United Utilities Pension Scheme - Annual Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Trustee's Statement of Investment Principles ("SIP") has been followed during the year to 31 March 2023. This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended, and guidance published by the Pensions Regulator.

The statement relates to the relevant SIP in place over the period, namely the SIP agreed at the Trustee Board meeting held on 8 March 2022, which remained in place at the end of the Scheme year on 31 March 2023. A copy of the current SIP is enclosed within the Trustee report and accounts and is also available at UUPS SIP. There were no changes to the Scheme's SIP during the year, as there were no fundamental changes to the investment strategy or investment policies.

The Fund has a Defined Benefit (DB) Section and a Defined Contribution (DC) Section, and disclosures are provided on both Sections.

Post year-end activity

Subsequent to the Scheme year-end, the Trustee, having taken professional advice, purchased a "buy-in" insurance policy with Legal & General as a bulk annuity, covering a portion of the DB Section liabilities. The bulk annuity is an investment of the Scheme and there will be no change to the way members receive their pension. The purchase of this policy represented a de-risking step, the aim being to increase the security of members' benefits and reduce risk.

While the policy was purchased outside of the year covered by this statement, it is important context for some of the activity described on the following pages.

Assessment of how the SIP policies have been followed for the year to 31 March 2023

The information provided in the following table highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee policies in the SIP. In summary, it is the Trustee's view that the policies in the SIP have been followed during the Scheme year to 31 March 2023.

In relation to the DB investments, the Trustee has established an Investment Sub-Committee ("ISC") and has delegated responsibility for operational matters, including investment monitoring and the appointment and termination of investment managers to the ISC. Any decisions regarding the DB investment strategy are undertaken by the Trustee after receiving proposals from the ISC.

The Trustee has also established a DC Sub-Committee ("DCSC") to consider member communications, investment, and governance matters for benefits which are DC in nature. Any decisions regarding the Scheme's DC investment strategy are undertaken by the Trustee after receiving proposals from the DCSC.

Requirement	Policy/section of SIP	In the year to 31 March 2023
Securing compliance with the legal requirements about choosing investments.	Paragraph 2.2.	In line with the policy, the Trustee obtained and considered advice from the investment consultant during the year whenever new investments were chosen (new investments are detailed later in this table). The Scheme's investment consultant also attended all meetings of the ISC and DCSC during the year and provided updates on the investments and, where required, appropriateness of the mandates and funds used.
Kinds of investments to be held and the balance between different kinds of investments.	Sections 6 and 7 of the SIP document the asset classes and specific funds used within the Scheme, and the proportions used (where relevant).	*DB Section* The year was marked by an extremely volatile period for UK Government bond (gilt) and sterling credit markets. The Trustee carefully considered whether any actions should be taken, and in the final quarter of 2022 decided to arrange for a portion of the corporate bond portfolio to be sold and transferred to the liability driven investment (LDI) portfolio. The aim of this was to increase liquidity and in particular increase the level of collateral available within the LDI mandate. This resulted in a short term deviation from the strategic asset allocation. The Trustee took professional advice throughout this period. The asset allocation was also affected by extreme market movements over the period. For example, as the value of LDI and corporate bond portfolios fell sharply during parts of the year, these allocations were periodically "underweight" their target, while the allocation to secured finance was "overweight" relative to the target. The Trustee monitored the investments relative to the strategic asset allocation target, using reports prepared by the investment consultant and discussions at ISC meetings. During volatile periods the Trustee looks to ensure there is appropriate flexibility in the strategy to avoid knee-jerk rebalancing that may not be appropriate (particularly when transaction costs are allowed for), and is comfortable that while there was some deviation from the strategic asset allocation target over the period, these deviations were suitable for the Scheme in the context of the market environment. *DC Section* The overall strategy (investment fund type, management style and asset allocations) used within the DC Section did not change during the year and the SIP was implemented in line with the policy. However, within certain risk-profiled and white labelled funds, the Trustee decided to replace one of the underlying investment managers, specifically one of the diversified growth fund managers. A manager selection exercise was undertaken, and at the 15 November 2022 DCSC meeting the DCSC selected a replacement fund, managed by a different investment manager. The Trustee subsequently ratified this decision, and the new fund was implemented in January 2023.
Risk and return, including the ways in which risks are to be measured and managed, and	Section 4 (risk), Section 6 (relating to expected / target returns with reference	The Trustee maintained a Risk Register during the year which outlines risks by category, and considers the impact, likelihood, controls and mitigations for each risk. The Risk Register at the total Scheme level was maintained by the Governance, Risk and Audit Sub-Committee. The risks from the Risk

Requirement	Policy/section of SIP	In the year to 31 March 2023
the expected return on investments.	to benchmarks and, where relevant, targets), and 7.2 (DC Section default expected returns relative to inflation).	Register relating specifically to DB and DC investments were then considered at each quarterly ISC and DCSC meeting respectively, with further oversight from the Trustee board. In addition to the specific details for the DB and DC Sections below, for both Sections the relevant Sub-Committees review, as part of ongoing monitoring, the research ratings assigned by its investment consultant to each fund. This denotes the investment consultant's assessment of the likelihood of the fund's performance objective being achieved. *DB Section* The ISC has put in place a quarterly risk dashboard, produced by the investment consultant, which reviews the status of a number of the investment risks documented in the SIP, including funding level volatility and downside risk, expected versus required investment returns, interest rate and inflation risk, and investment manager compliance with guidelines. The ISC also met with two of the three investment managers to the DB Section (the meeting with the third manager fell outside of the reporting period). In preparation for these meetings, the investment consultant produced a briefing paper which detailed performance, the ratings of each manager (as assessed by the investment consultant), and key discussion points. The papers were considered by the ISC prior to each meeting in order to review the manager against the objectives and relevant policies. During the period of gilt market volatility as described earlier, the Trustee put in place enhanced monitoring of key risks relating to collateral and liquidity. This included arranging for daily reporting of collateral levels and "yield headroom" (a measure of the robustness of the strategy to interest rate and inflation changes). To further support risk management, the Trustee arranged for the investment consultant to prepare a "collateral toolbox" document, which detailed the options available to the Trustee to further enhance the robustness of collateral arrangements. Each option was given a RAG status based on factors including cost, impact, and operational / practical considerations. This assisted the Trustee in managing collateral, interest rate, and inflation risks, as it allowed for risk mitigation strategies to be explored and prioritised appropriately. *DC Section* The DCSC reviewed the measurement of a number of the risks noted in the SIP on a quarterly basis during the year as part of the regularly investment performance monitoring. This review process, along with the outcome from a broader strategy review, identified the need to replace one of the investment managers (see earlier section of this table).

