WATSON-MARLOW DEFINED CONTRIBUTION PENSION PLAN

Implementation Statement 2023

Introduction

This document is the annual Implementation Statement (the "Statement") prepared by the Trustees of the Watson-Marlow Defined Contribution Pension Plan (the "Plan").

The Statement covers the Plan's year from 6 April 2022 to 5 April 2023 and its purpose is to:

- Confirm if the Trustees undertook a review of their Statement of Investment Principles ("SIP") during the year and to summarise any changes that were made as a result of the review;
- Set out the extent to which, in the opinion of the Trustees, the SIP has been followed during the year; and
- Describe the voting behaviour by, or on behalf of, the Trustees during the year.

A copy of this Implementation Statement, together with a copy of the Trustees' current SIP (dated September 2020), can be found on the following website: vfm.aviva.co.uk/watson-marlow/.

The Trustees' Statement of Investment Principles

Under Section 35 of the Pensions Act 1995, the Trustees are required to prepare and keep under review a statement of investment principles that sets out their investment objectives and policies for the Plan. In line with this requirement, the Trustees' SIP covers the following:

- The division of responsibilities between the Trustees, their advisers and investment managers;
- The Trustees' investment objectives for the Plan and how they have taken into account the risks faced by members;
- The range of investment options that the Trustees have made available to members, including the Plan's default investment strategy;
- The Trustees' policies on corporate governance and socially responsible investment; and
- The circumstances in which the Trustees will undertake a review of their SIP.

Changes to the SIP during the year to 5 April 2023

The Trustees did not undertake a review of their SIP during the year ending 5 April 2023. The last review was completed in 2020 and accordingly the current SIP remains the version dated September 2020. The next review of the SIP will take place later in 2023.

The Trustees adherence to their SIP

The Trustees believe they have followed their investment objectives and policies set out in the SIP for the Plan's year ending 5 April 2023. Further information on how they did this is set out in the remainder of this section.

The Plan, the Trustees' governance framework and professional advice

The Plan

The Trustees have appointed Aviva as the Plan's provider using a 'bundled' arrangement under which Aviva provides both administration services and the investment platform from which the Trustees select the range of pooled investment funds in which members can invest their pension savings, including the default investment strategy.

Through the provision of an annual report provided by their advisers, WTW, the Trustees undertake a detailed review of Aviva each year, which includes a comparison of Aviva against the other leading providers of defined contribution pension schemes in the UK. For the Plan's year ending 5 April 2023, the review was conducted as part of the September 2022 Trustee meeting.

The Trustees' governance framework

The Trustees have a number of responsibilities that are summarised in Section 2 of their SIP and in order to meet these responsibilities, the Trustees have adopted an appropriate governance framework to monitor the Plan's investment strategy and the performance of the individual pooled investment funds, including those that make up the Plan's default investment strategy. At the current time, the Trustees consider that it is best for these governance activities to be undertaken by the Trustee board as a whole as part of their quarterly Trustee meetings, although the option of delegating some or all of these activities to an investment sub-committee is reviewed from time to time.

The Trustees review the Plan's default investment strategy and alternative investment options, including their overall investment objectives and strategy, at least once every three years in order to ensure they remain appropriate for the Plan's membership. These reviews consider such matters as the demographic profile of the Plan's membership, the likely benefit choices members will make at retirement, developments in the defined contribution pensions market and any relevant legislative changes. The Trustees also review the investment objectives of the pooled investment funds to ensure they remain consistent with the Trustees' own policies and objectives.

The last review was undertaken in December 2021 in conjunction with WTW, the Trustees' investment consultants. While it was agreed to make no changes to the self-select fund range, a number of recommendations were made to make changes to the Plan's default investment strategy. However, due to potential wider changes to the Plan being considered by the Company, the Trustees decided to put on hold the recommended changes to the default investment strategy until the Company has made a final decision on the future of the Plan.

The next review will be undertaken no later than December 2024.

The performance of each of the pooled investment funds (which include those that make up the default investment option) is reviewed at each of the Trustees' quarterly meetings using a report provided by Aviva. As all the pooled investment funds are passively managed (except for the Cash fund), each fund's performance is measured against its benchmark index as set out in Appendix B of the current SIP.

