

## **DC Structure implementation statement**

This Implementation Statement ("the Statement") has been prepared by the Trustee and relates to the DC Structure of the Plan, covering both the Shift Pay Pension Plan (and relevant additional voluntary contributions) and members in the Defined Contribution (DC) New Joiners Benefit Structure.

This Statement is produced by the Trustee as required by Regulation 29A of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. This Statement covers the Statement of Investment Principles ("SIP") in relation to the DC Structure only and any reference to SIP in this Statement will mean the SIP for the DC Structure. The Trustee has a separate SIP and relevant Implementation Statement for the DB Structure. The regulations state that the Statement must:

- Set out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year;
- describe any review of the SIP undertaken during the year, explain any change made to the SIP during the year and the reason for the change (or where no such review was undertaken during the year, state the date of the last review) (see the section entitled "SIP review and update" below); and
- Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of the services of a proxy voter during that year (see the section entitled "Voting Behaviour" below).

Based on regulatory requirements, the Statement will cover the period from 1 April 2020 to the end of the Plan's financial year on 31 March 2021.

The Statement is split into three sections:

1. An overview of the Trustee's actions and highlights during the period covered;
2. The policies set out in the Plan's SIP and the extent to which they have been followed in the reporting period, including the stewardship and engagement policies of the fund managers used by the Plan; and
3. The voting behaviour and significant votes undertaken by the fund managers on behalf of the Plan.

### **Overview of Trustee actions**

During the relevant reporting period, the Trustee with support from the Plan's investment adviser:

1. Undertook a triennial review and assessed the suitability of the default investment options and self-select fund range. This review encompassed but was not limited to:
  - (i) understanding the membership;
  - (ii) assessing the design of the strategy (including the glidepath);
  - (iii) reviewing the integration of Environmental, Social and Corporate Governance ("ESG") factors.The Trustee is satisfied that default investment options continue to remain suitable for the membership of the Plan.
2. Directed ongoing member contributions and accrued assets that were being invested in the Replacement Cash Fund into the relevant default investment options for affected members.
3. Received advice to understand the reasoning behind BlackRock's decision to increase allocation to funds with explicit ESG considerations within its LifePath range. The Trustee concluded that it is comfortable with the change. Overall, the change will not impact charges, or investment objectives, but explicit ESG integration now covers the entirety of equity allocation within LifePath and therefore the majority members' investments in the default investment options.

### **SIP review and update**

The SIP was both reviewed and updated in September 2020 in response to additional changes to the Occupational Pension Schemes (Investment) Regulations 2005, which in summary were to cover:

- The arrangements in place between the Scheme and its investment managers; and
- Further information about the Scheme's approach to engagement activities.

## **Overview of Trustee actions (continued)**

### **Financially material considerations**

The Trustee has selected the LifePath Target Date Fund range by BlackRock (referred to as the manager below) as the default investment strategy for Plan members. This means that BlackRock has been delegated the responsibility of managing the mix of assets, where members' savings will be invested in, on a day-to-day basis.

The Trustee acknowledges that many members will have a long time until their retirement, therefore any investment decisions should be considered over a long period of time, with suitable growth targets across a range of asset types. The Trustee's long-term focus leads to the belief that, for investors, the most effective way of enforcing a strong ESG policy is through responsible ownership and proactive engagement with companies.

### **ESG integration within the default**

BlackRock continue to develop how members' investments can be better positioned against potential risks arising from ESG factors. Part of this development has led to the introduction of the ACS World Screened Index Fund to supplement the existing global equity allocation and bring explicit ESG risk management to all equity holdings in the LifePath strategies. Members will benefit from a more robust ESG focussed strategy, reduced carbon emissions intensity, whilst not impacting their portfolios' investment objectives, benchmark, or charges. The Trustee is satisfied that the revised strategy will result in more than half of the portfolio's assets (53%) in the growth phase benefiting from explicit ESG risk management.

### **Non-Financial Factors**

The Trustee continues to make one ethical fund available to members – the CNPP Sharia Law Fund.

### **The Default Investment Arrangement**

During the scheme year, the Trustee reviewed on a quarterly basis, the performance of each fund against the stated performance objective for that fund. The most recent assessment as of the Plan Year was in Q1 2021. The Trustee concluded that the managers remained well suited for the purpose. The Trustee will continue to monitor the managers on a quarterly basis - considering both the funds' performance and other prevailing circumstances.

The Trustee is aware that Strategic Asset Allocation plays a vital role in achieving investment objectives and good member outcomes. Due to Covid-19 pandemic, four of the underlying managers suspended trading in the CNPP Property Fund (referred to as the "Property fund" below). Consequently, future contributions were invested into a temporary fund - the Aegon Replacement Cash Fund. Members were sent a letter dated 27 March 2020 in relation to this change, with a copy of the letter also publicly available in the Document Library of the scheme website (document titled "Notice of suspension of CNPP Property Fund").

Due to the ongoing closure of the Property Fund, the Trustee took the decision to transfer ongoing member contributions and accrued assets that were being invested in the Replacement Cash Fund into the relevant default investment options for affected members. This change was communicated to members in December 2020 and reflected the Trustee's concern around the limited returns members' savings were accruing within the Replacement Cash Fund during this prolonged period of fund closure.

An assessment of the suitability of the default investment options and self-select fund range was conducted by the Trustee during the Plan year (Q4 2020). The Trustee is satisfied that both default investment options continue to remain suitable for the respective memberships of the Sections of the Plan. The Trustee's adviser assisted with the assessment and provided a review in the context of areas including (but not limited to): the suitability of the default investment strategy for their relevant membership, suitability against the objectives in the Statement of Investment Principles, and views on the investment manager of the funds used. The review also found that the range of self-select options offered covers all the main asset classes the adviser would typically expect. However, it was also noted that there is an increasing focus in the industry around Environment, Social and Governance factors and in the future the Trustee may seek to consider adding a self-select option that explicitly addresses or has specific targets against these factors.

## **Overview of Trustee actions (continued)**

### **Final Remarks**

The Plan has demonstrated the actions the Trustee has undertaken during the relevant reporting period reflects the policies within the Plan's SIP.

## Review of policies contained in the SIP

This section sets out a summary of the policies which form the Plan's SIP and the Trustee's opinion as to how and the extent to which those policies (and, consequently, the SIP) have been followed during this reporting period.

Policy	Has the policy been followed?	How has the policy been followed during the scheme year?
Primary objective		
<p>The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee's objective is therefore to make available a range of investment options that, whilst avoiding excessive complexity, should assist the members in achieving the following objectives:</p> <ul style="list-style-type: none"><li>• Optimising the value of retirement benefits from the given contributions;</li><li>• Protecting the value of those benefits in the years approaching retirement against market falls;</li><li>• Protecting the value of those benefits in the years approaching retirement against fluctuations in turning fund values into retirement benefits; and</li><li>• Tailoring their investments to meet their own needs.</li></ul>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee continues to provide two default investment arrangements specific to the different needs of members in the New Joiners DC Structure and Shift Pay Pension Plan.</p> <p>Where the Default Options do not meet the needs of a wider cross-section of members, the Plan provides 12 self-select funds. This self-select range includes both passive and active funds covering multi-assets and single asset strategies as well as an option for members who wish to invest in accordance with Sharia Law. An assessment of the suitability of the default investment options and self-select fund range was conducted by the Trustee during the Plan year (Q4 2020). The Trustee is satisfied that default investment options continue to remain suitable for the respective membership of the Plan.</p>
Default arrangements		
<p>The main objective of the default arrangements is to support good member outcomes at retirement while subject to a level of investment risk appropriate to the majority of members who do not make active investment choices.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The LifePath Funds are sets of Target Date Funds ("TDFs"), each managed to an asset allocation appropriate to its target retirement age range and retirement benefits.</p> <p>To reflect the different ways that members in the New Joiners DC Structure and SPPP sections are likely to access their retirement benefits, the default strategy for these sections differ, targeting income drawdown and cash at retirement respectively.</p> <p>Additionally, the Aegon Replacement Cash Fund was a default solution for part of the reporting period (until December 2020) due to the suspension of the CNPP Property Fund.</p>
<p>Manage the principal investment risks members face, gradually changing where they are invested as they approach retirement; and reflect that New Joiners DC Structure and Shift Pay Pension Plan ("SPPP") members are expected to choose different benefits at retirement.</p>		<p>The Trustee continues to receive regular reporting from its DC Investment Advisers, Redington, on the investment performance. Member outcome modelling is assessed using the PLSA Retirement Living Standards. Performance of the BlackRock LifePath funds returns (after charges) has been broadly in line with their respective objectives. Based on the Plan's membership this is a suitable investment option with the propensity to deliver good retirement outcomes for members at competitive charges. An assessment of the suitability of the default investment options and self-select fund range was conducted by the Trustee during the Plan year (Q4 2020), concluding that the default options continue to remain suitable for the respective Plan members and that the self-select options cover all the main asset classes the Plan's investment adviser would typically expect.</p>
<p>Designing and maintaining a default arrangement meets the expected different benefits at retirement for the membership.</p>		
Choosing the default arrangements and other investment options		

<p>The Trustee believes that understanding the Plan's membership is essential to designing and maintaining a default arrangement which meets the needs of the majority of members.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>An assessment of the suitability of the default investment options and self-select fund range was conducted by the Trustee during the Plan year (in Q4 2020), concluding that the default options continue to remain suitable for the membership of the Plan and that the self-select options cover all the main asset classes the Plan's investment adviser would typically expect. As such, the Trustee is satisfied with the suitability of the default investment option but aim to revisit the range of self-select investment options after the Plan Year end and consider the following: 1) addition of funds with specific consideration for ESG factors, and 2) assessing the on-going suitability of the Property Fund.</p>
<p>The Plan should offer members a choice of investment options because the default may: 1) not meet the needs of the needs of a wider cross-section of members; 2) members attitude to risk and needs for returns will vary from member to member.</p>		<p>Performance of the Plan's investments were reviewed on a quarterly basis during Investment Sub-Committee meetings.</p>
<p>The Trustee reviews the range of funds available on a regular basis. Advice is received as required from professional advisers. In addition, the Trustee reviews the performance of the Plan's investments on a regular basis.</p>		
<b>Kinds of Investments to be held</b>		
<p>The investment managers may invest in UK and overseas investments including equities, property, fixed and index linked bonds and cash. However, the investments in each fund will depend on the nature of each fund, its objective and benchmark and the risk controls which operate.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>BlackRock as investment manager for the default investment options, make sure of the range of asset classes is as described in the Policy.</p> <p>In the Plan year to March 2021 the Trustee's Investment Sub-Committee, met on a quarterly basis to monitor, with the assistance of the Plan's investment advisers, how well each fund met its objective and benchmarks within their risk controls. Specifically, the Committee met on the 9<sup>th</sup> June 2020, 23<sup>rd</sup> September 2020, 16<sup>th</sup> December 2020 and 9<sup>th</sup> March 2021 to discuss this.</p>