Requirement	Policy/section of SIP	In the year to 31 March 2023
		The DCSC will meet with investment managers as deemed necessary, to manage risks associated with fund performance. During the year, the DCSC decided not to meet with any of the DC investment managers, in order to spend more time on investment strategy, and on risks relating to administration. The Trustee is satisfied that the SIP policies have been followed during the period.
Realisation of investments	Both Sections: Section 10. DC Section: Paragraphs 7.6 and 7.7 in relation to the default investment arrangement.	The Trustee receives an administration report each quarter from both the DB and DC administrators, which detail the extent to which benefit payments and other core financial transactions have been processed within service level agreements and regulatory timelines. There were no issues experienced with liquidity or benefit payments during the year. *DB Section* In order to increase collateral levels within the investment strategy, a portion of the corporate bond portfolio was sold during the year. There were no issues with liquidity when realising these assets. The Trustee has put in place a cashflow policy with the administrator, whereby the administrator may disinvest up to a certain amount from the Scheme’s investments each quarter in order to meet benefit payments. The ISC monitors this each quarter to ensure that the process is operating as intended. Again, no issues have been experienced during the year. *DC Section* All funds are daily dealt pooled investment vehicles, accessed by an insurance contract.
Financial & non-financial considerations and how those are taken into account in the selection, retention and realisation of investments.	The risks identified in the SIP are considered by the Trustee to be ‘financially material considerations’. Paragraphs 4.1 and Section 11 also refer.	The financially material risks identified by the Trustee, and how they are measured and managed, formed part of the SIP review during the year, as described in the introduction. There were no significant changes to this policy during the year. As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment consultant incorporates its assessment of the nature and effectiveness of managers’ approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement. Over the year the Trustee took various steps to consider ESG matters, including via the addition of an ESG-aligned diversified growth fund within the DC investment arrangements, as detailed earlier. ESG integration was a key factor in the selection of the investment manager. The Trustee also monitors ESG integration on a regular basis, aided by the provision of reports and updates from its investment managers and investment consultant. In particular, the Trustee has agreed climate metrics which will be prepared annually and disclosed in our annual Climate Change report.

Requirement	Policy/section of SIP	In the year to 31 March 2023
Exercise of rights (including voting rights) attaching to investments and undertaking engagement activities.	Paragraphs 11.5 to 11.7.	In order to identify and report on “significant votes” and to prioritise engagement activities, the Trustee has agreed three stewardship priorities, which are: climate change, labour practices and standards, and corporate governance (e.g. board quality, independence, and diversity). *DB Section* The assets of the DB Section are no longer invested in equities and do not typically have voting rights attached. During the year, the ISC put in place a schedule of meetings with the investment managers. When each investment manager presented to the ISC, the manager was asked to highlight engagement activity and the impact on the portfolio. *DC Section* The Scheme continues to invest solely in pooled funds, where voting and engagement activities are delegated to the investment managers. However, stewardship monitoring on voting and engagement activity and adherence to the UK Stewardship Code is part of the Trustee’s policy, and the DC investment managers are expected to report on stewardship activities to the Trustee annually.
How arrangements incentivise a manager to align its strategy / decisions with Trustee policies.	Section 11.	No changes to policy during the year, which has been followed as outlined in the SIP.
How the arrangement incentivises a manager to make decisions based on medium to long term financial / non-financial performance of an issuer of debt or equity and to engage with issuers to improve performance.	Section 11.	Assessment of the medium to long-term financial and non-financial performance of an issuer are made by the investment managers, with appropriate monitoring by the Trustee. Performance targets for the portfolios in which the Scheme invests are long term targets (in order to avoid, for example, a manager taking inappropriate risks to meet a short term target). The Trustee has communicated its SIP policies on engagement to the investment managers.
How the method & time horizon of evaluation of the manager’s performance and the remuneration for asset management services are in line with the trustees’ policies.	Section 11.	The Trustee reviewed short term and long term investment performance through quarterly investment reports. In respect of remuneration for asset management, we note the following: *DB Section* An investment manager fee review report was produced by the investment consultant in August 2022, which allowed the ISC to assess remuneration to the managers for each of the Scheme’s mandates. The review included benchmarking fees against a universe of comparable managers and mandates.

Requirement	Policy/section of SIP	In the year to 31 March 2023
		DC Section The Trustee, via the DCSC, conducts an annual assessment of the extent to which the Scheme provides value for members. This includes benchmarking the fees paid by members. During the year, this assessment was undertaken and discussed at the DCSC meeting held on 5 September 2022.
How the Trustees monitor portfolio turnover costs incurred, and how they define and monitor targeted portfolio turnover or turnover range.	Section 12.	The Trustee has not set portfolio turnover targets; the Trustee instead assess performance net of the impact of the costs of such activities. *DB Section* Transaction costs are assessed through periodic cost transparency reports (these are prepared on a triennial basis as a minimum), and as a component of the implicit fees and costs incurred in each of the Scheme's mandates. *DC Section* Transaction costs are considered annually as part of preparation of the annual Chair's Statement which is published on a public website.
The duration of the arrangement with the asset manager	Section 12.	No changes to policy during the year, which has been followed as outlined in the SIP.

Engagement policy statement

Section 11 of the SIP sets out the Trustee's policy on environmental, social and governance (ESG) considerations, including stewardship and climate change.