Overall, during the Plan's year to 5 April 2023 (as well as over the medium to long term), the passively managed funds performed within acceptable tolerances of their relevant index benchmark. When reviewing each fund's performance, the Trustees accept that there may be small deviations in a fund's performance from its index benchmark and provided these are over short periods of time or are within acceptable tolerances over the medium to long term, the Trustees will not normally take any action. However, sustained, or longer-term deviations would be investigated further.

During the year to 5 April 2023, no changes were made to the investment funds that underly the default investment strategy or that make up the self-select fund range.

As part of preparing this statement, the Trustees reviewed the voting activity of the investment managers, a summary of which is provided in the Appendix to this statement.

Finally, the Trustees ensure that the Plan meets all relevant legal requirements and expectations as set out in The Pensions Regulator's Code of Practice no. 13 "Governance and administration of occupational trust-based schemes providing money purchase benefits", although it is noted that this is due to be replaced later in 2023 by a new General Code of Practice that will also incorporate nine other existing Codes of Practice.

Professional advice

In all matters relating to the Plan's investments, the Trustees take professional advice from their appointed investment consultants, WTW, who attend each quarterly Trustee meeting. The Trustees also take advice from WTW on the suitability of their SIP and when making any changes to the SIP.

In order to ensure that the advice received is appropriate and in line with the Trustees' requirements, they have agreed a set of investment objectives for WTW that will help the Trustees in meeting their own investment objectives for the Plan. At their meeting in June 2021, the Trustees agreed an updated set of objectives and WTW's performance against these objectives was reviewed in March 2023. The conclusion of the review was that WTW had met all but one of its objectives.

The Trustees' investment objectives for the Plan

The Trustees' primary investment objectives remain unchanged and are to ensure that:

- They provide members of the Plan with a range of investment options and pooled investment funds to satisfy their differing risk appetites and retirement goals;
- Their overall investment strategy (particularly the default investment strategy) remains appropriate as the membership of the Plan changes over time.

In order to meet the above objectives, the Trustees:

- Provide an appropriate default investment strategy for those members who do not make their own investment choice;

- Make available a range of alternative pooled investment funds that:

  - enables members to tailor their investment strategy to meet their own personal circumstances and attitude to risk, including the ability to reduce investment risk as they approach their selected retirement age;

  - facilitates diversification and provides the potential for long-term capital growth (in excess of price and wage inflation) in order to maximise the value of members' pension savings;

  - provides members with good value-for-money both in terms of financial cost and administrative, operational and other relevant features;

- Provide an appropriate number of pooled investment funds to members to avoid unnecessarily complicating their investment choices.

To meet the above objectives, the investment options currently available to members are summarised below.

The Plan's default investment strategy

The Plan's default investment strategy used for members who do not make their own investment choice is the 30:70 Lifestyle Investment Programme, which aims to provide:

- Long term growth whilst a member is more than 10 years from their selected retirement age and should therefore be able to accept a medium to high level of risk by investing in equities split between the UK (30%) and overseas (70%);

- A reduction in risk during the 10 years immediately before a member's selected retirement age by gradually switching to a mixture of lower risk bond and cash investments, which should also provide some protection against movements in annuity prices.

As confirmed earlier, following the last review of the default investment strategy in December 2021, a number of changes were recommended. However, these changes have been put on hold pending a decision by the Company on the future of the Plan.

The default investment option also satisfies the DWP's auto-enrolment regulations, including the cap on charges (the charge for the default investment strategy is 0.45% per annum, which compares to the cap on charges of 0.75% per annum).

The Plan's self-select fund range

As an alternative to the default investment option, members have a choice of eight pooled investment funds that provide the option to invest in equities (both in the UK and overseas), UK Government gilts (both fixed and index-linked), corporate bonds and cash. Except for the cash fund, all the funds are passively managed with the objective of tracking a specified benchmark index chosen by the investment manager.

More information on both the default investment strategy and the self-select fund range can be found in Section 5 and the Appendices of the SIP.

