2020. PIMCO engaged Dell on labour rights issues within its supply chain, including compliance on working hours and an investigation into forced labour disputes.

PIMCO encouraged the Dell to disclose supplier audit coverage and assurance progress for conflict mineral sourcing ('conflict resources' are natural resources extracted in a conflict zone and sold to perpetuate the fighting). Dell had been encouraged to include sub-tier suppliers in this assessment and make public commitments to 100% Responsible Minerals Assurance Process ("RMAP") for conflict mineral sourcing.

Following the engagement, Dell confirmed its audits cover much of the supply chain. Dell also updated disclosure on its RMAP-conformant supplier list to maintain transparency. In 2021, Dell worked to a goal of achieving 100% RMAP conformance for conflict mineral including tin, tantalum, tungsten, gold and cobalt; metals which form a fundamental part of the production process of its technology products. PIMCO will continue to engage with Dell on supply chain transparency and traceability.

Aon Managed Core Retirement Pathway Funds, Aon Managed Core Diversified Asset Fund, Aon Managed Core Bond Phase Fund and Aon Managed Passive Corporate Bond Phase Fund

The Aon Managed Core Retirement Pathway Funds (default strategy for some employer sections) invested in several passively managed fixed income strategies, including both corporate bonds and government bonds, over the period. The Aon Managed Core Retirement Pathway Funds also invested in a fund that provides exposure to short dated money market assets.

The Aon Managed Core Diversified Asset Fund, Aon Managed Core Bond Phase Fund and Aon Managed Passive Corporate Bond Phase Fund (all available as self-select funds) invested in a single passively managed fixed income strategy.

Further detail is provided in the table below.

Underlying manager information

Underlying manager	Aon Managed Core Retirement Pathway Funds	Aon Managed Core Diversified Asset Fund	Aon Managed Core Bond Phase Fund	Aon Managed Passive Corporate Bond Fund
BlackRock (passive corporate bonds)	Yes	Yes	Yes	Yes
BlackRock (passive government bonds)	Yes	No	No	No
BlackRock (cash)	Yes	No	No	No

Source: Aon Investments Limited.

Aon Managed Long Term Inflation Linked Fund, Aon Managed Short Term Inflation Linked Fund and Aon Managed Pre-Retirement Bond Fund

The Aon Managed Long Term Inflation Linked Fund and Aon Managed Short Term Inflation Linked Fund each invested in an underlying passively managed government bond fund over the period. The underlying funds invested solely in government bonds. The Aon Managed Pre-Retirement Bond Fund invested in an underlying fund that aims to match changes in the cost of purchase a level annuity at retirement. To achieve this, the underlying fund invests in a mixture of government and corporate bonds.

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Implementation Statement (Continued)

Voting and engagement - Multi-Asset / Other

Over the year, the Scheme was invested in a fund which held exposure to multiple asset classes including equities and fixed income, including the default strategy. AIL appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds (Default), Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund

The Aon Managed Retirement Pathway Funds (default), Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fun (both available as self-select funds) invested in an actively managed multi-asset fund over the period. The BlackRock Market Advantage Fund invests in equities alongside a range of other asset classes including fixed income, property and commodities.

These funds also invested in gold via an actively managed strategy managed by Invesco. BlackRock uses third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

The voting activity undertaken by BlackRock over the year to 30 June 2022 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Asset Fund	Aon Managed Diversified Multi Asset Fund
BlackRock Market Advantage Fund*	85.0%	7.0%	0.0%	Yes	Yes	Yes

Source: Aon Investments Limited, BlackRock.

*This Fund was fully disinvested from in June 2021.

While equity managers may have more direct influence on the companies they invest in, managers investing in alternative asset classes such as gold are also increasingly influential in their ability to encourage positive change.

The Invesco Physical Gold Exchange-Traded Commodities Fund provides exposure to physical gold. Invesco incorporates ESG considerations within the Fund, as it follows the London Bullion Market Association (LBMA) Responsible Gold Guidance that requires strict adherence to rules around the provenance of gold. The LBMA was set up to ensure the highest standards for sourcing gold and combat systematic or widespread abuses of human rights, including child labour, to avoid contributing to conflict, to comply with high standards of anti-money laundering and to combat terrorist-financing practices.

Since early 2019, Invesco has sought to minimise exposure to gold mined prior to 2012, the date after which Invesco can be certain gold has been sourced in compliance with the LBMA's Responsible Gold Guidance. The Fund has held 100% exposure to gold mined post 2012 and is fully compliant with LBMA's Responsible Gold Guidance.

Additionally, Invesco engage directly with companies in the gold mining space and see engagement as an opportunity to encourage continual ESG improvement. As an example, Invesco met with the lead independent director of Barrick Gold (one of the largest gold miners in the world) on two occasions over the last two years. At these meetings, discussions focused on how the company performed on key environmental issues associated with mining including carbon emissions, water management, biodiversity protection and dam management. The company's carbon reduction targets were also discussed, emphasising the importance of having a credible decarbonisation plan in place.