The following work was undertaken during the year relating to the Trustee's engagement activity on ESG factors, stewardship and climate change.

The summary also documents how our engagement and voting policies were implemented, where not already outlined earlier.

Activity	Date	Details
DB Section exclusions policy	June 2022 to February 2023	The Trustee, initially via the ISC, explored whether it would be appropriate to exclude certain investments from the Buy & Maintain corporate bond mandates on ESG grounds. Considerations included the impact on risk and return, alignment with our ESG policies, and the timing and potential cost of any implementation of exclusions. Following receipt of investment advice, the Trustee agreed to put in place climate-related exclusions such that the types of companies below will not be permitted within the portfolios: • Violators of the United Nations Global Compact, an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies. • Companies involved in mining and extraction of thermal coal, coal power generation, and unconventional oil and gas extraction. • Certain companies considered by the investment managers to be failing to meet minimum standards on climate change transition planning, including for example being highly carbon intensive, not having an operational greenhouse gas emissions target, or not having any plans for coal phase-out. The exclusions were implemented during the first quarter of 2023.
DC investment manager selection	5 September 2022 (DCSC), 6 September 2002 (Trustee Board)	During the year, one of the diversified growth fund managers used within the DC fund range was replaced. In selecting a replacement manager and fund, ESG factors were an explicit consideration, alongside other measures of investment manager quality and alignment with the Scheme's risk and return requirements. Specifically: • Funds with weak ESG ratings (as provided by the investment consultant) were excluded from the long-list. • For each fund short-listed, the manager's processes around ESG risk and opportunity management was considered. This also extended to engagement activities and voting practices. The fund selected has specific objectives and policies in relation to ESG integration, including exclusions for high ESG risk areas such as controversial weapons, predatory lending, and companies involved in the extraction of certain types of fossil fuel and/or the generation of power from them.

Activity	Date	Details
Stewardship related	Q3 2022	During the third quarter of 2022, the ISC, DCSC, and Trustee Board reviewed the annual Implementation Statement covering the period to 31 March 2022 and in particular considered the stewardship (voting and engagement) activities that had been carried out by the investment managers on the Trustee's behalf. The Trustee was satisfied that the stewardship activities were consistent with the Trustee's policies in this area.
Training	13 September 2022	The Trustee sets aside a full day annually for training. At the 2022 training day the Trustee Directors completed training on climate change, which included regulatory developments, consideration of different types of climate risk, and how these risks (and opportunities) may impact the investments, the Scheme's liabilities, and the employer covenant. The Trustee Directors also received training on the Pensions Regulator's Single Code (now renamed the General Code) which included aspects that related to ESG matters, such as the need to establish and operate an "effective system of governance" (ESOG) that captures ESG factors.
Investment Manager meetings	31 October 2022	The ISC met with two of the investment managers appointed to manage the DB Section assets. During the meetings the following topics were discussed, alongside broader investment updates: • For the **Liability Driven Investment (LDI) portfolio**, which invests primarily in UK Government bonds (gilts) and derivative instruments, the investment manager outlined its approach to ESG risk management for Government securities, and for counterparty banks in respect of derivative investments. This included for example its engagement with the Government's Debt Management Office (DMO) regarding the framework for issuing green gilts. • In respect of **Buy & Maintain corporate bonds**, the managers discussed how they integrate ESG risk and opportunity management within the investment process, including the engagement approach to working with bond issuers on such matters. Case studies and examples of where ESG factors had influenced investment decisions were discussed. • For the **Secured Finance mandate**, the manager was open about the challenges in accessing good quality data to assess ESG factors, where a detailed understanding of the loan originator, underlying collateral and structure is required. However, the manager was still able to describe how ESG analysis formed part of each stage of the investment research process, including "green certification" for certain bonds, how the underlying company issuing the bond treats its workforce and customers, and governance structures and controls that have been establshed. The managers also discussed the metrics used to identify and manage ESG risks (such as carbon emissions, board diversity, and investee company labour practices). Opportunities were also reviewed, including the use of "green bonds", which the Scheme's investment managers have the freedom to invest in within our mandates.

Activity	Date	Details
		The ISC articulated to the investment managers its objectives as regards stewardship priorities and engagement as part of these meetings. *DC Section* The DCSC deliberately focused its governance activity during the year on strategy work and monitoring the administrator, where service levels had declined. As there were no investment manager performance issues or ESG related concerns with the Scheme's mandates that were not already being addressed, manager meetings were deferred to the next Scheme year.
Climate targets	8 November (ISC), 15 November 2022 (DCSC), 6 December 2022 (Trustee Board)	The ISC, DCSC, and Trustee Board considered setting a climate-related target at a series of meetings during the year. At the November ISC and DCSC meetings, and at the December Board meeting, having taken professional investment advice on the suitability of different possible targets, the Trustee agreed to set a target of attaining "net zero" emissions for the Scheme's investments by no later than 2050. Further information is provided in the Scheme's Climate Change report. The rationale for this target is that the Trustee believes that limiting global average temperature increases this century to well below 2°C, as per the 2015 Paris Agreement, is aligned with good outcomes for the Scheme. A net zero target helps to do this, and the Trustee will work with its investment managers to develop and monitor a roadmap to net zero.
Member infographic	January 2023	The Trustee prepared an "infographic" communication for our members, which summarises the ESG and engagement activity conducted by the Trustee on members' behalf. The Trustee welcomes feedback from members and a number of channels are available for the Scheme's members to get in touch.
Taskforce on Climate Related Financial Disclosures (TCFD) preparation	Throughout the year	During the year the Trustee considered in detail the steps that would need to be taken in order for the Scheme to prepare for climate related financial disclosures. This included consideration of the four elements of TCFD – governance, strategy (including scenario analysis), risk management, and metrics & targets. A TCFD action plan has been prepared (within the Scheme's overall ESG project plan), with key activities, milestones, and deadlines defined. The Trustee will be publishing the Scheme's first Climate Change report in 2023 and looks forward to sharing this report with members.
ESG work-plan	At least quarterly throughout the year	During the year the Trustee maintained an ESG project plan, in order to ensure that all ESG related work was progressed appropriately.