Managing the risks faced by members

The Trustees recognise that members of the Plan face various investment risks, as set out in Section 4 of their SIP. The Trustees help members mitigate against these risks as follows:

- *Capital risk* – to help members protect against falls in the value of their pension savings, the Trustees provide bond and cash funds as these are expected to provide lower risk (less volatile) investment options;

- *Inflation risk* – to provide members with an opportunity for their pension savings to grow at least in line with inflation, the Trustees provide both UK and overseas equity funds as these are expected to provide real growth over the medium to long term;

- *Pension conversion risk* – for those members wishing to provide a secure level of income when they retire (through the purchase of an annuity), the Trustees provide bond funds as, in general, annuity prices are linked to bond yields;

- *Missed opportunity risk* – to allow members to take a higher level of investment risk when they are able to do so, the Trustees provide both UK and overseas equity funds as these are expected to provide good levels of above inflation growth over the medium to long term for members who are in a position to accept a level of volatility in the short term, such as younger members when they are many years away from their intended retirement age.

The default investment strategy mitigates against all of the above risks.

Corporate governance and socially responsible investments

The Trustees have no direct interaction with the investment managers (Aviva Investors) of the pooled investment funds that make up the default investment option and the self-select fund range. The Trustees have therefore delegated responsibility for the selection, retention and realisation of the investments held by each of the pooled investment funds to the relevant investment managers.

Due to the inherent constraints that arise from the Plan being delivered via a ‘bundled’ arrangement with Aviva, and the fact that the pooled investment funds offered to members are predominately passively managed, the Trustees currently take a pragmatic approach to sustainable investment factors. These are factors arising from environmental, social and corporate governance (commonly referred to as ‘ESG’ factors), including climate change. This is reflected in the Trustees’ policy on corporate governance and socially responsible investments set out in Section 6 of their SIP.

The Trustees recognise that long-term ESG factors, including climate change, may have a material impact on investment risk and outcomes. However, the Trustees’ current investment strategy is to offer members a range of passively managed pooled investment funds (that include the funds that make up the default investment option) that do not explicitly take account of ESG considerations in the selection, retention and realisation of investments. However, the Trustees do review their investment strategy on

an ongoing basis and will look to reflect these factors as far as possible in any subsequent changes to the strategy or range of pooled investment funds.

The Trustees will continue to develop their approach to ESG monitoring.

Voting policy and behaviour

Investments in the Plan are made using pooled investment funds available through the Plan's platform provider, Aviva Pensions (AP). For the relevant investment funds (see below), the Trustees have delegated the exercising of voting rights to the investment manager.

Consequently, voting rights are exercised on behalf of the Trustees by Aviva Investors, each fund's underlying investment manager. Whilst Aviva Investors are the investment manager, it has delegated the day-to-day management of the underlying investments to BlackRock. However, Aviva Investors has retained the responsibility for exercising voting rights in relation to these funds.

The Plan's pooled investment funds that contain voting rights are:

- The AP BlackRock (30:70) Currency Hedged Global Equity Index Tracker fund;
- The AP BlackRock (50:50) Global Equity Index Tracker fund;
- The AP BlackRock UK Equity Index Tracker fund;
- The AP BlackRock World ex-UK Equity Index Tracker fund.

The AP BlackRock (30:70) Currency Hedged Global Equity Index Tracker fund is used in the growth phase of the Plan's default investment option.

Information on Aviva Investors' voting activity during the year to 31 March 2023 is provided below in the Appendix to this statement. In addition, examples of the most significant votes cast by Aviva Investors are also provided. Aviva Investors provided information on the votes it considered to be the most significant (chosen in line with its policy on determining the "most significant" votes – see below – and the reasons given for each vote) and the Trustees have provided examples for each investment fund.

The Trustees of the Watson-Marlow Defined Contribution Pension Plan
August 2023

Appendix

The tables below provide a summary of the voting policies and activity for Aviva Investors (including examples of significant votes) in respect of the following funds:

- The AP BlackRock (30:70) Currency Hedged Global Equity Index Tracker fund;
- The AP BlackRock (50:50) Global Equity Index Tracker fund;
- The AP BlackRock UK Equity Index Tracker fund;
- The AP BlackRock World ex-UK Equity Index Tracker fund.

Investment Manager: Aviva Investors

Voting policy

What is Aviva Investors' policy on consulting with clients before voting?

