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 2024. 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 dated December 2023, which was agreed at the Trustee Board meeting held on 5 December 2023. A copy of the SIP is enclosed and is also available at https://www.unitedutilities.com/corporate/careers/pensions/information-library/.

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

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 taken by the Trustee after receiving proposals from the ISC.

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

Across both DB and DC matters, the Trustee has put in place an environmental, social and governance (ESG) Sub-Group to assist the Trustee Board and its Sub-Committees in relation to ESG matters. This sub-group makes recommendations to the Trustee and its Sub-Committees, and oversees work relating to ESG considerations.

SIP Review

The SIP was reviewed during the year and updated to reflect changes to the investment strategy. The revisions to the SIP related to the following changes:

- The purchase of a bulk annuity insurance policy covering a proportion of the liabilities of the DB Section. 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.
- A revised investment strategy for the residual assets of the DB Section that are not invested in the bulk annuity policy.
- Consolidation of investment manager mandates in respect of the DB Section, in recognition of the smaller size of the residual assets not invested in the bulk annuity policy.
- A new policy on illiquid assets in respect of the default investment strategy of the DC Section.
- Updated wording in relation to ESG considerations, as these issues are material factors in how the Trustee seeks to set and implement the investment strategy, and in our risk management practices.

Assessment of how the SIP policies have been followed for the year to 31 March 2024

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 2024.**

Requirement	Policy/section of SIP	In the year to 31 March 2024
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). During the year, written advice was received regarding the purchase of the bulk annuity policy (as detailed in the introduction) and the residual asset investment strategy to be adopted for the DB Section. There were no new investments selected for the DC Section during the year. The investment consultant also attended all meetings of the ISC and DCSC during the year and provided updates on the investments and the continued suitability of the mandates and funds used.
Kinds of investments to be held and the balance between different kinds of investments.	Sections 5 and 6 of the SIP document the asset classes and specific funds used within the Scheme, and the proportions used (where relevant).	*DB Section* In July 2023, a bulk annuity contract with Legal & General Assurance Society Limited (L&G) was purchased, covering the majority of the Scheme's liabilities. A comprehensive review of the investment strategy for the residual portfolio of assets was carried out during the year, and a revised strategy was put in place as outlined in the SIP. While the types of investment did not change (the residual assets include liability matching investments, corporate bonds, and senior private debt), the balance between these investments was altered in order to reflect the Scheme's liabilities and objectives. *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. The next triennial review of the DC investment strategy is scheduled to take place in 2025.
Risk and return, including the ways in which risks are to be measured and managed, and the expected return on investments.	Section 4 (risk), Section 5 (relating to expected / target returns with reference to benchmarks and, where relevant, targets), and 6.2 (DC Section default expected returns relative to inflation).	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 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 and ESG 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, and the extent to which ESG factors are integrated effectively in the investment manager's strategy. A key risk noted in the SIP is the risk that ESG issues, including climate change, could have an impact on the Scheme's assets. To help to assess this risk and develop mitigation strategies, the Trustee completed an extensive review of climate-related risks during the year and reported the outcomes in our first Climate Change report under the Taskforce on Climate Related Financial Disclosures

Requirement	Policy/section of SIP	In the year to 31 March 2024
		framework. This included considering scenario analysis for future climate change outcomes and their potential impact on the Scheme. *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 risks documented in the SIP, including funding level volatility and downside risk, expected versus required investment returns, interest rate and inflation risk, liquidity risk, ESG risks (assessed by monitoring manager engagement activity) and compliance with guidelines. The ISC also met with the remaining investment managers to the DB Section. In preparation for these meetings, the investment consultant produced a briefing paper which detailed performance, and any risk areas to discuss with the manager. The papers were considered by the ISC prior to each meeting in order to review the managers against the objectives and relevant policies. Following a period of market volatility in 2022, the Trustee put in place enhanced monitoring of key risks relating to collateral and liquidity. Elements of this monitoring have remained in place, including weekly reporting of collateral levels and “yield headroom” (a measure of the robustness of the strategy to interest rate and inflation changes). In relation to the bulk annuity policy, the Trustee added a new risk to the SIP relating to the risk that the bulk annuity insurance provider could default on their obligations. To mitigate this risk, before entering into the contract with the insurer, the Trustee obtained and considered professional advice regarding the financial strength of the insurer and concluded that the risk was acceptably low. This is monitored by meeting the insurer annually, and through reports from the Trustee’s advisers on any developments. *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. The reports include information on performance relative to the respective benchmarks set by the Trustee, to assist with measuring the risk stated in the SIP “that the investment vehicles in which monies are invested under-perform the expectation of the Trustee”. The performance of the default investment strategy is also monitored relative to measures of inflation, to assist with measuring the inflation risk stated in the SIP. The DCSC has put in place a schedule of meetings with the investment managers to the DC Section, to manage risks associated with fund performance. These meetings are held outside of the main DCSC meetings in order to ensure there is time and focus given to these discussions. The Trustee is satisfied that the SIP policies have been followed during the period.