Activity	Date	Details
		The project plan dashboard includes a “RAG” (red / amber / green) status tracker, details of activity completed since the last update, upcoming activity, and information on any emerging risks. The plan covers both the DB and DC Section of the Scheme. This assists the Trustee in its governance of ESG risks, and allows for the identification of potential opportunities.
ESG monitoring	Quarterly throughout the year	The Scheme’s investment performance reports for both the DB and DC Sections are reviewed by the Trustee (via the ISC and DCSC respectively) each quarter and include ratings (both general and specific to ESG) from the investment adviser. Any deterioration in ESG ratings would be considered as a prompt to review an investment mandate. No such deterioration was experienced during the year. The Trustee maintains a risk register which includes ESG risks. An annual detailed review of the risk register is completed (during the year, the annual review took place in November 2022), and the Board and Sub-Committees review the relevant risks at quarterly meetings. The Trustee has put in place an addendum to the risk register entirely focused on ESG and Climate Change, in order to ensure appropriate risk identification, monitoring, and management is in place.

Voting Activity during the Scheme year

The Trustee has delegated investment voting rights to the investment managers, and does not use the direct services of a proxy voter. Most voting activity will arise in respect of public equities. The Trustee has received information relating to funds that invest in public equities.

DB Section

Since the Scheme's investment strategy includes investment in only liability driven investments and fixed income, with no equity exposure, it is extremely rare for voting rights to be held in respect of these assets. As such there is no voting activity to report here.

DC Section

The Scheme makes available to members the following pooled funds. A number of these funds are blended into a single fund, but the investments are spread across a range of underlying funds, as shown. The funds highlighted in blue rows in the table hold equities.

Blended Funds (with more than one underlying fund) – strategic allocations as at 31 March 2023

Fund	Underlying Manager and Fund	Asset Allocation %
UUPS Higher Growth	LGIM Future World Global Equity Fund (GBP Hedged)	23.0
	LGIM Future World Global Equity Fund	23.0
	BlackRock Global Minimum Volatility Index	21.0
	BlackRock Emerging Markets Equity Index	3.0
	UUPS Diversified Growth	30.0
UUPS Medium Growth*	LGIM Future World Global Equity Fund (GBP Hedged)	16.0
	LGIM Future World Global Equity Fund	16.0
	BlackRock Global Minimum Volatility Index	16.0
	BlackRock Emerging Markets Equity Index	2.0
	UUPS Diversified Growth	50.0
UUPS Lower Growth	LGIM Future World Global Equity Fund (GBP Hedged)	10.0
	LGIM Future World Global Equity Fund	10.0
	BlackRock Global Minimum Volatility Index	9.0
	BlackRock Emerging Markets Equity Index	1.0
	UUPS Diversified Growth	30.0
	BlackRock Corporate Bond All-Stocks Index	20.0
	BlackRock Up To 5 Year Index-Linked Gilt Index	20.0
UUPS Diversified Growth	LGIM Diversified	33.3
	BlackRock ESG Strategic Growth Fund**	33.4
	Schroders Sustainable Future Multi-Asset***	33.3

* Fund used in default strategy.
** This fund replaced Abrdn Global Absolute Return Strategies during the year.
*** This fund was formerly known as the Schroders Dynamic Multi Asset Fund, and has been relabeled throughout.

Fund	Underlying Manager and Fund	Asset Allocation %
UUPS Defensive	BlackRock Corporate Bond All-Stocks Index	37.5
	BlackRock Up To 5 Year Index-Linked Gilt Index	37.5
	BlackRock Cash	25.0
UUPS Blended Bond	BlackRock Corporate Bond All-Stocks Index	50.0
	BlackRock Up To 5 Year Index-Linked Gilt Index	50.0

Other Funds (including underlying investment manager / fund)

Again, the funds highlighted in blue rows in the table hold equities.

Asset Class	Fund	Manager
Global Equities	BlackRock (30/70) Currency Hedged Global Equity Index	BlackRock
	BlackRock (50/50) Global Equity Index	BlackRock
	UUPS Sustainable Global Equities	LGIM
	UUPS Shariah Global Equity	HSBC
Regional Equities	BlackRock UK Equity Index	BlackRock
	BlackRock US Equity Index	BlackRock
	BlackRock European Equity Index	BlackRock
	BlackRock Japanese Equity Index	BlackRock
	BlackRock Pacific Rim Equity Index	BlackRock
	BlackRock Emerging Markets Equity Index	BlackRock
	UUPS Ethical UK Equity	LGIM
	UUPS Global Emerging Market Equity	Schroders
Bonds and Cash	BlackRock Corporate Bond All Stocks Index*	BlackRock
	BlackRock Up to 5 years Index Linked Gilt Index*	BlackRock
	BlackRock Over 15 Year Gilt Index	BlackRock
	BlackRock Over 5 Year Index-Linked Gilt Index	BlackRock
	BlackRock Over 15 Years Corporate Bond Index	BlackRock
	UUPS Corporate Bond	M&G
	Pre-Retirement (available within lifestyle only)	LGIM
	DC Cash	BlackRock
Property	UUPS Property Fund	Threadneedle

*Fund used in default strategy.

Investment Manager Voting Disclosures (relevant only for DC Section)

As shown in the previous tables, the DC Section makes available to members funds managed by a number of investment managers. Funds that invested in equities (including as part of a multi-asset investment fund) during the Scheme year are managed by:

- Abrdn plc ("Abrdn"), formerly known as Aberdeen Standard and Standard Life
- BlackRock, Inc ("BlackRock")
- HSBC Global Asset Management ("HSBC")
- Legal & General Investment Management ("LGIM")
- M&G Investments ("M&G")
- Schroder Investment Management Limited ("Schroders")
- Columbia Threadneedle Investments ("Threadneedle")

The voting policies of the managers have been received and considered by the Trustee and the Trustee deems these policies to be consistent with its investment beliefs.