Whilst we do not consult clients ahead of each vote (given the significant practical challenges this will create), we are always keen to understand client views on particular issues / companies and are happy to provide details of how we voted after the event. We have also been involved in a pilot enabling end investors to have a voice and be empowered to be part of the voting process. More broadly, we have been working with our client experience project team and we are going to institutionalise a standard question asking clients about their stewardship preferences and priorities. This will be invaluable in shaping our voting policy and engagement plans to continue to meet client aims and expectations.

There may also be occasions where voting exceptions have been specifically agreed with our clients in segregated funds, but generally we retain responsibility for ensuring voting is carried out in a manner consistent with their own approach to stewardship. If a pooled fund investor asked us to vote a certain way, we would not be able to do this unless it was consistent with our view / the vote direction was in the best interests of all investors in that fund.

We may also contact clients if there is a conflict of interest situation - for example, in relation to the exercise of voting rights for shares in our parent company Aviva plc (our default position is not to vote these holdings as Aviva Investors will exercise no discretion).

Please provide an overview of Aviva Investors' process for deciding how to vote

Voting decisions are based off our Voting Policy which is reviewed on an annual basis and updated subject to Board approval. Final decisions are made by the Stewardship function (i.e. ESG analysts) in conjunction with portfolio managers who inform the decision making process by bringing their knowledge and assessment of company strategy and any special circumstances.

To support us in making voting decisions, we use governance and other research from a number of sources. These include the Investment Association's IVIS service and ISS. We use research for data analysis only and we do not automatically follow any voting recommendations.

Given the number of companies we own in our portfolios (including index funds), we seek to prioritise engagement by size of holding and where it is most likely to benefit our clients. This allows us to consider additional context from the company which occasionally results in us changing a vote. In addition, every year we write to the large majority of the companies we hold to notify them of our voting policy (highlighting any changes we have made), and also direct them to our voting records, where they are able to see how we have voted at their AGMs etc and our reasons for not supporting any resolutions.

As can be seen from our voting records, we have a strong record of opposing resolution and holding boards to account

We maintain a database to record our voting and engagement with companies which allows us to review the effectiveness of our work. For our priority engagements our intention is to review these on a quarterly or half yearly basis.

There will be times when, despite engagement with companies, our concerns have not been adequately addressed. Under these circumstances, the matter may be escalated into a more focused project of intervention aimed at securing changes to the board, management, practices or strategy. As part of our escalation process, we may ask to discuss issues with executive and/or non-executive directors, work with other institutions and investors to press for change or exercise our voting rights against the board. As a last resort we may requisition a general meeting of a company or a resolution at an Annual General Meeting, or support others who are doing so. We may also make public statements where we believe this is appropriate. However, we expect this to happen only in the most extreme cases.

Please describe whether Aviva Investor has made use of any proxy voter services

We subscribe to proxy advisory services for independent research and recommendations including recommendations based on our own policy (where certain resolutions will be referred to us for further consideration). These providers include the IVIS service, ISS-Ethix and MSCI. We use research for data analysis only as we have our own robust voting policy, which is applied to all our holdings. We also take into consideration the views of the fund manager and the conversations with the company through our voting specific engagement.

Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?

We subscribe to ISS research and receive both their benchmark reports (which we use for data analysis only and do not automatically follow their voting recommendations) and custom research based on our own policy, which we can override in consideration of other factors, including internal views, additional context provided in external research, and company explanations. This we feel is the most efficient approach to voting thousands of meetings a year.

What process did Aviva Investors' follow for determining the "most significant" votes?

We looked at a number of criteria for the list of votes undertaken for the fund including: the impact on the company (both short and long term) if the resolution was or wasn't approved; the materiality of the shareholder resolutions; the level of public and / or media interest in certain companies and resolutions; and how significant the holdings are in relation to the fund and to Aviva Investors (acknowledging that the larger the aggregate / percentage holding, the more ability we have in affecting change). It is evident in some of the votes selected that these reflected multiple criteria explained above, but it is important to note that this the selection process was quite subjective.

Did any of your "most significant" votes breach the client's voting policy (where relevant)?

No

Are you currently affected by any of the following five conflicts, or any other conflicts, across any of your holdings?