Requirement	Policy/section of SIP	In the year to 31 March 2024
Realisation of investments	Both Sections: References throughout including 5.6, 6.5, and 9.4. DC Section: Paragraphs 6.7-6.11 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* 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 month 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. No issues were experienced during the year relating to the realisation of investments.
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 4.1.1 and Section 9 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, which are detailed later in this Statement in the section headed "Engagement Policy Statement". 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 and targets, including a commitment to attain a "net zero" emissions target by 2050 for listed equity and credit assets. Metrics are prepared annually and disclosed in our Climate Change report, available at https://www.unitedutilities.com/corporate/careers/pensions/information-library/.
Exercise of rights (including voting rights) attaching to investments and undertaking engagement activities.	Paragraphs 9.4 to 9.7.	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*

Requirement	Policy/section of SIP	In the year to 31 March 2024
		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. The Trustee has also arranged for reporting on engagements to be included in the quarterly investment dashboards prepared by the investment consultant. *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 10.	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 10.	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 10.	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* In relation to the remuneration of asset managers and the total costs of investment, these issues were considered when the Trustee sought to simplify the investment strategy for the residual asset portfolio during the year. Additionally, an investment manager fee review report is produced by the investment consultant no less frequently than triennially (last completed in August 2022), which allows the ISC to assess remuneration to the managers for each of the Scheme's mandates. The reviews include benchmarking fees against a universe of comparable managers and mandates. *DC Section*

Requirement	Policy/section of SIP	In the year to 31 March 2024
		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 6 September 2023.
How the Trustees monitor portfolio turnover costs incurred, and how they define and monitor targeted portfolio turnover or turnover range.	Section 10.	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 10.	No changes to policy during the year, which has been followed as outlined in the SIP. In line with the policies relating to reviewing the investment manager mandates, during the year, one manager appointment in respect of the DB Section was removed, for strategic and risk management reasons. Specifically, following the purchase of a bulk annuity policy, the residual asset portfolio is substantially smaller in size and hence where previously two investment managers were appointed for certain mandates (notably corporate bonds), these arrangements were consolidated.

Engagement policy statement

Section 9 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.

Activity	Date	Details
Taskforce on Climate Related Financial Disclosures (TCFD) reporting	Q2 and Q3 2023	The Trustee prepared the Scheme's first Climate Change report under the TCFD framework during the year. This included reviewing and documenting the following: - Trustee governance of climate related issues - The Scheme's strategy around managing climate related risks and opportunities, including consideration of scenario analysis - Climate-related risk management practices - Metrics and targets, including absolute greenhouse gas emissions, carbon footprint, portfolio temperature alignment, and data quality. Further information can be found in the Scheme's annual TCFD report, available at https://www.unitedutilities.com/corporate/careers/pensions/information-library/
Insurer selection (DB Section)	Series of meetings during Q2 2023	ESG factors, with a particular focus on climate change, formed a substantive part of the insurer selection process when the Trustee sought to purchase a bulk annuity policy to secure a portion of the Scheme's liabilities. The insurer's management of climate change risks formed a key element of the decision-making criteria, and the Trustee commissioned professional advice on how each potential insurer's climate change policies aligned with those of the Scheme.
Investment mandate selection (DB Section)	September 2023 (implemented November 2023)	Following the purchase of a bulk annuity policy in July 2023, the Scheme's residual asset portfolio reduced in size, meaning that two corporate bond managers were no longer required. Therefore, the Trustee was required to identify the most appropriate ongoing manager, and to review the terms of their appointment. In doing so, the Trustee used ESG factors as a part of the decision making process, and selected a mandate that explicitly excludes certain investments, and implements climate related guidelines and targets within the investment process and portfolio construction.
Training Day	19 September 2023	The Trustee sets aside a full day annually for training. At the 2023 training day the Trustee Directors completed training on climate change, which included a focus on TCFD reporting, how climate risks (and opportunities) may impact the Scheme, and the role of stewardship. The Trustee Directors also received training on diversity, equity, and inclusion, which is another material ESG related theme.