## Investment Risks

<p>The Trustee believes that the three principal risks most members will face are: inflation risk, benefit conversion risk and volatility/market risk. The Trustee has developed and maintains a framework for assessing the impact of all investment risks on long-term investment returns.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>In the Plan year to March 2021 the Trustee received Quarterly Monitoring Reports from its DC Investment Adviser. These reports are centred around the monitoring framework that assesses the impact of all investment risks on long-term investment returns.</p> <p>This framework looks at member retirement outcome modelling, which considers the long-term investment returns in a base case and downside situations.</p> <p>These reports were discussed at their respective quarterly meetings on the 9<sup>th</sup> June 2020, 23<sup>rd</sup> September 2020, and 16<sup>th</sup> December 2020 and 9<sup>th</sup> March 2021. Following each discussion, the Trustee remained comfortable that the investment risks were suitably mitigated in the Plan's investments.</p>
<p>The default investment options manage the three main investment risks as members grow older by automatically switching from assets which are expected to give long-term growth relative to inflation into assets whose values should fluctuate less in the short-term relative to the benefits members are expected to take at retirement.</p>	<p>Yes, the Trustee is satisfied this policy has been followed.</p>	<p>The Plan continues to make use of target date fund structures to implement the default investment options for members.</p> <p>An assessment of the suitability of the default investment options, including the suitability of the automatic switching of assets (i.e. de-risking glidepath), was carried out in the Plan year (Q4 2020). The Trustee concluded, based on advice from the Plan's investment adviser, that the default options remain suitable for the membership of the Plan.</p>
<p>The self-select fund range provides members with a choice of funds with differing risk and return characteristics.</p>	<p>Yes, the Trustee is satisfied this policy has been followed.</p>	<p>In Q4 2020 the Trustee undertook an assessment of the self-select range. The review found that the range of self-select options offered covers all the main asset classes the Plan's investment adviser would typically expect, catering for members with varying risk appetites.</p> <p>However, it was noted that there is an increasing focus in the industry on ESG risk factors and as such the Trustee may wish to add an explicitly ESG focused fund to the self-select range. The Trustee is to consider this further following the end of the Plan year.</p>

## Review of policies contained in the SIP (continued)

Policy	Has the policy been followed?	How has the policy been followed?
<b>Non-financial Factors</b>		
The Trustee recognises that some members will have strong personal views on religious convictions that influence where they believe their savings should, or should not, be invested.	Yes, the Trustee is satisfied that this policy has been followed.	The Plan continues to make available a self-select fund appropriate for members with Sharia beliefs.
The Trustee will take into account what, in its reasonable opinion, members' views of non-financial factors are likely to be. Noting that the arrangements for receiving member feedback on the Plan in general gives members an opportunity to express views on non-financial factors relating to the Plan's investments.	Yes, the Trustee is satisfied that this policy has been followed.	The Plan continues to seek member feedback annually in the annual newsletter publication. During the Plan year, Aegon made DC presentations to employees and this was used as an opportunity to issue surveys for targeted member feedback.
<b>Financially Material Considerations</b>		
The Trustee regularly monitors the Plan's investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee's policies	Yes, the Trustee is satisfied that this policy has been followed.	In March 2021, the Trustee sought its investment adviser's recommendation and views on BlackRock's change to increase the Plans default strategy's allocation to funds with explicit ESG considerations. Specifically, BlackRock moved away from applying specific views on the geography split of equities to a global market capitalisation approach. This was achieved through the use of an additional ESG focused fund – MSCI World ESG Screened – increasing the younger members' allocation to funds with explicit ESG risk management to 53%, up from the 14% already invested in the BlackRock ACS World ESG Equity Tracker Fund.
The Trustee recognises that the consideration of financially material considerations, including ESG factors and climate risk and seeks to manage these.		

<p>The Trustee seeks to manage these financially material considerations, to protect long-term returns, by:</p> <ul style="list-style-type: none"> <li>• Considering the extent to which ESG issues, including climate risk, where relevant, are integrated into the fund managers' investment processes and are satisfied that the fund managers follow an approach, which takes account of financially material factors;</li> <li>• For actively managed funds (where the fund manager decides where to invest), expect the fund managers to take financially material considerations into account when selecting which companies and markets to invest in; and</li> <li>• For passively managed funds, the Trustee recognises that the choice of benchmark dictates the assets held by the investment manager and that the manager has minimal freedom to take account of factors that may be deemed to be financially material. The Trustee accepts that the role of the passive manager is to deliver returns in line with the benchmark index (which may or may not include ESG actors) and believes this approach is in line with the basis on which their current strategy has been set. The Trustee will review periodically the choice of fund and index benchmarks used and the extent to which these reflect ESG factors.</li> </ul>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Through this change, members are expected to benefit from an investment strategy with reduced carbon emissions intensity, without changes to their portfolios' investment objectives, benchmark, or charges. As per the Trustee's policy to periodically review the choice of fund and index benchmarks used and the extent to which these reflect ESG factors - acknowledging that climate risks are relevant to the development, selection and monitoring of the Plan's investment options – the Trustee confirmed it is comfortable with the changes made by BlackRock.</p>
<p><b>Implementation</b></p>		
<p>Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments. The Trustee reviews the governing documentation associated with any new investment and will consider the extent to which it aligns with the Trustee's policies. Where possible, the Trustee will seek to amend that documentation so that there is more alignment.</p>	<p>This policy was not applicable during the reporting period as no new investments were added to the Plan.</p>	<p>N/A</p>
<p>The Trustee and the investment manager, to whom discretion has been delegated, exercise their powers (in line with the principles in this SIP) to encourage business strategies which should improve or protect the value of these investments where reasonably practicable.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Additional details are provided in the "Voting Behaviour" section of this Statement that highlights how the investment manager has encouraged business strategies, which should improve or protect the value of investments (where reasonably practicable).</p>



When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has quarterly Investment Sub Committee meetings where their investment adviser shares an assessment of manager performance. To maintain the focus on long-term outcomes, these reviews are structured to show longer term performance (5-year, 3-year) before mention of shorter-term performance (12-month, 3-month).
The following steps are taken to encourage alignment between the Plan and the managers:	See 3 points below	See 3 points below
<ul style="list-style-type: none"> <li>Before investing, the Trustee will seek to understand the manager's approach to ESG (including engagement). The Trustee has limited influence over managers' investment practices because all the Plan's assets are held in pooled funds. However, the Trustee will ensure the investment objectives and guidelines of the vehicle are consistent with its own objectives where practicable.</li> </ul>	This policy was not applicable during the reporting period as no new investments were added to the Plan.	N/A
<ul style="list-style-type: none"> <li>To maintain alignment, managers are provided with the most recent version of the Plan's SIP, which includes the Trustee's policy on sustainable investment, on an annual basis and are required to explicitly confirm that the assets are managed in line with the Trustee's policies as outlined in those documents.</li> </ul>	No, the policy was not followed during the reporting period.	The Trustee did not share the Plan's SIP with the Plan's fund manager BlackRock since this policy was put in place in September 2020. However, the Trustee will share the Plan's SIP in the following reporting period.
<ul style="list-style-type: none"> <li>Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment and ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager may be terminated and replaced.</li> </ul>	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives regular reporting from its investment adviser on its managers' portfolios. The Trustee found that BlackRock's portfolio was aligned with the Trustee's policies. Over the period the Trustee further sought its investment adviser's recommendation and views on changes to BlackRock's LifePath portfolio to increase allocations to funds with explicit ESG considerations. Concluding that this change was in line with the Trustee's policy on ESG and climate change no further engagement was carried out during this reporting period.
Additionally, the Trustee has a preference for fund managers who are signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment.	Yes, the Trustee is satisfied that this policy has been followed.	All fund managers used by the DC section are both signatories to the Financial Reporting Council's Stewardship Code in the UK and the United Nations supported Principles for Responsible Investment over the period of the Plan Year.

<p>Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. The Trustee reviews the costs and value for money incurred in managing the Plan's assets annually, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate. On a quarterly basis the Trustee also monitors manager performance relative to the relevant benchmark, with a focus on long-term performance.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee assessed the costs and value for money in preparing the Chair's Statement – a publicly available document on the Plan's website. Further details around the findings (including details on portfolio turnover costs) can be located on the Plan's website. Chair's Statements for earlier Plan years are publicly accessible through the document library on the Plan's website (<a href="http://www.cnpp.org.uk/document-library">www.cnpp.org.uk/document-library</a>).</p> <p>In summary, the Trustee is comfortable with the costs incurred and continue to believe that CNPP offers value for money for members. The main reasons that the Trustee reached this conclusion are:</p> <ul style="list-style-type: none"> <li>• The quality of the investment proposition has continued to improve with further integration of ESG factors into BlackRock LifePath funds used for the default options and ongoing improvement in BlackRock's engagement with underlying companies on key ESG issues, including climate change.</li> <li>• Continuation of strong governance and oversight from the Trustee Board, a competitive contribution structure and low charges.</li> <li>• In the context of the AVC assets, Prudential continues to offer one of the best performing and well rated with-profits funds, which represents good value for members of the Plan.</li> </ul> <p>The costs associated with portfolio turnover are provided in the Chair's Statement – a publicly available document on the Plan's website. The Trustee is comfortable that these costs are aligned with the expected portfolio turnover costs for similar funds.</p> <p>The Trustee also monitors the manager performance relative to relevant benchmarks at quarterly Investment Sub-Committee meetings. To maintain the focus on long-term outcomes, these reviews are structured to show longer term performance (5-year, 3-year) before mention of shorter-term performance (12-month, 3-month). The purpose of this monitoring is to ensure that the performance of the BlackRock LifePath funds returns (after charges) are broadly in line with their respective objectives.</p>
Expected Return on Investments		
<p>The objective of the equity, property, and multi-asset funds is to achieve an attractive real return over the long term. The objective of the cash and bond funds is to provide for the payment of the tax-free lump sum on retirement and to reduce the volatility of the cost of the annuity that may be purchased, rather than to achieve a specified 'real' or 'nominal' return.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Over the Plan year to March 2021 the Trustee's Investment Sub-Committee received quarterly reporting from its DC investment advisers, Redington. These reports include long-term retirement outcome modelling that uses an expected return approach that is aligned with the asset class objectives detailed in the Trustee's SIP policy on expected returns.</p> <p>Each quarterly monitoring report was discussed at the respective Investment Sub-Committee meeting on the 9<sup>th</sup> June 2020, 23<sup>rd</sup> September 2020, 16<sup>th</sup> December 2020 and 10<sup>th</sup> March 2021. Following these discussions, the Trustee's Investment Sub Committee remained comfortable that each of the asset class specific funds were performing in line with expectations.</p>

Realisation of Investments		
<p>The Trustee expect that the investment platform provider and the fund manager will normally be able to sell the funds within a reasonable timescale. There may, however, be occasions where the investment platform or fund managers needs to impose restrictions on the timing of sales and purchases of funds in some market conditions to protect the interest of all investors in that fund.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>Due to Covid-19 pandemic four of the underlying managers suspended trading in the CNPP Property Fund. Consequently, and as per the Trustee's announcement on 27/03/20, future contributions were invested into a temporary fund called the Aegon Replacement Cash Fund. During the Plan year, the Trustee took the decision to direct ongoing member contributions and accrued assets that were being invested in the Aegon Replacement Cash Fund into the relevant default investment options for affected members and the Replacement Cash Fund has since been closed.</p>
Balance of Investments		
<p>Overall the Trustee believes that the Plan's investment options:</p> <ul style="list-style-type: none"> <li>• Provide a balance of investments; and</li> <li>• Are appropriate for managing the risks typically faced by members.</li> </ul>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>An assessment of the suitability of the default investment options and self-select fund range was conducted by the Trustee during the Plan year (Q4 2020) – concluding that the default options continue to remain suitable for the membership of the Plan and that the default options in conjunction with the self-select options provide a balance of investment by covering all the main asset classes the Plan's investment adviser would typically expect and are appropriate for managing the risks typically faced by members.</p>
Stewardship		
<p>The Trustee recognises that an important part of their role as a steward of capital is to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Plan invests, as ultimately this creates long-term financial value for the Plan and its beneficiaries. The Trustee recognises that good stewardship practices, including engagement and voting activities, are important as they help preserve and enhance asset owner value over the long-term.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee is satisfied that BlackRock, through the work of their Investment Stewardship team, comply with the requirements in the Shareholder Rights Directive II relating to engagement with public companies and other parties in the investment ecosystem.</p> <p>The key responsibilities of BlackRock's Investment Stewardship Team are to:</p> <ul style="list-style-type: none"> <li>(i) Engage with company leadership and vote on proxies to maximise long-term value for their client.</li> <li>(ii) Encourage business and management practices that support sustainable financial performance over the long-term.</li> <li>(iii) Work with BlackRock's various investment teams to provide insight on ESG considerations.</li> <li>(iv) Participate in market-level dialogue to understand and contribute to the development of policies that support sustainable long-term value creation.</li> </ul> <p>The responsibilities of BlackRock's Investment Stewardship Team, as outlined above, are aligned with the Trustee's policy to ensure high standards of governance and promote corporate responsibility. Reflecting the Trustee's belief that it may be appropriate for fund managers to engage with key stakeholders including corporate management, regulators and governance bodies.</p>

