The MUFG Bank UK Pension Fund ('the Fund')

Annual Implementation Statement for the Year Ended 30 June 2023

1. Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 30 June 2023. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (investment and Disclosure) (Amendment and Modification) Regulations 2018 (as amended) and the subsequent amendments in The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (investment and Disclosure) (Amendment) Regulations 2019, The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 and guidance published by the Pensions Regulator.

Sections 2.1 and 2.2 of this statement sets out the investment objectives of the Fund and details of when the SIP was last reviewed.

Section 2.3 of this statement sets out how, and the extent to which, the policies in the Defined Benefit ("DB") Section and Defined Contribution ("DC") Section of the SIP (dated March 2021 and August 2021, respectively) have been followed. The Additional Voluntary Contributions ("AVCs") held with Prudential Assurance Company Limited are not covered by this statement.

A copy of the SIP is available at https://www.mufgemea.com/governance/mufg-bank-uk-pension-fund/

Section 3 includes information on key voting activities of the underlying equity and diversified growth fund managers of the Fund, it also includes the significant votes and engagement activity from the underlying equity and diversified growth fund managers within the default strategy of the DC Section of the Fund, where available. The DB Section of the Fund does not invest in equities and therefore the exercising of voting rights is not applicable to the DB Section.

2. Statement of Investment Principles

2.1. Investment Objectives of the Fund

DB

The Trustees believe it is important to consider the policies in place in the context of the objectives they have set.

For the DB Section of the Fund, the Trustees' objective is to invest the Fund's assets in the best interest of the members and beneficiaries and in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Within this framework, the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Fund is exposed. The Trustees' primary objectives for the DB Section are set out below:

- To ensure the Fund's obligations to its beneficiaries can be met;
- To achieve an asset return above the return from gilts over the long term, whilst recognising the need to balance risk control and return generation;
- To ensure consistency between the Fund's investment strategy and the return assumptions used by the Fund Actuary;
- To pay due regard to the Company's interests in the size and incidence of employer contribution payments.

The objectives set out above and the risks and other factors referenced in the SIP are those that the Trustees determine to be financially material considerations.

For the DC section of the Fund, the Trustees recognise that individual members have differing investment needs and that these may change during the course of their working lives. The Trustees also recognise that members have differing attitudes to risk. The Trustees' objectives are therefore:

- To provide members with a range of investment options to enable them to tailor an investment strategy to their own needs. In particular, to make available vehicles which aim:

  a. To maximise the value of members' assets at retirement.
  b. To maintain the purchasing power of members' savings.
  c. To provide protection for members' accumulated assets in the years approaching retirement against:
     - Sudden (downward) volatility in the capital value; and
     - Relative fluctuations in the (implicit and explicit) costs of retirement benefits.

- To establish a default investment strategy and lifestyle investment strategies reasonable for any member not wishing to make his/her own investment strategy decisions.

- To avoid over-complexity in investment strategy in order to keep administration costs and employee understanding to a reasonable level.

The objectives set out above and the risks and other factors referenced in the SIP are those that the Trustees consider to be financially material considerations in relation to the Fund as a whole. The Trustees believe that the appropriate time horizon within which to assess these considerations should be viewed at the member level. This will be dependent upon the member's age and when they expect to retire.

2.2. Review of the SIP

The Trustees did not review the Fund's SIP during the Fund year to 30 June 2023. The SIP was last updated in August 2021 (for the Defined Contribution ("DC") Section) and March 2021 (for the Defined Benefit ("DB") Section) to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019. The SIP for the DB Section of the Fund was also updated in 2023 after the Fund's year-end date of 30 June 2023.

2.3. Assessment of how the policies in the SIP have been followed for the year to 30 June 2023

The information provided in this section highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work followed the Trustees' policies in the SIP, relating to the Fund as a whole and the default investment arrangement.

In summary, it is the Trustees' view that the policies in the SIP have been followed during the Fund Year.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

DB **Policy**

The Trustees have appointed a Fiduciary Manager who provides expert advice and chooses investment vehicles that can fulfil the Fund's investment objectives. In the Trustees' opinion, this is consistent with the requirements of Section 36 of the Pensions Act 1995. The Policy is detailed in Section 2 of the DB Section of the SIP.