Activity	Date	Details
Stewardship related	Q3 2022	During the third quarter of 2023, the ISC, DCSC, and Trustee Board reviewed the annual Implementation Statement covering the period to 31 March 2023 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.
DB Section Investment Manager meetings	9 May 2023 and 25 January 2024	The ISC met the 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 derivatives, the investment manager outlined its approach to ESG risk management for gilts, and for counterparty banks in respect of derivatives. For example, this included its proprietary "Prime ratings" which integrate the manager's views on how trading counterparties score for various ESG issues, and details of engagement work with the Government's Debt Management Office on the framework for issuing green gilts. • In respect of **Buy & Maintain corporate bonds**, the manager discussed how they integrate ESG risk and opportunity management within their 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. The manager also set out their thematic priorities for corporate bond issuer engagement, which are climate change, water management, and diversity and inclusion. These themes align well with the Trustee's own priorities. • For the **Senior Private Debt mandate**, the manager has been open about the challenges in accessing good quality data in this market, where a detailed understanding of the underlying investment manager, borrowers, and loan structures is required. However, the manager discussed the allocations to infrastructure debt, which includes projects in the renewable energy sector that play a role in the climate transition. The managers also discussed the metrics used to identify and manage ESG risks, where available (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 managers have the freedom to invest in within our mandates. The ISC articulated to the investment managers its objectives as regards stewardship priorities and engagement as part of these meetings.
DC Section Investment Manager meetings	6 September 2023 and 28 March 2024	The DCSC met two of the managers used within the range of funds available to members with DC benefits. • **BlackRock** presented on their ESG Strategic Growth Fund, used in the Scheme's DC default investment strategy. This Fund has a specific sustainable investment focus. Discussions included details of compelling investment opportunities that the Fund invests in, such as companies involved in clean energy infrastructure and new technologies. The manager also outlined their approach to tilting the equity allocation in the Fund towards

Activity	Date	Details
		companies with green patents and / or targets approved by the Science Based Targets Initiative, and provided an update on work to align the portfolio to the UN Sustainable Development Goals. • LGIM presented on two funds used by the Scheme, the Diversified Fund and the Future World Global Equity Index Fund. Discussions had a significant focus on stewardship and the use of voting and engagement within the investment process. The manager outlined their six stewardship "super-themes" (nature, climate, people, governance, digitisation, and health), which align closely with the Trustee's own priorities. As for the meetings with the DB Section managers, the investment managers to the DC Section also discussed the metrics used to identify and manage ESG risks, where available (such as carbon emissions, board diversity, and investee company labour practices). The DCSC articulated to the investment managers its objectives as regards stewardship priorities and engagement as part of these meetings.
Member infographic	February 2024	The Trustee prepared an "infographic" communication for our members, which summarises the annual TCFD report, and the wider 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 members to get in touch.
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. This assists the Trustee in its governance of ESG risks, and allows for the identification of potential opportunities.
ESG and engagement monitoring	Quarterly throughout the year	The Scheme's investment performance reports are reviewed by the Trustee each quarter. These include ratings (both general and specific to ESG) from the investment adviser, for each manager / mandate. Any deterioration in ESG ratings would be considered as a prompt to review an investment mandate. No such deterioration was experienced during the year, and the Trustee was pleased to note an upgrade to some ESG ratings. In 2024, the Trustee added further ESG monitoring to the quarterly reporting through the inclusion of significant engagements carried out by the Scheme's investment managers on the Trustee's behalf, aligned to the Trustee's three priority stewardship themes (climate change, labour practices and standards, and corporate governance). 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 2023), 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 2024

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.