Overview of voting activity carried out on behalf of the Trustee

The Trustee has been provided with the voting disclosures relating to the funds listed in the previous table. These are summarised overleaf, taking the funds that invest in public equities from the tables on the previous pages and splitting the blended funds into their component parts, as voting is undertaken at the underlying fund level.

Voting information is sourced from the investment managers.

Underlying Manager / Funds	12 Months to 31 March 2023 unless otherwise stated					
	No. meetings eligible to vote	No. resolutions eligible to vote	% resolutions voted on where eligible	Of resolutions voted, % voted with management	Of resolutions voted, % voted against management	Of resolutions voted, % abstained
Funds used in blends (where not covered below)						
LGIM Future World Global Equity (hedged & unhedged)	5,067	54,368	99.9%	80.4%	18.6%	1.0%
BlackRock Global Minimum Volatility Index	339	4,881	97.4%	94.6%	5.4%	0.4%
LGIM Diversified	9,541	99,252	99.8%	77.4%	21.9%	0.7%
Abrdn Global Absolute Return Strategies*	22	283	82.0%	82.3%	17.7%	0.0%
Schroders Sustainable Future Multi-Asset	795	9,657	93.6%	89.6%	10.4%	0.0%
BlackRock ESG Strategic Growth*	67	842	96.9%	3.1%	1.5%	96.9%
Global Equity Funds						
BlackRock (30/70) Currency Hedged Global Equity Index	5,335	59,844	97.4%	91.7%	8.3%	2.0%
BlackRock (50/50) Global Equity Index	2,581	34,376	96.6%	94.0%	6.0%	0.5%
UUPS Sustainable Global Equities	See LGIM Future World Global Equity Fund above – this is the same fund.					
UUPS Shariah Global Equity	95	1,423	97.0%	80.4%	19.6%	0.0%
Regional Equity Funds						
BlackRock UK Equity Index	1,087	14,865	96.6%	94.9%	5.1%	0.1%
BlackRock US Equity Index	621	7,204	99.8%	96.6%	3.4%	0.0%
BlackRock European Equity Index	570	9547	77.9%	87.3%	12.7%	1.3%
BlackRock Japanese Equity Index	497	6059	100.0%	97.1%	2.9%	0.0%
BlackRock Pacific Rim Equity Index	667	4,982	100.0%	89.6%	10.4%	0.0%
BlackRock Emerging Markets Equity Index	3,830	32,753	97.3%	88.0%	12.0%	4.2%
UUPS Ethical UK Equity	266	4,613	100.0%	94.3%	5.7%	0.0%
UUPS Global Emerging Market Equity	161	1,911	99.2%	90.9%	9.1%	0.0%

**The BlackRock ESG Strategic Growth Fund replaced Abrdn Global Absolute Return Strategies (GARS) during Q1 2023; voting records for the BlackRock ESG Strategic Growth Fund cover the period 1.1.23 – 31.3.23; voting records for Abrdn GARS cover the full year due to lack of availability of part-year reporting.*
Note that for all BlackRock funds, values for % resolutions voted against/for/abstain may not total 100% due to reasons including lack of management recommendation, cases where an agenda has been split voted, multiple ballots for the same meeting (where BlackRock voted differing ways), etc.

Significant votes (relevant only for DC Section)

During the year, the Fund continued to invest in pooled funds, rather than investing in companies directly. As such, the investment managers exercise voting rights at the pooled fund level.

Given the large number of votes that are considered by investment managers at every Annual General Meeting, for every company in every fund / portfolio, along with the timescales over which voting takes place and the resource and expertise required, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has (with the support of its adviser) retrospectively reviewed the voting records of the relevant investment managers, in order to identify significant votes in the context of the Trustee's stewardship priorities, which are:

- Climate change
- Labour practices and standards
- Corporate governance.

As voting rights only apply to equity investments, these significant votes are provided only for the funds used by the Fund during the year that invested in equities.

Funds used in blends (where not covered elsewhere)

<table>
<tr><td>Fund</td><td colspan="5">LGIM Future World Global Equity (hedged & unhedged) and UUPS Sustainable Global Equities (this is the same fund)</td></tr>
<tr><td>Company</td><td colspan="5">NVIDIA Corporation</td></tr>
<tr><td>Item</td><td colspan="5">Election of a named male Director</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to corporate governance, which is one of the Trustee's stewardship priorities.
Specifically, this vote related to board diversity, a topic which is important to the Trustee.</td></tr>
<tr><td>Rationale</td><td colspan="5">Nvidia is a technology company focused on artificial intelligence computing.
A vote against the election of a director was applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% by 2023.
LGIM has therefore been targeting large companies by voting against directors of boards that fail to meet these standards.
Further, the vote was deemed appropriate as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</td></tr>
<tr><td>Date of Vote</td><td>2 June 2022</td><td>Voting Decision</td><td>Against management</td><td>Outcome</td><td>Pass (for management)</td></tr>
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<table>
<tr><td>Fund</td><td colspan="5">BlackRock Global Minimum Volatility Index</td></tr>
<tr><td>Company</td><td colspan="5">Amazon</td></tr>
<tr><td>Item</td><td colspan="5">Report on Efforts to Reduce Plastic Use (Shareholder proposal)</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to climate change and related environmental concerns, which is one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">This shareholder proposal requested that Amazon‘s Board issue a report “describing how the company could reduce its plastics use in alignment with the 1/3 reduction findings of the Pew Report, or other authoritative sources, to reduce the majority of ocean pollution.”

For companies that produce or rely heavily on plastics, BlackRock supports disclosure of information on product design and lifecycle management, including waste. This may include the total amount of plastics used, how they are accelerating efforts around recycling and reuse of products to minimise waste, and efforts and investments around research and innovation to develop substitute materials for single-use plastics.