1) **The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;**

2) **Senior staff at the asset management firm hold roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings**

3) **The asset management firm's stewardship staff have a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding**

4) **There is a situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer**

5) **There are differences between the stewardship policies of managers and their clients.**

Yes, to (1) and (4) but such conflicts are managed appropriately and subject to regular review. For example, where a commercial transaction/acquisition is being proposed between two companies (e.g. one company acquiring another), and we hold shares in both of these companies, a conflict could arise if the commercial transaction/acquisition terms were not in the best interests of shareholders for both companies (i.e. if we believe that Company A is paying too high a price for Company B). As such our voting considerations should always be based on the best interests of the funds/clients holding shares in the company for which the vote is applicable to.

Please include here any additional comments which are relevant to Aviva Investors' voting activities or processes

None provided.

Voting activity for the year ending 31 March 2023

AP BlackRock (30:70) Currency Hedged Global Equity Index Tracker Fund

Summary of voting activity

How many meetings were you eligible to vote at?	2,482
How many resolutions were you eligible to vote on?	34,071
What percentage of resolutions did you vote on for which you were eligible?	96%
Of the resolutions on which you voted, what % did you vote with management?	75%
Of the resolutions on which you voted, what % did you vote against management?	23%
Of the resolutions on which you voted, what % did you abstain from?	2%
In what % of meetings did you vote at least once against management?	76%
What % of resolutions did you vote contrary to the recommendation of your proxy adviser?	19%

Examples of significant votes

Company: Home Depot Inc

Approximate size of fund's holding (% of portfolio): 0.37%

Resolution: Item 9: Report on efforts to eliminate deforestation in supply chain

How voted: In favour

If voted against, was the company told ahead of the vote: n/a

Reason: We supported this resolution as it asked management to assess, report on and reduce key impacts and dependencies on nature for high impact sectors.

Outcome of the vote: Approved (65% of votes cast were in support)

Implications of the outcome/next steps: The passing of this resolution is expected to conjure the company to form a definitive blueprint of actions that it may take to remove deforestation from its supply chain.

Why vote considered 'most significant': This vote was selected given the materiality of the subject of deforestation to the company, which is known to be one of the largest wood importers. The company in fact is featured in the Forest 500, which marks it as one of the most influential companies that utilises natural capital.

Company: CSL Ltd

Approximate size of fund's holding (% of portfolio): 0.11%

Resolution: Item 2b: Elect Megan Clark as Director

How voted: Against

If voted against, was the company told ahead of the vote: Yes

Reason: We voted against this director to hold her accountable for the lack of ethnic diversity on the board, and for the lack of sufficient response to dissent on prior years' remuneration proposals. We have had ongoing concerns on remuneration practices (concerns on quantum and decisions over bonus outcomes, which were not aligned with performance).

Outcome of the vote: Approved (97% of votes cast were in support)

Implications of the outcome/next steps: The vote against and the engagement prior to the AGM should highlight the severity of the topics we expressed dissent on. We expect the company to address concerns on board composition and remuneration practices ahead of the next AGM.

Why vote considered 'most significant': This vote was selected as the governance issues identified are potentially material to the investment case.

Company: Visa Inc

Approximate size of fund's holding (% of portfolio): 0.45%

Resolution: Item 2: Advisory vote to Ratify Named Executive Officers' Compensation

How voted: Against

If voted against, was the company told ahead of the vote: Yes

Reason: The focus of this vote was on long-term incentive awards that are not sufficiently performance-based. More pertinently, we also highlighted the company's excessive provision of corporate aircraft usage perquisite to the CEO.

Outcome of the vote: Approved (90% of votes cast were in support)

Implications of the outcome/next steps: In the current economic environment, we are placing emphasis on the disparity between pay of executives and the wider workforce. The company's provision of generous benefits and not attaching performance conditions to variable pay is of concern, and we used voting and engagement to express this concern to the company.

Why vote considered 'most significant': This vote was selected as the governance issues are potentially material to the investment case.