How has this policy been met over the Year?

The Trustees have delegated day-to-day management of the MUFG Bank Pension Fund's assets (excluding AVCs) to Mercer Limited ("Mercer"). The Fund's assets are invested in multi-client collective investment schemes ("Mercer Funds"), domiciled in Ireland and managed by a management company (Mercer Global Investments Management Limited ("MGIM"). MGIM has appointed Mercer Global Investments Europe Limited ("MGIE") as investment manager of the Mercer Funds. MGIE is responsible for the selection, appointment, removal and monitoring of the underlying asset managers. The underlying asset managers have full discretion to buy and sell investments on behalf of the Fund, subject to constraints Mercer have agreed with the managers.

The Trustees have a Cashflow Driven Financing ("CDF") strategy whereby the Fund invests in such a way that expected asset cashflows should broadly match a proportion of the Fund's expected liability cashflow profile, whilst still targeting a return in excess of gilts (noting that the intention is to match as high a proportion of cashflows possible, subject to the level of expected return required).

DC **Policy**

As required by legislation, the Trustees consult a suitably qualified person when making investment selections by obtaining written advice from its Investment Consultant. The policy is detailed in Section 1.1 of the DC Section of the SIP.

How has this policy been met over the Year?

The Default Investment Options are monitored on a bi-annual basis, with the Trustees reviewing investment reports at Trustees' meetings to ensure the net of fees returns are consistent with the aims of the strategy. The investment consultant attends all meetings to provide advice as required.

Over the year to 30 June 2023, the Trustees carried out a review of the Invesco Global Targeted Returns fund (an underlying component of both the Moderate Growth Fund and Cautious Growth Fund) following a prolonged period of benchmark-relative underperformance and relatively high costs associated with the existing fund. Two funds were shortlisted as replacements: Ruffer Diversified Return and Nordea Diversified Return. After receiving presentations from both managers in April 2023, the Trustees decided to appoint both managers for inclusion in the Moderate and Cautious Growth Funds. The Trustees also agreed to change the composition of the Moderate Growth Fund (which was previously invested 13.8% Invesco Global Targeted Returns and 13.8% Baillie Gifford Diversified Growth) to 11% each for: Nordea Diversified Return, Ruffer Diversified Return and Baillie Gifford Diversified Growth. The M&G Corporate Bond fund allocation was also reduced to 20% from 25%.

Similarly, the DGF allocation of the Cautious Growth Fund (previously 9.5% for both the Invesco Global Targeted Returns and Baillie Gifford Diversified Growth funds respectively) was changed to 8% each for: Nordea Diversified Return, Ruffer Diversified Return and Baillie Gifford Diversified Growth. The allocation to the BNYM Absolute Return Bonds fund was reduced from 30% to 25%.

Investment Mandates

Realisation of Investments

DB **Policy**

The Trustees, on behalf of the Fund, hold shares in Mercer funds. In its capacity as investment manager to the Mercer Funds, MGIE, and the underlying third party asset managers appointed by MGIE have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation. This Policy is set out in Section 9 of the DB Section of the SIP.

How has this policy been met over the year?

The Trustees received quarterly reports from Mercer which include details on disinvestments over the year. Where disinvestments were requested during the year the policies stipulated within the relevant appointment documentation have been followed.

DC **Policy**

The Trustees delegate the responsibility of the realisation of investment assets to the investment managers.

The Trustees' administrators will realise assets following member requests on retirement or earlier where required.

Further details of the policy are set out in the Section 3.1 and 9 in the SIP.

How has this policy been met over the year?

The Trustees receive administration reports to ensure that core financial transactions are processed within Service Level Agreements ("SLAs") and regulatory timelines. As confirmed in the Chair Statement, the Trustees monitored the requirements and accuracy of the processes throughout the year.

All funds continue to be daily dealt pooled investment vehicles, accessed by an insurance contract.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different types of investments and expected return on investments

DB

Policy

A range of asset classes are included within the Fund's investment portfolio including: Bonds (gilts and investment grade corporate bonds) and Liability Driven Investment ("LDI") funds which invest in bond-like investments in order to provide interest rate and inflation protection and reduce funding level risk.