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:

- 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 2024 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)	5,134	52,212	99.9%	80.3%	19.5%	0.3%
BlackRock Global Minimum Volatility Index	331	4,955	98.1%	95.8%	3.9%	0.3%
LGIM Diversified	8,997	93,090	99.8%	76.6%	23.1%	0.3%
Schroders Sustainable Future Multi-Asset	791	10,086	94.4%	88.4%	10.9%	0.7%
BlackRock ESG Strategic Growth	1,072	14,192	95.3%	94.6%	4.4%	1.1%
Global Equity Funds						
BlackRock (30/70) Currency Hedged Global Equity Index	5,504	59,838	96.7%	90.6%	8.0%	1.4%
BlackRock (50/50) Global Equity Index	2,713	36,348	97.9%	94.3%	5.0%	0.6%
UUPS Sustainable Global Equities	See LGIM Future World Global Equity Fund above – this is the same fund.					
UUPS Shariah Global Equity	104	1,702	96.0%	76.7%	23.2%	0.1%
Regional Equity Funds						
BlackRock UK Equity Index	1,056	14,873	96.4%	95.3%	3.6%	1.1%
BlackRock US Equity Index	603	8,069	99.5%	97.6%	2.4%	0.0%
BlackRock European Equity Index	565	9,659	81.8%	86.9%	11.8%	1.3%
BlackRock Japanese Equity Index	511	6,075	100.0%	96.3%	3.7%	0.0%
BlackRock Pacific Rim Equity Index	634	4,666	100.0%	89.8%	10.2%	0.0%
BlackRock Emerging Markets Equity Index	2,348	22,320	98.8%	86.7%	12.7%	0.6%
UUPS Ethical UK Equity	251	4,532	99.5%	94.9%	5.1%	0.1%
UUPS Global Emerging Market Equity	180	2,102	90.2%	89.3%	8.4%	2.3%

Totals may not sum due to rounding.

Significant votes (relevant only for DC Section)

During the year, the Scheme 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, 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, including board diversity, shareholder rights, and executive remuneration.

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)

Fund	LGIM Future World Global Equity (hedged & unhedged) and UUPS Sustainable Global Equities (this is the same fund)				
Company	NVIDIA Corporation				
Item	Approval of a male director				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	LGIM views gender diversity as a financially material corporate governance issue. A vote against management on the election of a certain director of the Board was applied, because LGIM expects a company to have at least one-third women on the board, which was not the case here. Additionally, it was noted that the average board tenure was relatively long-standing, and as such the vote against the election of this director was also deemed appropriate as LGIM expects a board to be regularly refreshed in order to maintain a suitable mix of independence, relevant skills, experience, tenure, and background.				
Date of Vote	22 June 2023	Voting Decision	Against	Outcome	Passed

<table>
<tr><td>Fund</td><td colspan="5">BlackRock Global Minimum Volatility Index</td></tr>
<tr><td>Company</td><td colspan="5">ExxonMobil</td></tr>
<tr><td>Item</td><td colspan="5">Report on Social Impact from Plant Closure or Energy Transition (shareholder proposal)</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to both climate change and labour practices and standards, which are two of the Trustee’s three stewardship priorities</td></tr>
<tr><td>Rationale</td><td colspan="5">This shareholder proposal requested that the board issue a report on “the social impact on workers and communities from closure or energy transition of the Company’s facilities, and alternatives that can be developed to help mitigate the social impact of such closures or energy transitions.”

BlackRock notes that when they engage with companies on the transition to a lower carbon world, conversations often include questions around how they plan to support workers. BlackRock therefore engaged with Exxon’s board and management team to understand how it is managing high-profile concerns around human capital and employee retention, to ensure Exxon remains able to attract and retain the people needed for the future. BlackRock found the board to be highly engaged on this topic.

Exxon already discloses how they approach training, development, and workforce continuity, in light of a transition to a low carbon economy. In a 2023 statement on “supporting a just transition,” Exxon noted that to achieve sustained emissions reductions, a balanced approach will be needed, taking into account stakeholders including employees, customers and communities. Exxon’s objectives related to supporting a just transition include a focus on providing professional growth opportunities for employees and engaging with employees and communities. In BlackRock’s view, Exxon’s disclosures already provide enough information for investors to make informed decisions. They therefore decided not to support the shareholder proposal.</td></tr>
<tr><td>Date of Vote</td><td>31 May 2023</td><td>Voting Decision</td><td>Against</td><td>Outcome</td><td>The shareholder proposal failed</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">LGIM Diversified</td></tr>
<tr><td>Company</td><td colspan="5">Shell</td></tr>
<tr><td>Item</td><td colspan="5">Approval of the Shell Energy Transition Progress</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 management on its proposed Energy Transition Progress, “though not without reservations”.