<b>Voting and Engagement</b>		
The Trustee has adopted a policy of delegating voting decisions on stocks to the underlying fund managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The fund managers are expected to exercise the voting rights attached to individual investments in accordance with their own house policy.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to delegate voting decisions to underlying fund managers. Additional details on significant votes can be found in the “Voting Behaviour” section of this Statement.
Where relevant, the Trustee has reviewed the voting and engagement policies of the fund managers as well as the approach to governance of the investment platform provider and determined that these policies are appropriate. On an annual basis, the Trustee will request that the investment platform provider and fund managers provide details of any change in their house policy.	Yes, the Trustee is satisfied that this policy has been followed.	<p>The Trustee’s fund manager reviews and updates their “Global Principles and market-specific voting guidelines” on an annual basis.</p> <p>The aim of these annual updates is to reflect the continuous strengthening of the fund manager’s stewardship practices.</p> <p>The Trustee executive has a copy of the fund manager’s summary of the latest annual update.</p>
Where appropriate, the Trustee will engage with and may seek further information from the investment platform provider and fund managers on how portfolios may be affected by a particular issue. If an incumbent fund manager is found to be falling short of the Trustee’s standards, the Trustee will undertake to engage with the fund manager and seek a more sustainable position.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee did not find cause to engage with the investment platform provider or investment managers for further information on how portfolios may be affected by particular issues.
<b>Monitoring</b>		
The Trustee receives reports from the investment platform provider on the fund managers voting activity on a periodic basis.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives voting reports from the investment platform provider at least annually and further details on the managers’ voting activity relevant to this period can be found in the “Voting Behaviour” section of this Statement.
The Trustee reviews the fund managers’ voting activity on a periodic basis in conjunction with the Plan’s investment adviser and uses this information as a basis for discussion with the investment platform provider and fund managers. Where the Trustee deems it appropriate, any issues of concern will be raised with the manager for further explanation.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has reviewed managers’ voting activity and did not identify any issues of concern to be raised with the relevant managers.

<p>The Trustee meets with the investment platform provider on a regular basis. The fund managers may be challenged both directly by the Trustee and by the Plan's investment advisers on the impact of any significant issues including, where appropriate, ESG issues that may affect the prospects for return from the portfolio.</p>	<p>Yes, the Trustee is satisfied that this policy has been followed.</p>	<p>The Trustee has regular engagement and meetings with the investment platform provider on behalf of the Trustee. Furthermore, BlackRock, the investment manager of the default investment strategies, met with the Trustee's Investment Sub-Committee on the 9<sup>th</sup> March 2021.</p> <p>In March 2021, the Trustee sought the Plan's investment adviser's recommendation and views on BlackRock's change to increase allocation to funds with explicit ESG considerations. Through this change in allocations, members are expected to benefit from an investment strategy with reduced carbon emissions intensity, without changes to their portfolios' investment objectives, benchmark, or charges. The Trustee confirmed it is satisfied with the fund managers' approach.</p>
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## Review of policies contained in the SIP (continued)

Policy	Has the policy been followed?	Evidence
<b>Voting</b>		
<p>The fund managers are expected to exercise the voting rights attached to individuals' investments in accordance with their own house policy. The Trustee aims to review engagement activity undertaken by the fund managers as part of its broader monitoring activity.</p> <p>Where appropriate, the Trustee will engage with and may seek further information from the Investment platform provider, fund managers and / or Plan's investment advisers on how portfolios may be affected by a particular issue. The Trustee does not engage directly, but believes it is sometimes appropriate for the fund managers to engage with key stakeholders which may include corporate management, regulators and governance bodies, relating to their investments in order to improve corporate behaviours.</p>	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee was provided with voting reports relating to the period of the SIP. (See the section entitled "Voting behaviour")

### Stewardship and Engagement

The Trustee, without prejudice, delegates to the manager the responsibility for the stewardship activities that apply to the Plan's investments. The Trustee expects the manager to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value.

### Use of Proxy Voting Services

Due to the delegation of responsibility for the stewardship activities to underlying asset managers, any use of proxy voting services on the Trustee's behalf is at the respective asset managers' discretion. The Trustee does not appoint or utilise a dedicated proxy voting service provider.

### Investment Stewardship Engagements

The Trustee recognise that stewardship encompasses the exercise engagement with the companies in which the Plan invests, as this can improve the longer-term returns of Plan's investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

### Long-term perspective on the Plan's member's assets

In the Statement of Compliance for SRD II, BlackRock states, "BlackRock takes a long-term perspective in its investment stewardship work informed by two key characteristics of our business:

- The majority of end beneficiaries are saving for long-term goals so the Trustee presumes they are long-term shareholders; and
- The majority of equity holdings are in index-tracked portfolio, so end beneficiaries are, by definition, long-term shareholders."

The Trustee finds that BlackRock is well positioned to protecting and enhancing the long-term value of members' assets. Notably BlackRock has confirmed that they are enhancing their reporting and level of voting and engagement disclosures. They have focussed their improvement on three key themes:

- Moving from annual to quarterly voting disclosure
- Prompting disclosure around key votes including an explanation of their voting decisions, and
- Enhancing disclosure of their company engagements.

#### Lifepath Flexi Fund

Top Engagement Topic	Times Discussed
<b>Governance</b>	
Board Composition and Effectiveness	1,036
Corporate Strategy	955
Remuneration	790
<b>Environmental</b>	
Climate Risk Management	920
Operational Sustainability	873
<b>Social</b>	
Human Capital Management	704

#### ACS UK Equity Fund

Top Engagement Topic	Times Discussed
<b>Governance</b>	
Board Composition and Effectiveness	1,350
Corporate Strategy	1,288
Remuneration	1,029
<b>Environmental</b>	
Climate Risk Management	1,293
Operational Sustainability	1,223
<b>Social</b>	
Human Capital Management	928

#### ACS 50:50 Global Equity Fund

Top Engagement Topic	Times Discussed
<b>Governance</b>	
Board Composition and Effectiveness	899
Corporate Strategy	828
Remuneration	713
<b>Environmental</b>	
Climate Risk Management	897
Operational Sustainability	828
<b>Social</b>	
Human Capital Management	650

#### ACS World ex UK Equity Fund

Top Engagement Topic	Times Discussed
<b>Governance</b>	
Board Composition and Effectiveness	721
Corporate Strategy	717
Remuneration	525
<b>Environmental</b>	

Climate Risk Management	785
Operational Sustainability	683
<b>Social</b>	
Human Capital Management	564

#### **Aquila Emerging Markets Fund**

<b>Top Engagement Topic</b>	<b>Times Discussed</b>
<b>Governance</b>	
Board Composition and Effectiveness	195
Corporate Strategy	235
Remuneration	95
<b>Environmental</b>	
Climate Risk Management	225
Operational Sustainability	224
<b>Social</b>	
Human Capital Management	99

BlackRock's Investment Stewardship ("BIS") team's approach is in line with the Trustee's investment policies.



## Voting Behaviour

### Voting

The Plan invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. However, as part of its wider due diligence of the implementation of investment strategies, the Trustee asks the managers to produce information that demonstrate the manager is exercising good stewardship.

Despite being considered a default fund over the Plan year, we have not included voting statistics for the Replacement Cash Fund as it is not applicable to the assets held by the Fund.

### Key Voting Statistics on the Default Funds

<b>LifePath Flexi and Lifepath Capital</b>	
Assets in LifePath Flexi at the end of 31 March 2021	£324,263,526.17
Assets in LifePath Capital at the end of 31 March 2021	£90,674,640.24
Value of whole CNPP Scheme	£555,401,225.03
Meetings eligible to vote at	3,528
Number of resolutions eligible to vote on	34,394
% of resolutions voted on	95.05%
For Votes	90.78%
Against Votes	8.89%
Abstain Votes	3.17%
	<b>Number</b>
Total company engagements	2,903
Number of individual companies engaged	1,340
<b>Engagement Themes</b>	
Governance	1,920
Social	884
Environmental	1,264

### Voting Statistics of the Self-Select Funds

Year to 31 March 2021:	<b>ACS World ex UK Equity Fund</b>	<b>ACS Global Fund</b>	<b>5050 Equity Fund</b>	<b>ACS UK Equity Fund</b>	<b>Aquila Emerging Markets Fund</b>
<b>Number of meetings at which eligible to vote</b>	2,203	2,781		808	2,472
<b>Number of resolutions on which eligible to vote</b>	27,246	35,781		11,044	23,189
<b>Proportion of eligible resolutions on which voted</b>	92.04%	94.21%		100%	96.77%
<b>Of the resolutions on which you voted, what % did you vote with management?</b>	93.71%	94.03%		94.87%	90.79%
<b>Of the resolutions on which you voted, what % did you vote against management?</b>	6.26%	5.94%		5.13%	9.21%
<b>Of the resolutions on which you voted, what % did you abstain from voting?</b>	0.34%	0.44%		0.65%	2.77%

## Most Significant Votes

BlackRock takes a thematic approach towards voting and engagement. The 5 themes that BlackRock prioritised in their voting behaviour over the Plan year were:

- Board Quality
- Environmental Risks and Opportunities
- Corporate Strategy and Capital Allocation
- Compensation that promotes long-termism
- Human Capital Management

Therefore, the most significant votes cast by the asset manager on behalf of the Trustee will relate to both some of the largest holdings as well as relevance to the 5 key themes listed above.

Below are the most significant votes – as defined by BlackRock – cast over the period on behalf of the Trustee, split by fund.

All first-person references (e.g. to us, we, our etc.) in the tables below will refer to BlackRock and their views as opposed to those of the Trustee of CNPP.