AP BlackRock (50:50) Global Equity Index Tracker Fund

Summary of voting activity

• How many meetings were you eligible to vote at?	2,645
• How many resolutions were you eligible to vote on?	35,017
• What percentage of resolutions did you vote on for which you were eligible?	96%
• Of the resolutions on which you voted, what % did you vote with management?	75%
• Of the resolutions on which you voted, what % did you vote against management?	23%
• Of the resolutions on which you voted, what % did you abstain from?	2%
• In what % of meetings did you vote at least once against management?	76%
• What % of resolutions did you vote contrary to the recommendation of your proxy adviser?	19%

Examples of significant votes

Company: J Sainsbury plc

Approximate size of fund's holding (% of portfolio): 0.88%

Resolution: Item 21: Shareholder resolution on Living Wage Accreditation

How voted: For

If voted against, was the company told ahead of the vote: n/a

Reason: Our support for this proposal was warranted as it highlights the benefits of a fair Living Wage policy for all stakeholders. Living Wage accreditation is a public commitment that all staff who work for a company, directly and indirectly, will earn a wage sufficient to live on. Workers in the sector are one of the largest groups of low-paid workers in the UK. There is a strong business case for adopting higher base rates of pay including increased service quality, productivity, and a reduction of costs in the long term i.e. leads to better recruitment, and retention.

To be clear, we welcome the progress so far i.e. in January 2022, Sainsbury's uplifted rates for directly employed staff to £10.00 per hour outside of London (exceeding the real Living Wage rate of £9.90) and matched the Living Wage rate for employees in inner London (£11.05). In April, the Company took the further step of matching the Living Wage in Outer London. Nonetheless, Sainsbury's have not matched the rate for third party contractors and there is no ongoing commitment to match the real Living Wage, which accreditation would ensure. The letter from the Board Chair states that the majority of Sainsbury's contractors are already paid at, or above the Living Wage, but we would like this to be evidenced, and so far this is the piece that has not been forthcoming.

If the business is able to demonstrate to stakeholders that it is treating everybody equally (i.e. that no contractor is being paid below the living wage) then it will effectively meet the spirit of the resolution. Rather than simply encouraging its suppliers to pay the living wage we think this should be a contract prerequisite or alternatively, we would like the company to assess what it would cost, to make up the difference itself.

In this respect, we are also comfortable with the timescales detailed in the proposals and do not feel these are too burdensome for the company to meet.

Outcome of the vote: Not approved (17% of votes cast were in support)

Implications of the outcome/next steps: Although the resolution was not approved, 17% support is not a poor result (particularly given the Sainsbury's share ownership is quite concentrated) and should send a clear message to the company that it needs to do much more to evidence it cares about its employees, particularly in light of the cost of living crisis. It may also push other companies to commit to paying the living wage (or at least higher wages), especially the laggards.

Why vote considered 'most significant': This vote was selected given the high profile nature of the shareholder resolution which is potentially materiality to the company's sustainability and the investment case.

Company: Wesfarmers Ltd

Approximate size of fund's holding (% of portfolio): 0.10%

Resolution: Item 2a: Elect Jennifer Anne Westacott as Director

How voted: Against

If voted against, was the company told ahead of the vote: No

Reason: This company is regarded as a high emitter, and we would like such companies to adopt appropriate carbon reduction targets that are preferably verified by trusted external parties, such as the Science-Based Targets Initiative. In the absence of these targets, we cannot support this director's election, who we hold accountable for adopting appropriate climate strategies.

Outcome of the vote: Approved (97% of votes cast were in support)

Implications of the outcome/next steps: We will engage with the company ahead of the next AGM to place emphasis on our expectations from them in terms of climate targets.

Why vote considered 'most significant': This vote was selected as the governance and climate issues identified are potentially material to the investment case.

Company: EasyJet plc

Approximate size of fund's holding (% of portfolio): 0.07**%**

Resolution: Item 2: Approve Remuneration Report

How voted: Against

If voted against, was the company told ahead of the vote: Yes

Reason: We could not support the pay report because of the following: The company had approved restricted share awards as a part of the remuneration policy last year, though with significant dissent. They granted maximum award size in the year under review, despite the significant drop in share price performance. In addition, bonus outcomes were not cognisant of financial results.