LGIM acknowledge the substantial progress made by this company in meeting its previously communicated 2021 climate commitments and welcome Shell’s leadership in pursuing low carbon products within its business. However, LGIM remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with a 1.5°C climate warming trajectory. LGIM expect transition plans put forward by companies to be both ambitious and credible.

LGIM continues to undertake extensive engagement with Shell on its climate transition plans. While the vote passed in favour of management, 20% of votes cast were against, an important signal to the company of investor views.</td></tr>
<tr><td>Date of Vote</td><td>23 May 2023</td><td>Voting Decision</td><td>Against management</td><td>Outcome</td><td>Passed</td></tr>
</table>

Fund	Schroders Sustainable Future Multi-Asset
Company	Adobe
Item	Report on Hiring of Persons with Arrest or Incarceration Records (shareholder proposal)
Criteria for assessing as significant	Relates to labour practices and standards, one of the Trustee's stewardship priorities.
Rationale	A shareholder request was tabled to require the Board of Directors to prepare and publish publicly a report (at reasonable cost, omitting proprietary information) analysing: • Whether Adobe's hiring practices related to people with arrest or incarceration records are aligned with the company's publicly stated diversity commitments. • Whether those practices may pose reputational or legal risk due to potential discrimination (including racial discrimination) claims. The entity filing the proposal noted that while Adobe has made statements on inclusion and discrimination, and reports having hired some employees with prior convictions, its disclosures lack transparency as to the extent to which current hiring practices are tapping into opportunities to expand the population of qualifying employees to formerly incarcerated people. Fair Chance employment, or "second chance hiring," would allow those with criminal records to be more equitably considered for job opportunities. Schroders voted for the proposal on the grounds that shareholders would benefit from more information on Adobe's hiring practices in this area.

Date of Vote	20 April 2023	Voting Decision	For proposal	Outcome	Failed

Fund	BlackRock ESG Strategic Growth
Company	BE Semiconductor Industries N.V
Items	Advisory vote on the prior year's (2022) Remuneration Report, and a vote on the Remuneration Policy 2024
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities
Rationale	BlackRock did not support the company's 2022 remuneration report owing to concerns about several structural issues, mainly related to the board's use of discretionary awards and metrics that, in BlackRock's view, were not sufficiently stretching. However, BlackRock recognise the company's enhanced responsiveness to shareholder Feedback and discloures over more recent periods, and hence voted in support of the 2024 remuneration policy. Among the improvements, BlackRock note that the company eliminated the ability of the remuneration committee to use discretion, introduced more stretching performance conditions, and limited the award potential to a percentage base salary to reduce the likelihood of excessive payouts. Furthermore, the company introduced share ownership guidelines for executives to reinforce their alignment with shareholders' interests and established a more robust peer company selection process.

Date of Vote	26 April 2023	Voting Decision	Against 2022 Remuneration Report For 2024 Remuneration Policy	Outcome	Both passed

Global Equity Funds

Fund	BlackRock (30/70) Currency Hedged Global Equity Index				
Company	Broadcom				
Item	Vote on executive officer compensation, and elections of Compensation Committee				
Criteria for assessing as significant	Relates to corporate governance, which is one of the Trustee's stewardship priorities.				
Rationale	BlackRock voted against management's "say-on-pay" proposal which sought approval of pay policies that BlackRock did not deem to be aligned with shareholder interests. The manager also voted against re-election of members of the Compensation Committee. BlackRock has engaged with this company on executive compensation over several years. In recent engagements, BlackRock raised concerns about the company's long-term incentive plan, the multi-year use of one-off awards, and the lack of a clawback policy (such a policy allows for reimbursement of executive compensation under certain conditions). On the constructive side, BlackRock recognise Broadcom's strong performance, and welcomed its plans to introduce a clawback policy "in the near term". The main remaining concern was a special equity award, because while BlackRock recognise that there may be instances when special awards are appropriate, they consider that these should be used sparingly. Their issues related to a disproportionate focus on short-term goals, and insufficient transparency over the conditions for awards.				
Date of Vote	3 April 2023	Voting Decision	Against	Outcome	Passed