## LifePath Flexi Fund – Most Significant Votes

<b>Company:</b>	<b>WOODSIDE PETROLEUM LTD.</b>
<b>Date:</b>	30 <sup>th</sup> April 2020
<b>Resolution:</b>	Item 4a: Special Resolution to Amend the company Constitution Item 4b (1-3): Ordinary Resolution on Paris Goals and Targets Item 4c: Ordinary Resolution on Climate-Related Lobbying Item 4d: Ordinary Resolution on Reputation Advertising Activities
<b>BlackRock Vote:</b>	BlackRock voted with management and withheld support for the relevant proposals
<b>Rationale:</b>	<p><b>Item 4a: (AGAINST)</b></p> <p>This resolution is required under Australian voting rules, which require a change in the company's constitution in order to file an underlying resolution. Therefore, a resolution calling for an amendment to the company's constitution is necessary to allow for the three non-binding resolutions (4b, 4c, and 4d). A group of shareholders owning 5% of voting shares or 100 shareholders (with no minimum holding size or length of holding period) may file a resolution. BlackRock is generally not supportive of constitutional amendment resolutions as the relative ease of filing risks distracting and time-consuming proposals being submitted by shareholders whose interests are not necessarily aligned with those of the broader shareholder base. We believe shareholder proposals should be a tool used after engagement has failed, which in our experience is not the case here.</p> <p><b>Item 4b: (AGAINST)</b></p> <p>Based on Woodside's existing reporting and our engagement to date, we believe the company recognises the priority it must place on carbon disclosure and reduction targets. While we are supportive of the goals underlying the resolution, its bundled structure presents a challenge as Scope 3 emissions remain particularly complicated in the natural gas sector and will require time to define and implement as they encompass all indirect emissions of a company's entire value chain. Nevertheless, we encourage the company to continue to review and set ambitious emissions targets as the natural gas sector improves its ability to understand and manage them. Our view that the company is responsive to shareholder concerns regarding carbon disclosure and emissions targets draws on the fact that Woodside publicly recognises the science of climate change, has committed to the Paris Goals, and stated its ambition of being carbon neutral by 2050. It has also established a Sustainability Division, which holds responsibility for carbon offsets and hydrogen business development and publishes a separate sustainability report that discloses its climate change strategy, emissions reduction targets, and historical emissions performance. Finally, it's most recent annual report also included a reasonable start to continuously improve climate risk evaluations and disclosures by mapping them to the TCFD framework. On our assessment, Woodside already substantively addresses the request made in the resolution. Woodside's capital expenditure disclosures incorporate the International Energy Agency's (IEA) Sustainable Development Scenario (SDS) into the values it uses to calculate levels of resilience and prioritise investments. While it is only one of several internal and external scenarios, the IEA's SDS does align to the Paris Agreement objective of holding the increase in the global average temperature to well below 2 °C above pre-industrial levels, this century.</p> <p><b>Item 4c (AGAINST):</b></p> <p>Based on our analysis, Woodside's lobbying is consistent with its public position on climate change. Where differences are identified, the company discloses them openly. Our conditional support for management on this resolution is based on the company's public commitment to undertake a more comprehensive review of its industry association advocacy by November 2020.</p>

	<p>Item 4d (AGAINST):</p> <p>Based on our evaluation, Woodside provides adequate transparency on their advertising activities and the community groups that they support. We recognise that there are a range of strongly held and differing views in the energy transition debate and maintain that all parties, including the company, are within their rights to state their views/engage in the discussion within OECD guidelines. Furthermore, based on our research, there is no indication that Woodside's sponsorships and community partnerships do not comply with relevant laws and the underlying principles of the OECD Guidelines for Multinational Enterprises.</p>
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<b>Company:</b>	<b>TOTAL S</b>
Date:	29 <sup>th</sup> May 2020
Resolution:	Item A: Instruct Company to Set and Publish Targets for Greenhouse Gas (GHG) Emissions Aligned with the Goal of the Paris Climate Agreement and Amend Article 19 of Bylaws Accordingly.
BlackRock Vote:	BlackRock voted AGAINST the shareholder resolution given the company's existing reporting aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), its responsiveness to shareholder engagement on portfolio resilience and reduction of scope 1, 2, and 3 greenhouse (GHG) emissions
Rationale:	<p>BlackRock Investment Stewardship team ("BIS") has engaged with Total on its climate commitments for a number of years and was engaged with the company throughout the process of this latest revision of its commitments. Most of Total's Scope 3 emissions come from the Scope 1 emissions of Total's customers. Because no single oil &amp; gas company is fully in control of the global energy mix, Total's Scope 3 commitments will only be achievable if key stakeholders such as policymakers, businesses and consumers work together to accelerate the development and use of low-carbon technologies, incentivise more energy efficiency, reduce demand for fossil fuels, and remove emissions from the atmosphere. In determining our vote, we took into consideration that Total already had some of the most ambitious climate targets in the industry on all relevant scopes (1, 2 &amp; 3), and that the company already makes strong TCFD disclosures. Even under the most ambitious energy transition scenarios, fossil fuels are likely to play a role in the global economy for the coming decades. Furthermore, the shareholder resolution refers to Total's previous climate commitments, which are now out of date and have been superseded by renewed and stronger commitments. As a result of Total's responsiveness, BIS considers the request made in the resolution to have been substantively delivered. Given the company's TCFD-aligned reporting, which has been one of BIS' key requests of significant carbon emitters, its commitment to continuous improvement and its responsiveness to shareholder engagement on portfolio resilience and reduction of scope 1, 2, and 3 GHG emissions, we are supportive of management at present. Moreover, we do not believe it appropriate to amend Total's bylaws in the manner proposed. A company's bylaws define its purpose and the rules by which it is run, and are not meant to define the corporate strategy, which must, by its very nature, evolve in accordance with the company's operating environment. In this case, the proposed modification to Total's bylaws is an unsuitable mechanism by which to address climate-related matters and could have unforeseen and far-reaching consequences for both the company and its shareholders. In summary, BIS voted against Item A due to the company's strong commitments and responsiveness to engagement with BIS and other shareholders on the issues in question; the consequent redundancy of many of the resolution's key areas of focus; and the unsuitability of a proposal to amend the bylaws to address a question of corporate strategy. For these reasons, BIS voted with management on all resolutions at the AGM.</p>

<b>Company:</b>	<b>AMERISOURCEBERGEN CORPORATION (NYSE.ABC)</b>
Date:	11 <sup>th</sup> March 2021
Resolution:	<p>Item 1d: Re-elect Richard W. Gochbauer (Compensation Committee member)</p> <p>Item 1g: Re-elect Kathleen W. Hyle (Compensation Committee member)</p> <p>Item 1h: Re-elect Michael J. Long (Compensation Committee Chair)</p> <p>Item 3: Advisory Vote to Approve the Compensation of Named Executive Officers</p> <p>Item 4: Shareholder Proposal to Adopt a Policy that the Chairman of the Board be an Independent Director</p>
BlackRock Vote:	BlackRock voted AGAINST the management items and AGAINST the shareholder proposal.
Rationale:	<p>Items 1d, g and h: (AGAINST)</p> <p>ABC's Compensation Committee has the "discretion to increase or reduce any portion of a calculated award for reasons including, but not limited to, issues that may positively or negatively impact the company." Per the BlackRock Investment Stewardship team ("BIS") commentary on our approach to incentives aligned with value creation, where a compensation committee has used its discretion in determining the outcome of any compensation structure, we expect transparency with respect to how and why discretion was used. As was the case in this instance, we hold members of the compensation committee, or equivalent, accountable for poor compensation practices or structures, and the lack of</p>

sufficient disclosure. Please refer to item 3 below for more detail regarding our concerns over the Compensation Committee's decisions.

Item 3: (AGAINST)

ABC Chairman, President and CEO Steven H. Collis received \$14.3 million in total compensation for fiscal year 2020, representing an increase of 26% from the prior year. We do not believe that support for ABC's Say-on-Pay proposal is warranted given the significant divergence between ABC's operating loss of \$5.1 billion – as calculated according to generally accepted accounting principles (GAAP) – and adjusted operating income of \$2.2 billion, as measured on a non-GAAP basis, which includes an adjustment for the \$6.6 billion opioid settlement-related charge. ABC maintains that excluding the opioid settlement-related adjustment from its executive compensation pay out determinations was an appropriate use of non-GAAP accounting practices. However, the company's original proxy statement failed to describe whether the Compensation Committee considered the charge when reaching its compensation decisions. We believe the circumstances call for a robust explanation by the Compensation Committee of its decision not to exercise discretion to lower Mr. Collis' pay-out. While a supplemental proxy filing made by ABC provided additional insight into the Compensation Committee's decisions, we believe that the filing did not sufficiently address the magnitude of the opioid settlement-related adjustment and the fact that it did not affect executive compensation pay-outs.

Item 4: (AGAINST)

BIS did not support the proposal because the company has a designated Lead Independent Director, Dr. Jane E. Henney, who fulfils the requirements appropriate to such role. As stated in our 2021 Proxy voting guidelines for U.S. securities, "In the absence of a significant governance concern, we defer to boards to designate the most appropriate leadership structure to ensure adequate balance and independence. In the event that the board chooses a combined chair/CEO model, we generally support the designation of a lead independent director if they have the power to: 1) provide formal input into board meeting agendas; 2) call meetings of the independent directors; and 3) preside at meetings of independent directors. Furthermore, while we anticipate that most directors will be elected annually, we believe an element of continuity is important for this role to provide appropriate leadership balance to the chair/CEO." While we maintain concerns regarding the decision related to compensation, we do not have any overarching governance or independence concerns that would warrant support for this proposal at this time.

Company:	AMAZON.COM, INC.
Date:	27 <sup>th</sup> May 2020
Resolution:	Multiple
BlackRock Vote:	BlackRock voted FOR all management proposals and AGAINST all shareholder proposals
Rationale:	BlackRock Investment Stewardship team ("BIS") voted FOR all directors (item 1), the ratification of auditors (item 2), and the advisory resolution to approve executive compensation (item 3) as we have no concerns relating to these items. BIS voted FOR management's proposal to lower the stock ownership threshold for shareholders to request a special meeting from 30% to 25% (item 4). The company received the following 12 shareholder proposals: Item 5: Create a report on effects of food waste Item 6: Create a report on customer use of certain technologies Item 7: Report on potential customer misuse of certain technologies Item 8: Report on efforts to restrict certain products Item 9: Request for a mandatory independent board chair policy Item 10: Create an alternative report on gender/racial pay Item 11: Report on certain community impacts Item 12: Report on viewpoint discrimination Item 13: Create a report on promotion data Item 14: Request for a reduction in threshold for calling special shareholder meetings Item 15: Request for a specific supply chain report format Item 16: Request for additional reporting on lobbying after thorough review of the company's existing disclosures, along with insights gleaned from multiple engagements, BlackRock determined that Amazon is actively addressing those material issues raised by the various shareholder proposals. Some of the proposals were too prescriptive in their request for additional information, such as requesting an alternative report on gender/racial pay in addition to the one the company already publishes and a specific supply chain report format beyond the report currently available on the company's website specifically addressing human rights. For a subset of the proposals, including the request for a report on customer use of certain technologies, such as Rekognition and an additional report on lobbying, the company is already meeting the best practices guidelines.