Outcome of the vote: Approved (81% of votes cast were in support)

Implications of the outcome/next steps: The result of the AGM signalled considerable dissent on the pay item, which the company will need to address in engagement. It is expected that vesting outcomes of those awards granted this year will need to be reduced in vesting year to account for windfall gains. This will be reviewed, and voting action will be used if a sufficient response is not demonstrated by the company.

Why vote considered 'most significant': This vote was selected as the governance issues identified are potentially material to the investment case.

AP BlackRock UK Equity Index Tracker Fund	
Summary of voting activity	
• How many meetings were you eligible to vote at?	711
• How many resolutions were you eligible to vote on?	10,480
• What percentage of resolutions did you vote on for which you were eligible?	100%
• Of the resolutions on which you voted, what % did you vote with management?	93%
• Of the resolutions on which you voted, what % did you vote against management?	6%
• Of the resolutions on which you voted, what % did you abstain from?	1%
• In what % of meetings did you vote at least once against management?	50%
• What % of resolutions did you vote contrary to the recommendation of your proxy adviser?	6%

Examples of significant votes

Company: RELX plc

Approximate size of fund's holding (% of portfolio): 1.81%

Resolution: Item 2: Approve Remuneration Report

How voted: Against

If voted against, was the company told ahead of the vote: Yes

Reason: We continue to have concerns over the level of vesting for the achievement of threshold performance conditions under the LTIP i.e. 25% of the award opportunity, representing share awards at 112.5% of salary for the CEO based on current grant levels. We consider this to be excessive and have raised the LTIP structural issues with the company on numerous occasions This issue is compounded by the increases in salaries. Whilst 2.5% increases in percentage terms may not appear problematic, salaries were already positioned above upper quartile. So in monetary value and when considering the impact of overall variable pay opportunity, these increases may result in approx. £200k per annum more earnings for the CEO. Further, we note that the CEO: employee pay ratio is already significant (151:1) so the 2.5% increase is likely to increase that (again, given the multiples of variable pay compared to the average employee).

Outcome of the vote: Approved (92% of votes cast were in support)

Implications of the outcome/next steps: Whilst we were obviously in the minority who had concerns over executive pay at RELX, the company wrote to us (and other shareholders) in Dec 2022 to say that it is proposing to reduce the level of vesting for threshold performance in the LTIP from 25% of the maximum opportunity to 20% - this partly addresses our concern (we would have liked it to come down a bit more) - now the CEO's LTIP award at threshold vesting will equate to 90% rather than 112.5% of salary. We responded to say that we welcomed the change (which is likely to come into effect Q2 2023).

Why vote considered 'most significant': This vote was selected as RELX is a company held across numerous funds and we want to ensure governance arrangements meet our expectations.

Company: Standard Chartered plc

Approximate size of fund's holding (% of portfolio): 0.60%

Resolution: Item 32: Approve Shareholder Requisition Resolution

How voted: For

If voted against, was the company told ahead of the vote: n/a

Reason: Support for this shareholder proposal was warranted, as it should serve to enhance the company's current commitments to net zero activities and help ensure stronger alignment between the company's net zero goals and its policies and actions. In addition, the requested progress report would also provide shareholders with a better understanding of the company's management and oversight of related risks. As noted under resolution 31, we are not supportive of / comfortable with the company's own net zero pathway. Indeed, this shareholder resolution reflects our concerns as it requests that Standard Chartered: Set, disclose (including reporting annually on progress) and implement a strategy to manage its Fossil Fuel exposure in accordance with a scenario in which global emissions reach net zero by 2050, including: a. A commitment to no longer provide Financing where proceeds would be used for new or expanded Fossil Fuel projects; and b. Short-, medium-, and long-term targets to reduce fossil fuel exposure consistent with the goal of net zero by 2050, avoiding overreliance on negative emissions technologies.

Outcome of the vote: Not approved (12% of votes cast were in support)

Implications of the outcome/next steps: Although disappointed with the relatively low level of support for the shareholder resolution, we believe that these types of votes will continue to push the company to make firmer commitments and work with pace to transition its business to help try and address the climate emergency. We will continue to engage with the company over the specific issues and hold directors accountable should we not be satisifed with progress. Note that at the same AGM, we also voted against a climate-related proposal presented by the company's management for the same reasons for why we supported the shareholder resolution. That resolution passed but 17% of the votes were not in favour, which is perhaps more telling than the shareholder resolution results.