Fund	BlackRock (50/50) Global Equity Index				
Company	Chevron Corporation				
Item	Proposal to Rescind Scope 3 Greenhouse Gas Emissions Reduction Proposal				
Criteria for assessing as significant	Relates to climate change, one of the Trustee's stewardship priorities.				
Rationale	A shareholder proposal was put forward at Chevron's AGM, asking the company to rescind a 2021 non-binding shareholder proposal asking Chevron to reduce its Scope 3 greenhouse gas emissions "in the medium- and long-term future". BlackRock notes that following the previous shareholder proposal in 2021, Chevron took action to include scope 3 greenhouse gas emissions in their metrics to help investors understand the company's efforts to mitigate risk. BlackRock see this as a responsible reaction to shareholder feedback. BlackRock find Chevron's approach to incorporating scope 3 emissions into their Portfolio Carbon Intensity targets to be a meaningful way for the company to reduce emissions in their value chain while maintaining the integrity of their core business. The shareholder proposal in 2023 asserted that the only response for an oil and gas company to reducing scope 3 emissions is by "substantially reducing consumer use of its products". In BlackRock's view, reducing sales of company products is not the only way to materially reduce emissions. On balance, BlackRock felt the proponent's request to rescind a nonbinding shareholder proposal from two years ago, which subsequently passed and upon which the company has already taken action, would not represent good governance practice and would not be in the best financial interests of clients.				
Date of Vote	31 May 2023	Voting Decision	Against resolutions	Outcome	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	Nike				
Item	Report on Median Gender / Racial Pay Gap (shareholder proposal)				
Criteria for assessing as significant	Relates to labour practices and standards, one of the Trustee's stewardship priorities.				
Rationale	HSBC voted against management on a proposal put forward by another shareholder, which requested that Nike should "report on median pay gaps across race and gender, including associated policy, reputational, competitive and operational risks, and risks related to recruiting and retaining diverse talent." The supporting statement for the proposal stated that pay inequities persist across race and gender and pose substantial risks. It added that managing pay equity is associated with improved representation, and that diversity is linked to improved performance. Nike reports only statistically adjusted gaps but ignores unadjusted pay gaps, which could help address structural bias women and minorities face regarding job opportunity and pay, particularly when men hold most higher-paying jobs. HSBC voted for the proposal as they believed it would help improve diversity and equality.				
Date of Vote	12 September 2023	Voting Decision	For	Outcome	Failed

Regional Equity Funds

Fund	BlackRock UK Equity Index				
Company	Glencore				
Item	Approval of Climate Change Report				
Criteria for assessing as significant	The vote related to climate change, one of the Trustee's stewardship priorities.				
Rationale	BlackRock was among a number of investors who rejected Glencore's climate progress report at its annual meeting. As a material shareholder, BlackRock's vote against management boosted dissident shareholders and helped the total votes in opposition to the company's climate plan to pass 30% for the first time. The manager notes that although Glencore has improved its public disclosures on climate-related risks and opportunities, concerns remain that aspects of the report, as well as recent developments, have pointed to inconsistencies in the company's stated strategy. Accordingly, they voted against management.				
Date of Vote	26 May 2023	Voting Decision	Against	Outcome	Passed though with material shareholder dissent

Fund	BlackRock US Equity Index				
Company	Dollar Tree				
Item	Advisory Vote on Executive Compensation of Named Executive Officers				
Criteria for assessing as significant	Relates to corporate governance, one of the Trustee's stewardship priorities.				
Rationale	Dollar Tree owns and operates over 16,000 discount stores in the US and Canada. In 2022, Dollar Tree entered into an agreement with activist investor Mantle Ridge, an investment firm which had acquired a 5.8% ownership stake in the company. Mantle Ridge had nominated 11 directors for election at the 2022 annual general meeting, including Richard Dreiling, a former chief executive of Dollar General. Subsequently, Dollar Tree appointed Dreiling as Executive Chairman, and entered into a 5-year agreement with Dreiling to induce him to "take an active operating leadership role" during his time as Executive Chairman. In January 2023, Dreiling assumed the additional role of CEO. In this vote, BlackRock did not support management's recommendation on executive compensation, due to concerns that Dreiling's compensation structure is excessive, not performance-based, and not aligned with long-term financial value creation for shareholders. Specific issues included the value of the total award in comparison with Dollar Tree's industry peers, and the lack of performance-based metrics.				
Date of Vote	13 June 2023	Voting Decision	Against	Outcome	Passed