Company:	FACEBOOK, INC.
Date:	27 <sup>th</sup> May 2020
Resolution:	Item 1.2: Elect Director Marc L. Andreessen Item 4: Shareholder Proposal to Approve Recapitalisation Plan for all Stock to Have One-vote per Share

BlackRock Vote:	BlackRock voted AGAINST Mr. Andreessen as he serves on the Audit Committee and we do not consider him independent. We voted FOR the shareholder proposal asking for a recapitalisation plan as we generally support one share one vote capital structures. BlackRock supported management on all remaining agenda items.
Rationale:	<p>Item 1.2: (AGAINST)</p> <p>BlackRock Investment Stewardship team ("BIS") voted AGAINST Mr. Andreessen as we do not consider him independent and he serves on the audit committee. BIS considers Mr. Andreessen to be affiliated as he is a founding partner at Andreessen Horowitz which has held significant stakes in companies acquired by Facebook (e.g. Instagram, Oculus, and wit.ai). We believe all members of key committees, including audit, should be independent.</p> <p>Item 4: (FOR)</p> <p>The proposal asks that Facebook's "Board take all practicable steps in its control to initiate and adopt a recapitalisation plan for all outstanding stock to have one vote per share. We recommend that this be done through a phase-out process in which the board would, within seven years or other timeframe justified by the board, establish fair and appropriate mechanisms through which disproportionate rights of Class B shareholders could be eliminated. This is not intended to unnecessarily limit our Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts." As we note in our U.S. proxy voting guidelines, we strongly prefer a "one vote for one share" capital structure for publicly-traded companies. We prefer this capital structure as it provides control proportionate to shareholders' capital at risk and is thus more aligned with our clients' interests. While we recognise the potential benefits of dual class shares to newly public companies as they establish themselves, we believe that these structures should have a specific and limited duration for well-established public companies such as Facebook.</p>

Company:	OVINTIV, INC.
Date:	29 <sup>th</sup> April 2020
Resolution:	Item 4: Report on Climate Change
BlackRock Vote:	BlackRock voted FOR the proposal given the materiality of climate risk to the company's business model and the uncertainty regarding the company's near-term timeframe for setting greenhouse gas emission reduction targets.
Rationale:	<p>In the course of our multi-year engagement with the company on climate-related risks and opportunities, we have emphasised the importance of consistent disclosures in line with the TCFD and the Sustainability Accounting Standards Board (SASB). In endorsing the TCFD framework, we expect companies to disclose not only scenario analysis, but a credible plan for operating under a Paris-aligned 2 degree or lower scenario. This includes:</p> <ul style="list-style-type: none"> <li>• Asking companies to outline their thinking about GHG emissions reduction target-setting, and plans to set and disclose such targets (and to explain their timeline if they have not already done so)</li> <li>• Seeking disclosure on the company's anticipated transition to a lower carbon economy (i.e. plans to align the company's business model with the Paris Agreement)</li> <li>• Seeking disclosure on the global warming path the company is on (e.g. based on the targets the company has selected, it anticipates X degree of warming)</li> </ul> <p>For companies with a carbon-intensive business model, especially those such as Ovintiv with whom we have had prior engagement on the subject, we expect reporting that is substantially aligned with the TCFD framework. While Ovintiv has made notable progress on their climate reporting from a governance and risk management perspective, the company has yet to set targets recommended by the TCFD framework or disclose a clear timeline for doing so. We believe information stemming from such disclosure is material to investment decision-making and BlackRock Investment Stewardship team's ("BIS") assessment of the company's risk-management processes, including operational risks, the potential for decreased demand for the company's products over time, and physical, reputational and regulatory risks, among others. If a company's business model is not aligned with achieving the Paris Agreement's target of 2 degrees or less of global warming, we would expect the company to provide an evidence-based justification for why that is in long-term shareholders' interests. Moreover, if the company has not already set carbon-reduction goals, we expect them to have targets in place in the next 12 months. This is in line with our public requests over the last several years for companies to align their reporting with the TCFD. In the absence of robust disclosures, including information about target-setting approaches, we are increasingly concluding that companies, especially those with carbon-intensive businesses, are not adequately managing material risks and planning for the long-term.</p>



## ACS 5050 Global Equity Fund – Most Significant Votes

<b>Company:</b>	<b>EXXON MOBIL CORP</b>
<b>Date:</b>	<b>27<sup>th</sup> May 2020</b>
<b>Resolutions:</b>	<b>Item 1.2: Elect Director Angela F. Braly</b> <b>Item 1.4: Elect Director Kenneth C. Frazier</b> <b>Item 4: Require Independent Board Chair</b>
<b>BlackRock Vote:</b>	<p><b>Against</b> Director Angela F. Braly for insufficient progress on TCFD aligned reporting and related action.</p> <p><b>Against</b> Director Kenneth C. Frazier for insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business.</p> <p><b>For</b> the Independent Chair proposal on account of our belief that the board would benefit from a more robust independent leadership structure given the concerns noted below.</p>
<b>Rationale:</b>	<p><b>Item 1.2: Elect Director Angela F. Braly</b></p> <p><b>Against</b> Director Angela F. Braly for insufficient progress on TCFD aligned reporting and related action. According to Exxon's disclosures, the company's Public Issues and Contributions Committee oversees operational risks such as those relating to employee and community safety, health, environmental performance, including actions taken to address climate-related risks, security matters, and reviews and provides advice on objectives, policies and programs related to political and other contributions. Ms. Braly is the Chair of Public Issues Committee, and as such, the BlackRock Investment Stewardship team ("BIS") holds her accountable for lack of progress in driving greater action on climate risk in line with TCFD guidance, SASB recommendations, and BIS' feedback over several years.</p> <p><b>Item 1.4: Elect Director Kenneth C. Frazier</b></p> <p><b>Against</b> Director Kenneth C. Frazier for insufficient progress on TCFD aligned reporting and related action, and for failure to provide investors with confidence that the board is composed of the appropriate mix of skillsets and can exercise sufficient independence from the management team to effectively guide the company in assessing material risks to the business. We look to the Lead Independent Director and the Nominating and Governance Committee Chair for oversight of board composition and independence. This includes ensuring that the board is made up of directors with the right mix of skillsets and experience and who have sufficient leeway to exercise judgment that is independent from management to provide unfettered guidance to them. In this instance, we do not believe that the Exxon board has demonstrated that it is exercising its independent judgment in advising and overseeing management in assessing and disclosing material risks to the business relating to climate. In addition, we believe that having more directors with oil and gas industry experience would bolster the board's ability to act independently. As such, we are holding Mr. Frazier as the Lead Independent Director and Chair of the Nominating and Governance Committee, accountable. We also hold Mr. Frazier, as Lead independent Director, responsible for lack of progress in driving greater action on climate risk in line with TCFD guidance, SASB recommendations, and BIS' feedback over several years.</p> <p>We supported all other directors and routine management items on the 2020 ballot.</p> <p><b>Item 4: Require Independent Board Chair</b></p> <p><b>For</b> the Independent Chair proposal on account of our belief that the board would benefit from a more robust independent leadership structure given the concerns noted below.</p> <p>The non-binding shareholder proposal requests that the company establish an independent Board Chair position in place of the present Lead Independent Director structure by appointing one of the independent members of the board to the Chair position. The Independent Chair proposal would be phased in for the next CEO transition.</p> <p>BIS typically defers to the board to establish the appropriate structure of governance. Our governance and voting guidelines do not normally necessitate an Independent Chair so long as there is evidence of strong independence in the boardroom that is facilitated by a Lead Independent Director. We acknowledge that the company has strengthened its disclosures around the stated roles and responsibilities of the Lead Independent Director. We also recognise that Mr. Frazier, Chair of the Nominating and Governance Committee, stepped into the Lead Independent Director Role this year. Nonetheless, we remain concerned about the board's responsiveness to shareholder feedback and concerns regarding climate risk management, and do not have confidence that an enhanced role on paper will lead to a demonstrable increase in independent leadership. This concern is also reflected in the fact that BIS took voting action in 2017 and 2019, including voting against both Mr. Frazier and former Lead Independent Director Steven Reinemund. However, we have still not seen the substantive action we would expect given the material climate risks facing the company, and the concern expressed to the company by investors, including BlackRock. In our view this lack of progress on robust GHG emissions reduction target setting, and disclosure is a symptom of board independence issues. This now warrants an escalation in our approach, to encourage more independent leadership in this particular boardroom.</p>

<b>Company:</b>	<b>ROYAL DUTCH SHELL PLC CLASS B</b>
Date:	19 <sup>TH</sup> May 2020
Resolution:	Item 21: Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions
BlackRock Vote:	BlackRock voted AGAINST the shareholder resolution.
Rationale:	<p>The shareholder proposal (Item 21) requested that Shell set and publish targets across Scope 1, 2 and 3, aligned with the Paris Agreement. The proponent argued that Shell's ambition to reduce its net carbon intensity by 50% by 2050 in a growing energy system would not ultimately lead to the level of absolute emissions reduction necessary to achieve the goals of the Paris Agreement. The proponent asked for more "aspirational" targets. Since the submission of the shareholder proposal, Shell has updated its climate commitments to more aggressively reduce its carbon footprint, and to become a "net-zero emissions energy business" by 2050 or sooner. This commitment now includes:</p> <ul style="list-style-type: none"> <li>- Scope 1&amp;2: net zero on all emissions from the manufacture of all products by 2050;</li> <li>- Scope 3: reducing the Net Carbon Footprint of its energy products by around 65% by 2050 (up from a previous target of around 50% ), and by around 30% by 2035 (up from a previous target of around 20%), both now consistent with the Paris Agreement goal to limit the average temperature rise to 1.5 degrees Celsius;</li> <li>- A transition towards serving businesses and sectors that by 2050 are also net-zero emissions.</li> </ul> <p>BlackRock Investment Stewardship team ("BIS") has been engaged with Shell on its climate commitments for a number of years and was engaged with the company throughout the process of this latest upgrading of its commitments. Most of Shell's Scope 3 emissions are the Scope 1 emissions of their customers. Because no single oil &amp; gas company is fully in control of the global energy mix, Shell's Scope 3 commitments will only be achievable if key stakeholders such as policymakers, businesses and consumers accelerate the development and use of low-carbon technologies, incentivise more energy efficiency, reduce demand for fossil fuels, and remove emissions from the atmosphere.</p> <p>In determining our vote, we took into consideration that Shell already had some of the most ambitious climate targets in the industry on all relevant scopes (1,2,3), and that the company already makes strong TCFD disclosures. Furthermore, the shareholder resolution refers to Shell's previous climate commitments, which are now out of date and have been superseded by renewed and stronger commitments. As a result of Shell's responsiveness, BIS considers the request made in the resolution to have substantively been delivered.</p> <p>Finally, we understand from our engagement with the company that the recently revised targets will be kept under review, with a view to evolving them even further if possible. We will be monitoring closely the delivery against the targets set out to date. We will hold the management and board directors to account for lack of progress on their delivery through future voting on director elections. For now, we note that Shell's existing disclosure of 3-year net carbon footprint targets already makes the company a sector leader in the global oil &amp; gas industry.</p> <p>Given the company's progress towards aligning its reporting with TCFD recommendations, which has been one of BIS' key requests of large carbon emitters, and its responsiveness to shareholder engagement on portfolio resilience and reduction of scope 1, 2, and 3 GHG emissions, we are supportive of management for the time being.</p>

<b>Company:</b>	<b>BARCLAYS PLC</b>
Date:	7 <sup>th</sup> May 2020
Resolution:	Resolution 29: Approve Barclays' Commitment to Tackling Climate Change Resolution 30: Approve Share Action Requisitioned Resolution
BlackRock Vote:	BlackRock, through an independent fiduciary, voted FOR all management resolutions and AGAINST shareholder Resolution 30.
Rationale:	<p>Resolution 29: Approve Barclays' Commitment to Tackling Climate Change (FOR) Resolution 30: Approve Share Action Requisitioned Resolution (AGAINST)</p> <p>The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being.</p>

<b>Company:</b>	<b>MIZUHO FINANCIAL GROUP INC</b>
Date:	25 <sup>TH</sup> June 2020

Resolution:	Item 5: Shareholder Proposal. Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement
BlackRock Vote:	BlackRock, through an independent fiduciary, voted AGAINST all shareholder proposals, including Item 5, and FOR all management resolutions.
Rationale:	Item 5: Shareholder Proposal. Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement VOTE AGAINST shareholder proposal Item 5. The independent fiduciary reported that it took into consideration the company's policies and the announcements made since the shareholder proposal was filed. The independent fiduciary determined that the company now has policies in place that address the issues raised in the proposal.