The Trustees have adopted a long-term investment strategy whereby the discount rate used to value the liabilities is linked to the yield available on the investments.

This is outlined in Sections 5 and 6 of the SIP.

How has this policy been met over the year?

The Trustees have delegated the implementation of the desired investment strategy to Mercer. Over the year to 30 June 2023, the Trustees held shares in the Mercer Funds.

The holdings in Mercer Funds comprised investments in bonds and LDI over the year. The return achieved has been compared with the expected return on investments for this period. The discount rate has been updated to reflect the expected return on assets over the year, reflecting the yield available on the underlying investments.

DC

Policy

Members can combine the investment funds in any proportion in order to achieve the desired level of return and risk in line with their own attitude towards, and tolerance of risk. This is outlined in Section 5 of the SIP.

Within the Default Investment Option, the strategic asset allocation is set to achieve the expected return required, taking into consideration the risk, to meet the objective of the defaults.

How has this policy been met over the year?

The range of funds/types of investments available to members continues to be appropriate and provides members with options across the risk/return spectrum.

The Trustees reviewed the investment default arrangement and made changes to the MUFG Moderate Growth Fund (default growth fund) during the Fund year. As a result, the DGF portfolio allocation was changed for both the Moderate Growth Fund and Cautious Growth Funds; the allocation changes have been outlined in page 3.

When making these decisions, the kinds of investments that would be suitable to achieve the objectives was considered in the construction of the blended funds.

The investment performance report includes how each investment manager is delivering against their specific mandates.

Strategic Asset Allocation

Risks, including the ways in which risks are to be measured and managed

DB **Policy**

The Trustees recognise that there are various risks to which any pension scheme is exposed, such as those arising from a mismatch between the Fund's assets and its liabilities, a lack of diversification of investments and Environmental, Social and Governance issues. Section 4 of the DB Section of the SIP sets out the policies on risk management.

How has this policy been met over the year?

The level of risk has been reviewed by the Trustees on a quarterly basis as part of reporting provided by Mercer. In addition, risk levels were considered as part of the annual investment strategy review.

The Trustees maintained a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.

DC **Policy**

The Trustees recognise risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the Default Investment Option. Details of how the Trustees consider risk management can be found in Section 6 of the SIP.

How has this policy been met over the year?

The Trustees maintained a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions. The risk register is reviewed at Trustees' meetings and the risk ratings adjusted as required.

The Trustees also considered the majority of these risks as part of their regular investment performance monitoring during the year. These reviews were provided by the Fund's investment consultant.

Environmental, Social and Governance ("ESG")

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments

DB

Policy

The Trustees consider financially material considerations in the selection, retention and realisation of investments. The Trustees' consideration of such factors, including environmental, social and governance factors, is delegated to Mercer who in turn delegate this to the appointed underlying investment managers.

Investment managers are expected to evaluate these factors, including climate change considerations, and exercise stewardship obligations (where relevant) attached to the investments in line with their own corporate governance policies and current best practice. Section 10 of the SIP outlines the Trustees' beliefs on ESG factors (including climate change).

How has this policy been met over the year?

ESG ratings assigned by Mercer's (and its affiliates') global manager research team on the underlying investment managers have been included in the investment performance reports produced by Mercer on a quarterly basis and reviewed by the Trustees. ESG ratings are reviewed by MGIE during the quarterly monitoring processes, with a more comprehensive review performed annually – which seeks evidence of positive momentum on ESG integration and the Mercer funds overall ESG rating with the appropriate universe of strategies in Mercer's Global Investment Manager Database (GIMD). Engagements are prioritised with managers where their strategy's ESG rating is behind that of their peer universe.

As at 30 June 2023, all of the Mercer funds in the DB Section have an ESG rating equal to or above their asset class universe.

DC

Policy

The Trustees consider financially material considerations in the selection, retention and realisation of investments. The Trustees keep its policies under regular review at least triennially. The Trustees may consider non-financial issues such as ethical considerations.