Fund	BlackRock European Equity Index				
Company	BE Semiconductor Industries N.V. ("Besi")				
Item	Advisory vote on the Remuneration Report				
Criteria for assessing as significant	Relates to corporate governance (specifically executive compensation), one of the Trustee's stewardship priorities.				
Rationale	Besi is a Dutch company involved in manufacturing and servicing semiconductor assembly equipment for the global electronics industries. BlackRock voted against Besi's proposed remuneration report due to concerns about structural issues, mainly related to the board's use of discretionary awards and metrics that, in BlackRock's view, were not sufficiently stretching. For example, the proposed long-term incentive plan vested for underperformance against peers on a total shareholder return basis. The company also used the same metrics in both its short- and long-term incentive plans, resulting in rewarding executives twice for the same performance. BlackRock therefore voted against the proposed remuneration for the prior financial year (2022). However, the manager notes that Besi has enhanced its disclosures and has responded to feedback, including BlackRock's, and changed its approach going forward. BlackRock therefore voted in support of the 2024 remuneration policy.				
Date of Vote	26 April 2023	Voting Decision	Against	Outcome	Passed

<table>
<tr><td>Fund</td><td colspan="5">BlackRock Japanese Equity Index</td></tr>
<tr><td>Companies</td><td colspan="5">Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, Mizuho Financial Group, and the energy giant Chubu Electric Power</td></tr>
<tr><td>Item</td><td colspan="5">Shareholder proposals relating to climate change matters</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to climate change, one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">In 2024, a coalition of environmental organisations filed resolutions calling for a series of changes and additional disclosures on climate-related matters for a number of companies. The targets were Japan’s largest banks, and Chubu Electric Power. The proposals included requesting for companies to amend their Articles of Incorporation to:
- Disclose transition plans to align lending & investment with the Paris Agreement
- Dispose of shares in certain subsidiaries
- Require disclosure of a capital allocation policy aligned with net zero by 2050.
BlackRock carefully considered these proposals but did not support them, on the basis that some of the requests were not clearly defined, while some were too prescriptive, and they may also be unduly constraining on a company’s ability to manage its business.
The manager notes that where proposals entail amending Articles of Incorporation, this would make them legally binding, which brings a unique degree of personal liability for directors and management. It also creates material legal liability for a company should a proposal pass, particularly if the language is vague or open to interpretation, which could make it hard to determine whether requests have been met. BlackRock therefore voted against the proposals and will instead engage with the relevant companies.</td></tr>
<tr><td>Date of Vote</td><td>Series of dates in June 2023</td><td>Voting Decision</td><td>Against shareholder propoals</td><td>Outcome</td><td>Shareholder proposals failed</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">BlackRock Pacific Rim Equity Index</td></tr>
<tr><td>Company</td><td colspan="5">Shin Kong Financial Holding Co. Ltd (“SKFH”)</td></tr>
<tr><td>Item</td><td colspan="5">Election of Non-independent and Independent Directors</td></tr>
<tr><td>Criteria for assessing as significant</td><td colspan="5">Relates to corporate governance (specifically diversity, equity, and inclusion), which is one of the Trustee’s stewardship priorities.</td></tr>
<tr><td>Rationale</td><td colspan="5">SKFH is a Taiwanese family-controlled financial services company. In 2023, a group of shareholders seeking reform (led by an incumbent director from one of the founding families), sought control of the board. Specifically, they attributed SKFH’s poor financial results to failures of the board and weak governance, including conflicts of interest linked to the influence over management of the former board Chair.
In response, SKFH stated that it had “strengthened corporate governance in terms of human resources, organization, system and corporate culture”. A different director, who supported management, also raised concerns that some candidates on the “reform” side were potentially affiliated with a competitor company, suggesting that a change in board control might be sought to facilitate a merger.
There were 15 director roles, including 3 independents, in contention in 2023. The reform camp proposed 15 candidates, while pro-management shareholders and the board nominated 17. BlackRock voted for 9 reform candidates and 5 management-nominated directors, on the basis that the concerns raised warranted support for the reform camp while retaining some management-supported names to retain a level of institutional knowledge. BlackRock sought to ensure the board included a diversity of views.</td></tr>
<tr><td>Date of Vote</td><td>9 June 2023</td><td>Voting Decision</td><td>Mixed</td><td>Outcome</td><td>Mixed</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">BlackRock Emerging Markets Equity Index</td></tr>
<tr><td>Company</td><td colspan="5">Zhejiang Expressway Co., Ltd. (“Zhejiang Expressway”)</td></tr>
<tr><td>Items</td><td colspan="5">Amend Articles of Association</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">Zhejiang Expressway is an infrastructure company involved in the development and operation of roads in China. The Company included a management proposal at its 2023 AGM to amend the company’s Articles of Association. The amendments, if approved, would remove the need for certain material agenda items – such as rights issues – to receive shareholder approval in separate meetings. Instead, such items would only require approval in a combined meeting that included the company’s controlling shareholder, who could have significant influence over smaller shareholders.
Ahead of the vote, BlackRock engaged with the company to communicate concerns that the amendments risked removing an important mechanism to protect minority shareholder interests. BlackRock planned to vote against the proposals on the grounds that they were not in the long-term economic interests of shareholders, and there were governance concerns around removing an important channel for shareholder feedback.
In a good example of engagement proving effective, shortly before the AGM the company released a statement announcing that the board had decided to withdraw the amendments, citing “concerns raised by shareholders in relation to the Proposed Amendments, in particular those relating to the cancellation of class meetings.”</td></tr>
<tr><td>Date of Vote</td><td>4 May 2023</td><td>Voting Decision</td><td>Against</td><td>Outcome</td><td>Company withdrew the proposals following engagement</td></tr>
</table>