Company:	<b>CHEVRON CORP</b>
Date:	27 <sup>TH</sup> May 2020
Resolution:	Item 6: Report on Climate Lobbying Aligned with Paris Agreement Goals
BlackRock Vote:	BlackRock voted FOR this proposal, as greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.
Rationale:	<p>We acknowledge that Chevron has been responsive to investors and transparent in their detailed TCFD and SASB-aligned reporting. BlackRock Investment Stewardship team ("BIS") considers Chevron a leader among US peers with regard to board oversight of climate risk, strong corporate governance practices, and reporting in line with SASB and the TCFD. We expect that Chevron will continue to iterate on its climate risk approach, including considering future GHG emissions reduction targets, the degree of warming the company anticipates under its currently articulated strategy, and its views regarding how this is aligned with long-term shareholders' interests. One additional area that we believe would strengthen the company's disclosure is additional transparency around political spending and lobbying related to climate risk and the low carbon transition. In our view, the company could provide investors with a more detailed explanation of the alignment between Chevron's political activities and the goal of the Paris Agreement to limit global warming to no more than two degrees Celsius, which the company supports. While we recognise and applaud Chevron's current TCFD and SASB-aligned reporting, BIS believes that greater transparency into the company's approach to political spending as aligned with its stated support for the Paris Agreement will help articulate consistency between private and public messaging for managing climate risk and transition to a lower-carbon economy.</p> <p>Based on recent engagements with the company leading up to the annual meeting, we believe Chevron is aligned with the spirit of this proposal, as it has articulated a desire to provide more clarity for investors on its internal climate considerations and associated political spending and lobbying contributions. We appreciate the company's willingness to consider investor feedback and look forward to forthcoming reporting.</p> <p>We believe enhanced disclosure will help investors better understand the company's political activities in the context of policy that supports the transition to a lower carbon economy.</p> <p>As such, support for this proposal is not meant to be punitive or suggest that we feel the board has failed to appropriately consider climate risk in the context of strategy. Rather, we believe this is a further point of refinement to solidify best in class reporting amongst US oil and gas peers. The proposal does not suggest or require Chevron to alter its current actions; instead, it affords an opportunity to provide greater context for investors. This is in line with our view that the risks of climate change and the transition to a lower carbon economy present material regulatory, reputational, and legal risks to companies. As a fiduciary for our clients, we see it as material to better understand how these risks are being adequately disclosed and overseen.</p>

Company:	<b>DANSKE BANK A/S</b>
Date:	9 <sup>th</sup> June 2020
Resolution:	Item 4a: Re-elect Lars-Eiril Brenoe as Director Item 4b: Re-elect Karsten Dybvad as Director Item 4c: Re-elect Bente Avnung Landsnes as Director Item 8: Approve Board Remuneration for 2020 and 2021 Item 9: Approve Guidelines for Incentive-Based Compensation for Executive Management and Board
BlackRock Vote:	We ABSTAINED from the re-election of the members of the remuneration committee (Items 4a, 4b and 4c) and voted AGAINST remuneration proposals (Items 8 and 9) given our concerns on remuneration outcomes and disclosures. Due to the plurality voting standard in Denmark, it is not possible to vote against director elections in Denmark when voting by proxy.
Rationale:	Items 4a, 4b, 4c: Re-election of members of the Remuneration Committee (ABSTAINED)



	<p>Last year, despite having concerns with remuneration which we raised in our engagement and having abstained from the remuneration related proposals, we supported the election of Remuneration Committee members, recognizing their short tenure on the board. However, we have seen limited progress this year and continue to have concerns on remuneration structure, disclosure and outcomes. In line with our voting guidelines to hold relevant directors accountable, we have abstained from supporting the re-election of the three directors who are members of the Remuneration Committee.</p> <p>Item 8: Approve Board Remuneration for 2020 and 2021 (AGAINST)</p> <p>The board has proposed a substantial increase in fees across board positions, for example, as much as 40% for the chairman role and 64% for the vice chairman. While the board has decided the new fees will take effect from 1st January 2021 given the COVID-19 pandemic, it still believes the rationale for the proposal on new fees remains relevant.<sup>9</sup> We recognise the Bank's circumstances might require more oversight from the board, however, we don't believe that such sizeable increases are warranted across all roles.</p> <p>Item 9: Approve Guidelines for Incentive-Based Compensation for Executive Management and Board (AGAINST)</p> <p>As discussed above, we have concerns regarding the company's remuneration disclosures and structural elements such as the granting of sign-on awards. We expect remuneration disclosures to provide investors with clarity on how the proposed policy is aligned with the company's strategy and shareholders' interests. Disclosures should also explain how the Remuneration Committee sets targets and assesses performance and determines that KPIs are sufficiently stretching to ensure pay is aligned with performance.</p>
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<b>Company:</b>	<b>VOLVO AB</b>
<b>Date:</b>	18 <sup>th</sup> June 2020
<b>Resolution:</b>	<p>Items 12.1, 12.4, 12.8, 12.11: Re-elect Matti Alahuhta, James Griffith, Martina Merz and Carl-Henric Svanberg as Directors</p> <p>Item 13: Re-elect Carl Henric Svanberg as Board Chairman</p> <p>Item 15: Approve remuneration policy and other terms of employment for executive management</p> <p>Item 18: Limit contributions to Chalmers University of Technology Foundation to a maximum of SEK 4 million per year</p>
<b>BlackRock Vote:</b>	We voted AGAINST all key resolutions outlined above given our concerns about progress on climate-related risks reporting, the structure of executive pay at the company and the approach taken by the shareholder to micromanage company activities
<b>Rationale:</b>	<p>Items 12.1, 12.4, 12.8, 12.11, 13: (AGAINST)</p> <p>BlackRock Investment Stewardship team ("BIS") believes board members should be held accountable for the level of oversight provided on governance matters, including executive pay, and how the management team addresses material issues, such as climate risk. Given the lack of progress the company has made on its climate disclosures and our ongoing concerns with its executive pay policy, BIS' policy is to withhold support from the re-election of those board members who are most accountable through their membership on relevant board sub-committees or, in the absence of such committees, the most senior board member. We voted against the re-election to the board of Matti Alahuhta, James Griffith and Carl-Henric Svanberg as members of the remuneration committee. We voted against the re-election of Mr. Svanberg as Board Chair, as the most senior board member responsible for climate disclosures. In particular, we are holding Mr. Svanberg to account for the current lack of adequate climate-related risks disclosures and expect more fulsome disclosure regarding the company's long-term adaptation strategies in line with the TCFD by next year. Additionally, as the role of director is becoming increasingly demanding, directors must be able to commit an appropriate amount of time to board and committee matters. Given the nature of the role, it is important a director has flexibility for unforeseen events and therefore only takes on the number of mandates to ensure such flexibility. Consistent with our EMEA proxy voting guidelines, we consider Matti Alahuhta and Martina Merz to hold an excessive number of mandates. In addition to his role at Volvo, Mr. Alahuhta serves as board chair at Outotec Oyj and non-executive director at Kone Oyj and ABB Ltd. In addition to her role at Volvo, Ms. Merz serves as the CEO of ThyssenKrupp AG and non-executive director at SAF-HOLLAND SA. This raises substantial concerns about their ability to exercise sufficient oversight on Volvo's board.</p> <p>Item 15: Approve remuneration policy and other terms of employment for executive management (AGAINST)</p> <p>We voted against the approval of the remuneration policy to reflect our continuing concerns, as we previously expressed by voting against the pay proposal at the 2019 annual general meeting (AGM). As we describe in our EMEA proxy voting guidelines, BlackRock supports incentive plans that foster the sustainable achievement of results. Consistent with best practice, we emphasize performance over a sustained period, generally 3-5 years, and expect performance hurdles for long-term incentive plans to be disclosed at the beginning of the period. Where pay structures differ substantially from best practice, we expect clear disclosure explaining how the decisions are in shareholders' best long-term economic interests. Volvo's long-term incentive plan measures performance over three one-year periods, with performance hurdles being set at the beginning of each one-year period. These hurdles are not disclosed at the beginning of the plan, and no context is provided for these practices. In our view, these practices fall short and therefore warranted a vote against management.</p>

	<p>Item 18: Limit contributions to Chalmers University of Technology Foundation to a maximum of SEK 4 million per year (AGAINST)</p> <p>A shareholder has proposed to restrict the amount the company can donate to the Chalmers University of Technology Foundation. The shareholder disagrees with the conclusions of one of the foundation's research areas. This item was proposed by the same shareholder at the 2019 AGM. We considered that this proposal strays into micromanagement and, moreover, we are generally not supportive of proposals that are overly prescriptive in nature.</p>
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<b>Company:</b>	<b>VOLKSWAGEN AG</b>
Date:	30 <sup>th</sup> September 2020
Resolution:	Multiple
BlackRock Vote:	<p>BlackRock voted AGAINST the discharge of a number of Management Board and Supervisory Board members (items 3.1, 3.3, 3.5 and items 4.1, 4.3, 4.6, 4.7, 4.8, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19, 4.21) due to ongoing concerns with (i) oversight in relation to the emissions scandal, (ii) the insufficient level of independence on the Supervisory Board and its sub-committees, and (iii) the independence of the external auditor. We voted AGAINST item 5 to re-elect Dr. Hussain Ali Al Abdulla as Supervisory Board member due to the insufficient level of independence on the Supervisory Board.</p>
Rationale:	<p>Items 3.1, 3.3, 3.5: Resolution on the formal approval for fiscal year 2019 of the actions of the members of the Board of Management H. Diess, J. Heizmann and A. Renschler who held office in fiscal year 2019 (AGAINST): We voted against the discharge of members of the Board of Management who were already serving at the time of the emissions incident. In doing so, we are holding those individuals accountable for the deficiencies in VW's governance practices and management of its material risks. This is consistent with our approach since VW's 2016 AGM.</p> <p>Items 4.1, 4.3, 4.6, 4.7, 4.8, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19, 4.21: Resolution on the formal approval for fiscal year 2019 of the actions of the members of the Supervisory Board H.D. Pötsch, H.A. Al Abdulla, B. Dietze, H.P. Fischer, M. Heiß, L. Kiesling, P. Mosch, B. Osterloh, H.M. Piëch, F.O. Porsche, W. Porsche, C. Schönhardt and S. Weil who held office in fiscal year 2019 (AGAINST): BlackRock Investment Stewardship team ("BIS") has ongoing concerns with the insufficient level of independence on the Supervisory Board and its subcommittees. BIS' policy is to withhold support from the re-election or discharge of those members who are most accountable for Supervisory Board composition through their role on the Supervisory Board or membership of relevant board sub-committees. We voted against the discharge of nomination committee members H.D. Pötsch, W. Porsche and S. Weil for the insufficient level of independence on the Supervisory Board, and of Supervisory Board chair H.D. Pötsch for the insufficient level of independence on the sub-committees. In light of BIS' concern regarding the independence of the external auditor, we voted against the discharge of Supervisory Board members B. Dietze, M. Heiß, B. Osterloh, F.O. Porsche and C. Schönhardt, all of whom served on the audit committee during fiscal year 2019. We believe Supervisory Board members should be held accountable for the level of oversight provided on governance matters. We voted against the discharge of Supervisory Board members H.D. Pötsch, H.A. Al Abdulla, H.P. Fischer, L. Kiesling, P. Mosch, B. Osterloh, H.M. Piëch, F.O. Porsche, W. Porsche and S. Weil who were already serving at the time of the emissions incident. This is consistent with our approach since VW's 2016 AGM.</p> <p>Item 5: Election of a member of the Supervisory Board (AGAINST) BIS voted against the re-election of Supervisory Board member H.A. Al Abdulla, who will reach a tenure of 12 years during the course of this new mandate, if approved, further reducing the level of independence on the Supervisory Board.</p>