BlackRock consider plastics pollution to be a material risk for the company. While Amazon discloses efforts to increase the recycled content used in their packaging, and has set targets in this regard, BlackRock highlights that Amazon does not explicitly disclose the total amount of plastic used. As such, it is hard for stakeholders to determine how effectively the company is managing this risk and progress over time. As a result, BlackRock supported this proposal, as they consider it in the best economic interests of investors for Amazon to enhance their disclosure on this key risk.</td></tr>
<tr><td>Date of Vote</td><td>25 May 2022</td><td>Voting Decision</td><td>For the resolution (against management)</td><td>Outcome</td><td>The resolution failed though 48.9% voted in favour.</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">LGIM Diversified</td></tr>
<tr><td>Company</td><td colspan="5">Meituan</td></tr>
<tr><td>Item</td><td colspan="5">Election of named directors</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to corporate governance, in particular board quality and diversity, which is one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">Meituan is a Chinese shopping platform for consumer products and retail services including entertainment, dining, delivery, and travel.
LGIM voted against the election certain directors, as LGIM expects a company to have at least one female on the board, which was not the case here.
Furthermore, the roles of the Chair and CEO were held by the same individual within this company. LGIM believes these roles should be separated, as they are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on a board. A vote against the election of the directors was therefore deemed appropriate, given that their failure to ensure the company's compliance with relevant rules and regulations raised concerns on their ability to fulfil fiduciary duties.</td></tr>
<tr><td>Date of Vote</td><td>18 May 2022</td><td>Voting Decision</td><td>Against management</td><td>Outcome</td><td>Passed</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">Abrdn Global Absolute Return Strategies (GARS)</td></tr>
<tr><td>Company</td><td colspan="5">The Kroger Company</td></tr>
<tr><td>Item</td><td colspan="5">Report on climate change (specifically a request for a report on efforts to eliminate hydrofluorocarbons in refrigeration and reduce greenhouse gas emissions)</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to climate change, which is one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">The Kroger Company is an American retailer that operates supermarkets and multi-department stores throughout the United States.

Given the significance of hydrofluorocarbons to this company’s emissions, and the costs associated with moving to gases with lower global warming potential, Abrdn supported the request for the company to provide clearer disclosures and plans for emissions reduction in this regard.

Abrdn therefore voted for the shareholder proposal (against management).</td></tr>
<tr><td>Date of Vote</td><td>23 June 2022</td><td>Voting Decision</td><td>For the resolution</td><td>Outcome</td><td>Resolution failed</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">Schroders Sustainable Future Multi-Asset</td></tr>
<tr><td>Company</td><td colspan="5">Rio Tinto</td></tr>
<tr><td>Item</td><td colspan="5">Approve the company’s Climate Action Plan</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to climate change, which is one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">Rio Tinto is a global mining group that focuses on finding, mining and processing the Earth's mineral resources. In this vote, the company was seeking approval of its Climate Action Plan.

Schroders voted against management’s proposal in this instance, owing to concerns around whether Rio Tinto is engaging sufficiently with both its customers and other stakeholders (such as suppliers) on its “Scope 3” greenhouse gas emissions (broadly speaking, Scope 3 emissions are indirect emissions that occur in the value chain of a company, including both upstream and downstream activities).</td></tr>
<tr><td>Date of Vote</td><td>8 April 2022</td><td>Voting Decision</td><td>Against management</td><td>Outcome</td><td>Passed</td></tr>
</table>

Fund	BlackRock ESG Strategic Growth
Company	Siemens AG
Items	Approval of virtual-only shareholder meetings until 2025, and amending the Articles regarding participation of Supervisory Board members in the AGM via audio and video
Criteria for assessing as significant	Related to corporate governance, which is one of the Trustee's stewardship priorities
Rationale	In July 2022, the German Government passed a law that permits virtual-only annual general meetings (AGMs) of shareholders. BlackRock were aware of concerns that virtual AGMs could impede dialogue between management and shareholders. However, following analysis of the proposals and engagement with Siemens, BlackRock believed that Siemens had proposed an appropriate approach that is unlikely to undermine shareholder rights. Specifically, the company has ensured that they would transmit the meeting by video and audio, would make the report of the Board of Directors available no later than one week prior to the meeting, and would exercise shareholders' voting rights by electronic communication as well as by proxy paper ballot. Siemens also stated that shareholders would be able to make statements, submit questions and proposals, and enter objections at the meeting. While the regulation permits the authority to last up to 5 years, Siemens will seek a renewal to hold virtual-only meetings in 2 years. BlackRock saw this as a pragmatic approach to allow investors to get used to a new format. Siemens identified several benefits to virtual AGMs, such as cost / resource efficiency, and the avoidance of carbon emissions relating to travel. For these reasons, BlackRock believed it was in the best financial interests of our clients to support the management proposals.
Date of Vote	9 February 2023 | Voting Decision | For | Outcome | The resolution passed

Global Equity Funds

Fund	BlackRock (30/70) Currency Hedged Global Equity Index
Company	Barclays
Item	Approval of Barclays' Climate Strategy, Targets and Progress 2022
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee's stewardship priorities.
Rationale	Barclays proposed a non-binding vote on its Climate Strategy, Targets and Progress 2022. This came after the bank received climate-related shareholder proposals in 2020 and 2021, which challenged Barclays to set, disclose and implement a climate strategy, with improved targets, asking Barclays to phase out providing financial services to fossil fuel projects and companies in a time-frame consistent with the Paris Agreement. BlackRock believes that Barclays has made progress in developing its "net zero" roadmap in recent years. They note that the bank has added medium-term targets to 2030 for financed emissions, and has broadened its targets to include financed emissions from steel and cement, as well as power and energy. Barclays also changed its coal policy, committing to phase out financing for thermal coal mining and power. Therefore, BlackRock supported the proposal in recognition of the company's disclosed climate strategy as they consider that it includes meaningful targets, and that Barclays has delivered on its prior commitments. BlackRock do though believe there are areas where Barclays' approach could be enhanced, and will continue to engage with Barclays.
Date of Vote	4 May 2022 | Voting Decision | For | Outcome | Passed