<table>
<tr><td>Fund</td><td colspan="5">UUPS Ethical UK Equity (managed by LGIM)</td></tr>
<tr><td>Company</td><td colspan="5">InterContinental Hotels Group Plc</td></tr>
<tr><td>Item</td><td colspan="5">Re-election of a Director</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 re-election of a Director in order to signal their concerns around the company’s practices on deforestation.
LGIM consider that sustainable forestry has a critical role in both combating climate change and preserving biodiversity, two key risks for the global economy. The manager notes that deforestation and land conversion need to be considered from various perspectives, assessing both environmental and social aspects, such as the impact on indigenous people and labour rights in operations and supply chains. This can be a particular issue for large hospitality companies such as InterContinental Hotels Group.
The vote against management was cast on the basis that the company is deemed to not meet minimum standards with regard to LGIM’s deforestation policy. This policy sets a minimum expectation for all companies in deforestation-critical sectors to have a deforestation policy and a programme. When LGIM assesses that companies are not meeting these standards, they will apply a vote sanction against them, usually against the re-election of the chair of the board.</td></tr>
<tr><td>Date of Vote</td><td>5 May 2023</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">Several votes including election of Directors, election of Board Chair, election of Fiscal Council Members, and remuneration of Company's Management, Fiscal Council, and Statutory Advisory Committees</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">This company was highlighted last year by the investment manager (Schroders) as a significant vote, and we reported in the Implementation Statement that Schroders had voted against the election of the Board Chair due to corporate governance concerns.

In this reporting period, Schroders voted against management again by declining to approve the election of a number of Directors, the Chairman, and certain Committee members. It also voted against compensation recommendations.

The rationale for voting against management this year included:
• Concerns about some of the candidates proposed as Directors
• Concerns about the Board Chair’s relationship with government
• Insufficient transparency around remuneration practices.

Schroders view voting against management, specifically Board member elections, as a means of highlighting their concerns. They will continue to engage with the Company on governance matters.</td></tr>
<tr><td>Date of Vote</td><td>27 April 2023</td><td>Voting Decision</td><td>Against management</td><td>Outcome</td><td>Pass (in favour of management)</td></tr>
</table>