Why vote considered 'most significant': This vote was selected given the materiality of the shareholder resolution and potential impact climate change will have on the business.

Company: Vodafone Group plc

Approximate size of fund's holding (% of portfolio): 1.48%

Resolution: Item 2: Re-elect Jean-Francois van Boxmeer as Director

How voted: For

If voted against, was the company told ahead of the vote: n/a

Reason: Under normal circumstances, we would be voting against the Nomination Chair's re-election as there is no ethnic diversity on the board. However, this is as a result of Sanivj Ahuja stepping down from the Board in July 2021. The Company has provided a commitment to achieve ethnic diversity pursuant to the recommendation of the Parker Review, and succession plans are anticipated over the next year.

Outcome of the vote: Approved (89% of votes cast were in support)

Implications of the outcome/next steps: The need to incorporate ethnic diversity on the board is of keen interest, given that the company is a FTSE 100 company that is expected to have at least one ethnically-diverse director by 2021. In recent engagement, the company noted that it has appointed an ethnically-diverse director.

Why vote considered 'most significant': This vote was selected as the governance issues identified are potentially material to the investment case.

AP BlackRock World ex-UK Equity Index Tracker Fund	
Summary of voting activity	
• How many meetings were you eligible to vote at?	2,102
• How many resolutions were you eligible to vote on?	26,553
• What percentage of resolutions did you vote on for which you were eligible?	94%
• Of the resolutions on which you voted, what % did you vote with management?	68%
• Of the resolutions on which you voted, what % did you vote against management?	30%
• Of the resolutions on which you voted, what % did you abstain from?	2%
• In what % of meetings did you vote at least once against management?	86%
• What % of resolutions did you vote contrary to the recommendation of your proxy adviser?	25%

Examples of significant votes

Company: Carrefour SA

Approximate size of fund's holding (% of portfolio): 0.023%

Resolution: Item 13: Approve Company's Climate Transition Plan

How voted: Against

If voted against, was the company told ahead of the vote: No

Reason: We did not support this management-led climate transition plan. The plan lacked pertinent details which would outline how emissions will be reduced.

Outcome of the vote: Approved (87% of votes cast were in support)

Implications of the outcome/next steps: We will engage with the company to discuss its approach to its climate transition plan, and seek further detail in their course of action.

Why vote considered 'most significant': This vote was selected given the materiality of the resolution and potential impact climate change will have on the business.

Company: Woolworths Group Ltd

Approximate size of fund's holding (% of portfolio): 0.05%

Resolution: Item 2b: Elect Holly Kramer as Director

How voted: Against

If voted against, was the company told ahead of the vote: Yes

Reason: We voted against this director to hold her accountable for the lack of ethnic diversity on the board, and for the lack of sufficient policies that focus on limiting deforestation or adopting an overarching policy on biodiversity.

Outcome of the vote: Approved (97% of votes cast were in favour)

Implications of the outcome/next steps: Engagement with the company on this matter ahead of the AGM helped us clarify our expectations of board composition and biodiversity policies in this market and given the potentially negative impact on biodiversity due to the company's operations, which should hopefully propel the company in a positive direction.

Why vote considered 'most significant': This vote was selected as the governance and biodiversity-related issues identified are potentially material to the investment case.

Company: Daikin Industries Ltd

Approximate size of fund's holding (% of portfolio): 0.08%

Resolution: Item 3.4: Elect Akiji Makino as Director

How voted: Against

If voted against, was the company told ahead of the vote: No

Reason: We highlighted that the company did not have adequate carbon emission targets set, given the company's inherently significant impact on climate. The director who we voted against was considered accountable for having sufficient and appropriate policies.

Outcome of the vote: Approved (91% of the votes cast were in favour)

Implications of the outcome/next steps: The small level of dissent on this resolution indicates that there are multiple stakeholders who want to hold this director accountable for having appropriate climate-related targets. Further engagement with the company will help us emphasise this point, and see whether the company will make any needful changes.

Why vote considered 'most significant': This vote was selected as the governance and climate issues identified are potentially material to the investment case.