Fund	BlackRock (50/50) Global Equity Index				
Company	J Sainsbury				
Item	Shareholder Resolution on Living Wage Accreditation				
Criteria for assessing as significant	Relates to labour practices and standards, one of the Trustee's stewardship priorities.				
Rationale	This was a proposal from a group of shareholders asking Sainsbury's to become an accredited living wage employer. BlackRock notes that it supports companies paying their workers a wage equal to or above current real living wage rates, and engages with boards and management on this topic. However, BlackRock did not support the proposal because in its view, worker pay policies should be determined by company management, with reference to relevant regulations and board oversight, rather than by ceding control of its payroll (a significant portion of its fixed cost base) to an external third-party. Further, BlackRock's view was that the company's existing policies, employee benefits, and disclosures substantively address the issues raised in the proposal. For example, Sainsbury's has paid direct employees above the government-mandated UK National Minimum Wage for many years, and currently pays at or above the prevailing "real Living Wage." In this respect, they are viewed as a leader in the UK supermarket sector, paying higher hourly rates than peers. Sainsbury's also disclosed that due to its engagement with the shareholders who submitted the proposal, they have addressed a legacy pay differential between workers in inner and outer London. Outer London employees have now been moved to the higher inner London rate.				
Date of Vote	7 July 2022	Voting Decision	Against shareholder resolution	Outcome	The resolution failed

Fund	UUPS Sustainable Global Equities – see LGIM Future World Global Equity Fund vote information earlier in this statement (the two funds are the same).

Fund	UUPS Sharia Global Equity (managed by HSBC)				
Company	The Home Depot, Inc				
Item	Election of a named male director				
Criteria for assessing as significant	Relates to corporate governance (specifically, diversity, equity, and inclusion), which is one of the Trustee's stewardship priorities.				
Rationale	HSBC voted against the election of this Director as the board's gender diversity falls below their expectation for a large US company (40%). Whilst Home Depot's Nominating and Corporate Governance Committee has a policy to consider a diverse slate of candidates for each position that becomes available on the Board, at the time of the vote only 33% of the Board were female, which HSBC consider below expectations for a company of this size and nature.				
Date of Vote	19 May 2022	Voting Decision	Against management	Outcome	Pass

Regional Equity Funds

Fund	BlackRock UK Equity Index				
Company	TotalEnergies SE				
Item	Approve Company's Sustainability and Climate Transition Plan				
Criteria for assessing as significant	The vote related to climate change, one of the Trustee's stewardship priorities.				
Rationale	TotalEnergies SE ("Total") is a global energy company that is headquartered in France but has an equity market listing in the UK. BlackRock has engaged regularly with Total over the last few years on a range of governance and sustainability matters. More recently, BlackRock's discussions with Total have focused on how the company is addressing the material climate risks and opportunities in their business model. At the 2022 AGM, Total proposed an advisory vote on the progress on its Sustainability and Climate Transition Plan. BlackRock notes that Total's climate-related disclosures are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Since the plan was first proposed in 2021, Total has added a new target relating to methane emissions, and have also broadened some of their targets from a primary focus on Europe to now include emissions globally. They have also provided more details about their 2050 vision, including an ambition to have renewable electricity account for 50% of total production, among other commitments. Finally, BlackRock notes that Total has scaled up climate transition resilient investments, including in liquified natural gas and in opportunities in renewable energy. BlackRock therefore voted for the proposal.				
Date of Vote	25 May 2022	Voting Decision	For	Outcome	Passed

Fund	BlackRock US Equity Index				
Company	Meta (parent company of Facebook)				
Items	Shareholder proposal on Human Rights Impact Assessment				
Criteria for assessing as significant	Relates to labour practices and standards, one of the Trustee's stewardship priorities.				
Rationale	This proposal asked Meta to "publish an independent third-party Human Rights Impact Assessment, examining the actual and potential human rights impacts of Facebook's targeted advertising policies and practices throughout its business operations." BlackRock notes that in apparent recognition of the company's responsibility to manage human rights impacts, Meta (Facebook's parent company) has joined the UN Global Compact and adopted a human rights policy which, among other elements, commits to human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights. Meta publishes third-party human rights assessments on specific business segments via an independent Human Rights Impact Assessment, but has not publicly communicated plans to publish a comprehensive third-party human rights assessment for Facebook across their advertising platform. In BlackRock's view, a third-party assessment would help stakeholders to understand how Facebook's advertising may create business risks, and would provide a holistic view as to how it is addressing and/or plans to address human rights in the business model.				
Date of Vote	25 May 2022	Voting Decision	For the resolution	Outcome	Failed

Fund	BlackRock European Equity Index
Company	Uniper
Item	Approve Capital Increase without Pre-emptive Rights, and Approve Creation of a Pool of Authorized Capital 2022 without Preemptive Rights
Criteria for assessing as significant	Relates to corporate governance (specifically shareholder rights), one of the Trustee's stewardship priorities. The votes were also on a high profile transaction, with a significant impact on the future viability of the business and hence financial outcomes.
Rationale	Uniper is a German utilities company. Previously, it was controlled by Fortum Oyj, a Finnish utility company. In September 2022, Fortum Oyj announced the intention to divest Uniper to the German state, and the sale was completed as of 19 December 2022. At the time, Uniper held an Extraordinary General Meeting to vote on two items. The first was to approve a capital increase without preemptive rights via a private placement of shares, which would be subscribed to solely by the German government or a private legal entity whose shares were held by the government. The second item was to approve the creation of a pool of authorised capital via the issuance of shares over 5 years. The two proposed items came after the company suffered significant losses during 2022 linked to the Ukraine conflict. To prevent the company from becoming insolvent, the German government agreed to bail out Uniper by acquiring a significant stake. BlackRock supported the votes given its view that the steps proposed were necessary to stabilise and support the continuity of the business. Despite the dilution to existing shareholders, BlackRock believed that it was in the best long-term financial interests of clients to prevent the value destruction that would have resulted from insolvency.
Date of Vote	19 December 2022 · Voting Decision: For · Outcome: Passed