<b>Company:</b>	<b>SANTANDER CONSUMER USA HOLDINGS, INC.</b>
Date:	10 <sup>th</sup> June 2020
Resolution:	Item 3: Report on Risk of Racial Discrimination in Vehicle Lending
BlackRock Vote:	We voted FOR the shareholder proposal, as discriminatory lending practices (of all forms) are a material risk to the company's business and shareholders would benefit from increased and improved disclosure on compliance programs, processes and procedures, as well as risk mitigation processes and procedures to prevent discriminatory lending (including racial discrimination).
Rationale:	<p>Item 3: Report on Risk of Racial Discrimination in Vehicle Lending Shareholders filed a non-binding proposal requesting that Santander Consumer Holdings' board prepare a report in advance of the 2021 annual meeting on the risk of discrimination in vehicle lending and any steps the company has taken to prevent racial discrimination against borrowers. Resolved: Shareholders of Santander Consumer USA Holdings Inc. (the "Company") request that the Board of Directors prepare a report on the risk of racial discrimination in vehicle lending and any steps that the Company has taken to prevent racial discrimination against borrowers. The report shall be prepared at reasonable cost omitting proprietary</p>

information and shall be made available on the Company's website no later than the 2021 annual meeting of shareholders. We acknowledge that Santander Consumer Holdings has been responsive in addressing historical material weaknesses in financial reporting. Additionally, Santander Consumer Holdings continues to improve its risk oversight and compliance processes in response to various regulatory findings or litigation, as described in further detail below. This response includes the creation of the Regulatory and Compliance Oversight Committee of the Board and increased disclosure regarding its procedures and processes over the last few years. In its Statement of Opposition, the company notes it is subject to certain federal consumer lending laws, including the Equal Credit Opportunity Act (ECOA) and it is also subject to the supervision of federal regulatory agencies, including the Consumer Financial Protection Bureau.<sup>2</sup> Racial discrimination in lending is prohibited under the ECOA. The company developed its Fair Lending Policy to meet ECOA guidelines. The policy is applicable to both direct and indirect lending; it prohibits discriminatory lending practices and mandates the use of non-discriminatory metrics in calculating lending terms for prospective borrowers. The company notes the majority of its lending is indirect and its control over this indirect (dealer) business is minimal. Yet, the company states that it will terminate dealer relationships when discriminatory lending occurs.<sup>3</sup> However, the Statement of Opposition does not clearly demonstrate how racially discriminatory lending risk is monitored and managed, nor does it outline the company's response to this risk. In our engagement prior to the annual meeting, there was no additional context provided on the steps the company has taken to prevent discriminatory lending beyond pointing to the information in the proxy statement. Management relied on compliance with federal law, its existing compliance and risk management programs and the federal government's oversight to allay shareholder concerns. Looking at the vehicle lending sector more broadly, there are financial and reputational risks associated with discriminatory lending based on race. A peer company received a federal court order to pay \$80 million in damages for a racially discriminatory vehicle lending policy. Santander Consumer Holdings has also been censured for non-racial discriminatory lending issues. On May 19, 2020, the company agreed to change its underwriting practices as part of a \$550 million settlement in 34 states. These states alleged the company violated consumer protection laws placing borrowers with subprime credit into auto loans, which the company knew carried a high probability of default. In our view, the company has an opportunity to provide investors with a more detailed explanation of how it assesses, manages and mitigates the risk of racial discriminatory lending practices. Given the high degree of reputational and litigation risks, improved disclosure on the mechanisms for compliance would give shareholders comfort that the risk is appropriately mitigated. Moreover, detail about this particular business risk would give investors a sense of how the company addresses other forms of discriminatory lending.

<b>Company:</b>	<b>DAIMLER AG</b>
<b>Date:</b>	8 <sup>th</sup> July 2020
<b>Resolution:</b>	Item 4: Resolution on ratification of Supervisory Board members' actions in the 2019 financial year Item 7: Resolution on the election of Timotheus Höttges as a member of the Supervisory Board Item 12b: Resolution on the amendment of Article 16 of the Articles of Incorporation (Annual Meeting – Resolution)
<b>BlackRock Vote:</b>	We voted AGAINST all key resolutions outlined above given our concerns about progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from the proposed article amendment.
<b>Rationale:</b>	<p>Item 4: Resolution on ratification of Supervisory Board members' actions in the 2019 financial year (AGAINST)</p> <p>We believe Supervisory Board members should be held accountable for the level of oversight provided on governance matters, including how management addresses material issues such as climate risk. Given the lack of progress Daimler has made on its climate disclosures, BlackRock Investment Stewardship team's ("BIS") policy is to withhold support from the re-election of those Supervisory Board members who are most accountable through their membership of relevant board sub-committees. In the absence of such committees, BIS will hold accountable the most senior Supervisory Board member. However, Daimler has 'staggered' Supervisory Board elections, meaning that shareholders do not have the opportunity to vote on all members in any given year. Rather, Supervisory Board members are re-elected on rotation, in line with the expiry of their appointment term which is every five years at Daimler. While BIS accepts this as common practice in several markets across EMEA, the hindrance of this model to shareholders being able to optimally reflect their views is illustrated at this AGM. We are unable to withhold support from the re-election of Supervisory Board chair Dr. Manfred Bischoff as the most senior director responsible for climate disclosures. As such, BIS voted against the discharge of the Supervisory Board as a whole for actions taken in 2019.</p> <p>We shared with the company that we expect disclosures in line with the TCFD framework by next year. Subsequent to our discussion, but after our vote instructions were submitted, the company published a TCFD cross reference table on its website mapping the TCFD recommendations to the relevant pages in its 2019 annual and sustainability reports. BIS is encouraged by this progress as this type of TCFD-aligned disclosure meets our expectation as shared with the company in our latest engagement.</p> <p>Item 7: Resolution on the election of Timotheus Höttges as a member of the Supervisory Board (AGAINST)</p>

	<p>Additionally, as the role of director is becoming increasingly demanding, directors must be able to commit an appropriate amount of time to board and committee matters. Given the nature of the role, it is important a director has flexibility for unforeseen events and therefore only takes on the number of mandates to ensure such flexibility. Consistent with our EMEA proxy voting guidelines, we view Timotheus Höttges to hold an excessive number of mandates. In addition to his proposed role at Daimler, Mr. Höttges already serves as CEO of Deutsche Telekom AG and a Supervisory Board member at Henkel AG &amp; Co. KGaA. This raises substantial concerns about his ability to exercise sufficient oversight on Daimler's Supervisory Board.</p> <p>Item 12b: Resolution on the amendment of Article 16 of the Articles of Incorporation (Annual Meeting – Resolution) (AGAINST)</p> <p>Daimler has proposed to amend its articles such that support from 75% of votes cast would be required to dismiss a Supervisory Board member. This is an increase from the simple majority support stipulated in its current articles. BIS regards this proposed amendment to be a deterioration of shareholder rights and therefore voted against.</p> <p>BIS voted in favour of all other management proposals.</p> <p>We will continue to engage with the company and monitor developments, with a particular focus on progress on climate-related risk disclosures.</p>
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#### ACS World ex UK Equity Fund – Most Significant Votes

<b>Company:</b>	<b>SWEDBANJ AB</b>
<b>Date:</b>	28 <sup>th</sup> May 2020
<b>Resolution:</b>	<p>Director Discharge (Items 10a – 10j): Shareholders are asked to approve the discharge of former Ordinary Board members Annika Poutianinen, Lard Idermark, Ulrika Francke, Peter Norman, Siv Svensson, Bodi Eriksson, Mats Granryd, Bo Johansson, Anna Mossberg and Magnus Ugglä</p> <p>Item 10o: Shareholders are asked to approve Discharge of Birgitte Bonesenas CEO</p>
<b>BlackRock Vote:</b>	We voted AGAINST the discharge of relevant board members and the former CEO (items 10a-10j, 10o). We are holding these shareholder-elected directors accountable for the deficiencies in Swedbank's governance of its anti-money laundering measures given they served on the board over the period these issues occurred.
<b>Rationale:</b>	Given the findings of the Swedish and Estonian FSA investigations and Swedbank's own internal investigations confirming governance and risk oversight failures related to money-laundering, and the levy of a 4 billion SEK fine, we are voting against the discharge of relevant board members and the former CEO. In doing so, we are holding those individuals accountable for the deficiencies in Swedbank's governance of its anti-money laundering measures given they served on the board over the period these issues occurred. The new leadership has initiated a number of actions to strengthen its governance, culture and controls, and work is ongoing. We will continue to engage with the company and monitor developments.

#### Aquila Emerging Markets Fund – Most Significant Votes

<b>Company:</b>	<b>TOP GLOVE CORPORATION BHD.</b>
<b>Date:</b>	6 <sup>th</sup> January 2021
<b>Resolution:</b>	<p>Item 1: Elect Lim Han Boon as Director</p> <p>Item 2: Elect Rainer Althoff as Director</p> <p>Item 3: Elect Noripah Kamso as Director</p> <p>Item 4: Elect Norma Mansor as Director</p> <p>Item 5: Elect Sharmila Sekarajasekaran as Director</p> <p>Item 6: Elect Lim Andy as Director</p> <p>Item 11: Approve Lim Han Boon to Continue Office as Independent Non-Executive Director</p>
<b>BlackRock Vote:</b>	BlackRock voted AGAINST these proposals
<b>Rationale:</b>	The company has been the subject of intense scrutiny over various labour-related and human rights issues in its supply chain since 2018. Whilst we acknowledge the board and management's willingness to engage with the BlackRock Investment Stewardship team ("BIS"), as well as the steps the company has taken in response to some of the controversies, the COVID-19 pandemic has exposed severe shortcomings in management and oversight of worker health and safety-related issues. Despite the board and management's reassurance that COVID-19 preventive measures have been implemented since the start of the pandemic, a quarter of its workers have since been infected with the virus, with one associated death. The investigations conducted by Malaysia's Ministry of Human Resources ("MoHR") and U.S. Customs and Border Protection ("CBP"), together with the whistleblower's account and other media reports, have shown that Top Glove's workers live in dense, unsuitable