Fund	BlackRock Japanese Equity Index
Company	Canon
Item	Election of Board Chair and CEO
Criteria for assessing as significant	Relates to corporate governance (specifically board diversity and effectiveness), one of the Trustee's stewardship priorities.
Rationale	Canon is a Japanese industrial conglomerate engaged in the production of printers, cameras, medical imaging systems, and other electronics. Since 2021, BlackRock has looked to Japanese companies to have at least one female director. From 2023, BlackRock looks for larger Japanese companies to have at least two female directors, to achieve more meaningful diversity of thought on the board. On the agenda of Canon's AGM was a proposal for the election of the company's five-member board of directors, all male. In BlackRock's experience, boards comprised of directors who bring a diversity of perspectives minimise the risk of "group think" and contribute to more robust discussions, more innovative decisions, and better long term economic outcomes. BlackRock also believes it is beneficial for new directors to be brought onto the board periodically to refresh the thinking, in a way that supports both continuity and long-term leadership. BlackRock did not support the election of the Board Chair and CEO (who also serves as Chair of the nomination Committee), due to concerns about the lack of diversity on Canon's board, for which he is responsible as Chair.
Date of Vote	30 March 2023 · Voting Decision: Against management · Outcome: The Chair's election received only 50.6% support vs. an average of 83.8% for the other directors.

Fund	BlackRock Pacific Rim Equity Index				
Company	Woodside Petroleum Ltd (“Woodside”)				
Item	Approval of climate report				
Criteria for assessing as significant	The vote related to climate change, one of the Trustee’s stewardship priorities.				
Rationale	The Trustee reported on Woodside as a significant vote for this fund in this statement last year. At that time, BlackRock voted *against* management on matters relating to climate change. At the 2022 AGM, the company introduced a resolution seeking shareholder approval for the adoption of its Climate Report. BlackRock note that the company’s report is now aligned with global good practice frameworks and “describes the Company's strategy including progress against emissions reduction targets, financial resilience testing of Woodside's portfolio using scenarios, targets and metrics, risk management and governance.” BlackRock highlights that the report outlines the company’s plans to meet short- and medium-term targets to reduce greenhouse gas emissions, in support of the company’s aspiration of becoming net zero by 2050 or sooner. The company plans to invest in new energy products and lower-carbon services, supporting its customers and suppliers to reduce their net emissions; and promoting global measurement and reporting. BlackRock is encouraged by the company’s progress in disclosing the actions taken to date, and their overall strategy to respond to climate change and the energy transition. As a result, they supported the approval of the company’s climate report.				
Date of Vote	19 May 2022	Voting Decision	For	Outcome	Pass

Fund	BlackRock Emerging Markets Equity Index				
Company	Grupo México				
Items	Annual election of board members (all directors bundled as a single item)				
Criteria for assessing as significant	Relates to climate change, which is one of the Trustee’s stewardship priorities. The vote also highlighted corporate governance concerns, which are important to the Trustee.				
Rationale	Grupo México is a Mexican mining, infrastructure, and transport conglomerate. BlackRock considered it to be in the best interests of long-term investors to vote against the election of the Directors of the company. The reason for this was that Grupo Mexico had not updated its sustainability reporting, and in particular, their climate-related disclosures, since 2020. In addition, the company had not addressed shareholder concerns regarding the quality and effectiveness of their Board of Directors. Following Grupo México’s 2020 AGM, BlackRock engaged with the company to share perspectives on board quality-related issues, and urged the company to hold director elections individually, rather than “bundled” under a single ballot item, as this allows BlackRock to better identify individual directors responsible for specific risk oversight. BlackRock had also frequently provided constructive feedback on how the company could improve their climate disclosures. While BlackRock have been encouraged by some improvements, finding the relevant climate related information was deemed to be “scattered and hard to navigate”. As a consequence, and to signal dissatisfaction with both climate disclosures and board governance and engagement, BlackRock voted against the election of the Board.				
Date of Vote	28 April 2022	Voting Decision	Against	Outcome	Passed

<table>
<tr><td>Fund</td><td colspan="5">UUPS Ethical UK Equity (managed by LGIM)</td></tr>
<tr><td>Company</td><td colspan="5">Shell</td></tr>
<tr><td>Item</td><td colspan="5">Approve the Shell Energy Transition Progress Update</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to climate change, which is one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">LGIM voted against the approval of Shell’s Energy Transition Progress Update, though not without reservations.

LGIM acknowledge the substantial progress made by the company in strengthening its operational greenhouse gas emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway.

However, LGIM remains concerned about the disclosed plans for oil and gas production, and believe stakeholders would benefit from further disclosure of targets associated with the upstream and downstream businesses.</td></tr>
<tr><td>Date of Vote</td><td>24 May 2022</td><td>Voting Decision</td><td>Against</td><td>Outcome</td><td>Passed</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">UUPS Global Emerging Market Equity (managed by Schroders)</td></tr>
<tr><td>Company</td><td colspan="5">Petroleo Brasileiro SA</td></tr>
<tr><td>Item</td><td colspan="5">Election of Board Chairman</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to corporate governance, one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">Petroleo Brasileiro SA is a Brazilian multinational corporation in the petroleum industry headquartered in Rio de Janeiro.

A vote against the election of the Board Chairman was considered appropriate as the individual, Luiz Rodolfo Landim Machado, was indicted in 2021 in relation to allegations of fraudulent management in a case that caused losses to the pension fund of Petrobras' employees. Clearly, this raised a number of corporate governance concerns.

Added to this, Schroders were also concerned that the company is not sufficiently managing its climate change risks.</td></tr>
<tr><td>Date of Vote</td><td>13 April 2022</td><td>Voting Decision</td><td>Against management</td><td>Outcome</td><td>Pass (in favour of management)</td></tr>
</table>