	<p>accommodations with a lack of proper ventilation and physical distancing – a stark contrast to what the board has conveyed to shareholders. Given Top Glove's role as a leading Personal Protective Equipment (PPE) manufacturer, we view the board's ineffectiveness in COVID-19 mitigation and inadequate oversight of worker health and safety issues as especially egregious with potentially serious implications for its reputation as a supplier of such equipment to hospitals around the world. As the COVID-19 pandemic ravaged the region, the board failed in a key aspect of its oversight responsibility given that it did not identify and set policies to manage risks including the health and safety of workers living in its dormitories. This is particularly surprising given the enhanced awareness and attention to the company's worker safety issues since 2018. As such, BIS voted against the re-election of six Independent Non-Executive Directors (INEDs) and a separate proposal for Senior Independent Director Lim Han Boon to continue in office as an INED. Given the gravity of the situation and the material failure in oversight by the board, BIS voted against the re-election of the current members of the Board of Directors. We also intend to hold other incumbent directors not on ballot at this AGM accountable by voting against their re-election at future shareholder meetings. We will continue to engage with the company to assess the measures that are taken towards the resolution of the US CBP and MoHR investigations, how it is meeting its various commitments to improve labour rights and workers' accommodation, and how it is addressing health and safety-related issues.</p>
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<b>Company:</b>	<b>KOREAN ELECTRIC POWER CORPORATION</b>
Date:	9 <sup>th</sup> November 2020
Resolution:	<p>Item 1.2: Elect Choi Young-ho as an Inside Director</p> <p>Item 2: Elect Choi Young-ho as a member of the Audit Committee</p>
BlackRock Vote:	While we remain concerned about the company's coal projects in Indonesia and Vietnam, BlackRock voted in favour of the candidate for reasons including that he is a new nominee and therefore not responsible for KEPCO's past decisions
Rationale:	<p>BlackRock expects audit committees to comprise only non-executive directors and a majority of independent directors to ensure independent oversight of the company's accounts, including assumptions made by management in key investment decisions as captured in the company's financial statements. The company has publicly indicated that the decision to continue to pursue the coal-fired plant projects in Indonesia and Vietnam took into consideration government-to-government level partnerships and support. BlackRock Investment Stewardship team ("BIS") therefore has a duty to consider the potential risks that a publicly-appointed candidate might introduce to the company's internal audit process, including financial oversight of future government-led projects. We have communicated this responsibility with the company in recent engagements, including our duty to take voting actions if deemed necessary to signal concern in order to protect our clients' interests. Upon engagement and extensive analysis, and in consideration of the company's response to investor concerns by committing to move away from future coal-power projects, we supported the candidate Choi Young-ho as an inside director and audit committee member on the basis that:</p> <ul style="list-style-type: none"> <li>(i) Choi is a new nominee who ought not to be held accountable for KEPCO's past decisions;</li> <li>(ii) the prevailing regulation dictates the election of a government-appointed to the board and audit committee; and</li> <li>(iii) given KEPCO's recent announcement to stop all future coal projects, a safeguard is now in place that he, as well as other members of the board, will not be assessing any new coal projects going forward.</li> </ul> <p>We also supported the election of Lee Jong-hwan as inside director (Item 1.1) as he is a new and non-publicly appointed nominee who is not associated with the company's past decisions. While we see the company's announcement to stop all future coal projects as a positive outcome, we remain very concerned with the coal-fired power plant projects KEPCO continues to pursue in Indonesia and Vietnam and the contradiction these projects present with the company's stated climate strategy. We will continue to engage with the company on the financial and environmental risks associated with both and seek adequate disclosure regarding the plans and anticipated timeline for the conversion and /or termination of the Saul 2 project in the Philippines and the Thabametsi plant in South Africa.</p>

<b>Company:</b>	<b>CEZ, A.S.</b>
Date:	29 <sup>th</sup> June 2020
Resolution:	<p>Item 10: Approve Remuneration Policy</p> <p>Item 12: Recall and Elect Supervisory Board Members</p> <p>Item 13: Recall and Elect Members of Audit Committee</p> <p>Item 14: Shareholder proposal – Amend Business Strategy</p>
BlackRock Vote:	BlackRock voted AGAINST recalling and electing Supervisory Board Members for the company's lack of progress on climate-related reporting and insufficient information with regards to the identity of the directors. For similar transparency issues, BlackRock voted AGAINST the remuneration policy, and recalling and electing the Members of the Audit Committee. BlackRock voted AGAINST the shareholder

	proposal to amend the business strategy due to its overly prescriptive nature and the lack of sufficient rationales for the restrictions on capital allocation decisions that it would introduce.
Rationale:	<p>Item 10: Approve Remuneration Policy (AGAINST)</p> <p>The policy contains insufficient detail concerning incentives and performance-related elements such as how performance measures are defined or weighted. Moreover, CEZ only provides limited disclosure on award levels for both its short-term and long-term incentive plans. We acknowledge that CEZ is presenting its remuneration policy for the first time to a shareholder vote, and we understand that reporting practices on those issues are not yet well established in the Czech Republic. However, we consider the current level of transparency to be insufficient for us to understand the remuneration plans and support the approval of the remuneration policy.</p> <p>Item 12 &amp; 13: Recall and Elect Supervisory Board Members and Members of the Audit Committee (AGAINST)</p> <p>At the time of our analysis, the names of the candidates were not disclosed, which makes it impossible for minority shareholders to make an informed decision about the election of board members. CEZ is not an official TCFD supporter and has made no public commitment regarding the alignment of its disclosures with the recommendations of the TCFD. Despite a section in the company's 2019 annual report dedicated to climate protection, these climate-related disclosures do not demonstrate sufficient progress towards CEZ aligning its reporting with the TCFD recommendations. In line with our approach of holding directors accountable when a company is not effectively addressing a material issue, we voted against recalling and re-electing Supervisory Board members for lack of progress in relation to climate-risk reporting. More generally and consistent with previous years, the lack of information on the identity of the Supervisory Board members to be (re)elected ahead of the AGM is a key impediment to us supporting items 12 and 13.</p> <p>Item 14: Shareholder proposal - Amend Business Strategy (AGAINST)</p> <p>A group of shareholders tabled a resolution to amend the business policy of the company.<sup>6</sup> In accordance with the Articles of Association, the business policy is defined by the framework of business activities to be pursued by CEZ. In particular, the proponents asked that the following sections be amended: • CEZ's Group Mission and Vision; • Key Areas for Fulfilling Main Strategic Priorities; • Effective operation, optimal use and development of power generation portfolio; • Business Concept and Strategic Priorities of CEZ Group. The portion of the resolution that relates to decarbonising CEZ's generation portfolio addresses a material risk and is in line with our views on the need for companies to properly manage and oversee these risks to ensure a smoother transition to a low-carbon economy. Accordingly, we expressed our concerns about how the company has been addressing climate related issues via our vote against item 12. However, we do not believe that such a prescriptive modification of CEZ's business policy by shareholders would be a suitable mechanism to address these issues. It could have unclear and far reaching consequences for both the company and its shareholders. We considered that by directly addressing the corporate strategy and priorities of the company, this proposal strays into micromanagement and we are generally not supportive of proposals that are overly prescriptive in nature. Moreover, the proposed amendments would significantly restrict the nature and amount of some capital allocation decisions including the ones made on the basis of a contractual agreement with the Czech Republic Government such as the creation of new nuclear power units. The proponents have not provided compelling rationales as to why these restrictions are warranted and how they would be practical and beneficial for the company and its shareholders. For these reasons, we voted against the shareholder proposal.</p>

Company:	<b>PT INDOFOOD CBP SUKSES MAKMUR TBK</b>
Date:	3 <sup>rd</sup> August 2020
Resolution:	EGM Item 1: Approve Acquisition of the total issues share capital of Pinehill Company Limited
BlackRock Vote:	BlackRock voted AGAINST the resolution
Rationale:	<p>The proposed acquisition has merit from a strategic perspective. ICBP has in-depth knowledge of Pinehill's Indomie business and Pinehill's established footprint in its current markets could provide ICBP a strong platform for overseas growth. Nevertheless, BlackRock believes it is in our clients' economic interests to vote against the proposed acquisition due to the following concerns: The valuation and terms of the transaction; and the board's oversight in relation to the inherent conflict of interest. There are several concerns regarding the proposed terms of the transaction. We believe that the decision to include Southeast Asian peers in the pool of comparable companies used to determine Pinehill's valuation had an inflationary effect on the valuation. Given Pinehill's business locations, we do not find the inclusion of Southeast Asian food product companies – which trade at a premium to Middle Eastern peers – to be appropriate. On our assessment it inflates Pinehill's valuation by approximately twenty percent. Moreover, the use of trailing price-to-earnings (PE) as a benchmark for the forward earnings of the target company is questionable from a valuation methodology perspective. Had the valuation of Pinehill been determined by forward earnings of appropriate comparable companies at the time the transaction was BLACKROCK Voting Bulletin   3 announced, it would have yielded a more accurate valuation. If Pinehill's last reported earnings in 2019 were used on a like-for-like trailing PE basis, the proposed acquisition price values Pinehill at 38.6x (after adjusting for foreign exchange and interest expenses), which is double the average multiple that buyers had paid for packaged foods companies in Africa, Middle East, and European emerging markets in the past five years. As a consequence, our clients as shareholders in ICPB are significantly overpaying to acquire the assets from Pinehill. We are</p>

also concerned that ICBP's risk profile will materially worsen as the majority of the cash raised to fund the acquisition is in US dollar-denominated loans, therefore introducing significant foreign exchange risk to a company whose revenues are derived mainly from the Middle East and Africa. While the US\$128.5 million per annum profit guarantee is reassuring, any failure to fund the loans below the earnings yield of 4.3% on the total acquisition cost could dilute ICBP's earnings. Perhaps most importantly, there is a material failure in governance at the ICBP board level resulting in a failure to protect minority shareholders' rights in what is an acknowledged related party transaction. When ICBP first announced the proposed acquisition in February 2020, the company held several investor calls and repeatedly emphasised that the transaction would be earnings accretive and that its controlling shareholder, INDF, would not be allowed to vote on this transaction due to a clear conflict of interest. However, ICBP subsequently reversed its position in its May 22 filing, stating that INDF would vote despite the fact that it is an 80.5% controlling shareholder in ICBP, which is in turn controlled by the Salim group through the Hong Kong-listed holding company, First Pacific. With the decision to allow INDF to vote, approval is a foregone conclusion. ICBP's board determined that the transaction does not involve a conflict of interest as defined under current Indonesian regulations. Of importance, in April 2020, Indonesia's regulator announced it would introduce stricter regulations on Material Transactions coming into effect in October 2020, 1 under which INDF would have been required to abstain from voting on the ICBP transaction. Market perception of this transaction is clearly reflected in ICBP's share price, which fell almost twenty percent (double the decline of the Indonesian Consumer Sector Index) since the transaction was announced.<sup>2</sup> Furthermore, the total value lost across ICBP and the related companies INDF and FPC over the same time period is estimated to be US\$2.9 billion. Given the concerns over fundamental governance, valuation methods, conflicts of interest, and expedited timing just prior to enhanced regulation, BlackRock Investment Stewardship team ("BIS") has decided to vote against the proposed transaction. We escalated our concerns to relevant parties in the Indonesian market and have proposed opening a dialogue to discuss minority shareholder protections. In addition, to address the material failure in governance at the board, BIS intends to hold the current members of the Board of Directors and Board of Commissioners accountable by voting against their re-election at future shareholder meetings.

## Conclusion

Overall, the Plan has demonstrated key actions by the Trustee during the relevant reporting period that highlights how it continues to make investment decision in line with the policies set out in the SIP.

The relevant reporting period for this Statement (1 April 2020 to 31 March 2021).

From a stewardship and engagement perspective, the Plan is limited in its scope to directly influence how asset managers invest and engage with underlying companies due to the use of pooled funds to implement the Plan's investments.

The Trustee is committed to building a strategic approach towards their incorporation of ESG factors to meet the needs of the membership. As such, the Trustee will aim do the following:

- Continue to be kept abreast of industry developments in responsible investment to understand how best to implement best practices for the Plan where practicable.
- Ask and challenge the fund manager on how they seek to influence companies in their portfolios and seek to integrate further ESG considerations into the LifePath fund range.