Section 10 of the SIP outlines the Trustees' beliefs on ESG factors (including climate change). Section 11 & 12 of the SIP outlines the Trustees' policies on appointing, monitoring and retaining investment managers.

How has this policy been met over the year?

The investment performance report was reviewed by the Trustees twice during the year and includes ratings (both general and specific ESG) from Mercer's global manager research team. All of the managers remained generally highly rated during the year.

Where managers were not highly rated from an ESG perspective the Trustees continue to monitor them. When implementing a new manager, the Trustees consider the ESG rating of the manager alongside the rating assigned to expectations of future performance.

The Trustees discussed and considered manager ESG ratings scores as part of the DGF manager selection exercise.

Decisions taken over the year for selecting new investments have taken account of a long-term time horizon.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustees would monitor and engage with relevant persons about relevant matters).

Policy

Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice. Details on the Trustees' policies are outlined in Section 10 of the DB and DC Section of the SIP. Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.

How has this policy been met over the year?

DB

Any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds have, ultimately, been delegated to the third party investment managers appointed by MGIE. Due to the nature of the investment strategy of the DB Section (fixed income orientated with no equity holdings), there were no voting rights exercised in respect of the Fund's holdings over the year.

DC

The Trustees have delegated the exercise of voting rights to the DC investment managers through the contract with Phoenix Life and the subsequent contracts that Phoenix Life hold with the investment managers themselves, on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value.

Voting and engagement activities of investment managers are included in section 3 of this statement. Some investment managers delegate the voting activities to a proxy voter (e.g. ISS), and of those managers, some agreed with the proxy voter their voting principles so that the final votes align with their ESG and ethical principles.

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022 ("Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement: Statutory and Non-Statutory Guidance") one of the areas of interest was the significant vote definition. The most material change was that the Statutory Guidance provides an update on what constitutes a "significant vote":

- A significant vote is defined as one that is linked to the Fund's stewardship priorities/themes.
- A vote could also be significant for other reasons, e.g. due to size of holdings.
- Trustees are to include details on why a vote is considered significant and rationale for the voting decision.

Section 3 includes examples of engagement activity undertaken by the Fund's investment managers within investments in equities and diversified growth funds and sets out a summary of voting activity and the most significant votes cast on behalf of the Trustees by the Fund's investment managers with investments in equities and diversified growth funds. The Trustees have decided to consider any vote to be significant which concerns:

- **Climate change**: low-carbon transition and physical damages resilience
- **Pollution & natural resource degradation**: air, water, land (forests, soils and biodiversity)
- **Human rights**: modern slavery, pay & safety in workforce and supply chains and abuses in conflict zones
- **Diversity, Equity and Inclusion (DEI)**: inclusive & diverse decision making

Monitoring the Investment Managers

Incentivising asset managers to align their investment strategies and decisions with the Trustees' policies

DB

Policy

As Mercer manages the Fund's assets by way of investment in Mercer Funds, which are multi-client collective investment schemes, the Trustees accept that they do not have the ability to determine the risk profile and return targets of specific Mercer Funds but the Trustees expect Mercer to manage the assets in a manner that is consistent with the Trustees' overall investment strategy. The Trustees have taken steps to satisfy themselves that Mercer has the appropriate knowledge and experience to do so and keeps Mercer's performance under ongoing review.

Should Mercer or MGIE fail to align its investment strategies and decisions with the Trustees' policies, it is open to the Trustees to disinvest some or all of the assets invested managed by Mercer, to seek to renegotiate commercial terms or to terminate Mercer's appointment.

Appointment of underlying asset managers within the Mercer funds is delegated to MGIE. The asset managers are incentivised as they will be aware that their continued appointment by MGIE will be based on their success in meeting MGIE's expectations. If MGIE is dissatisfied then it will, where appropriate, seek to replace the manager.

Section 11 of the SIP outlines the Trustees' policies on appointing, monitoring and retaining investment managers.

How has this policy been met over the year?

The Trustees reviewed performance of the Mercer funds on a quarterly basis over the Year. In addition, the Trustees, with advice from Mercer, carried out an annual review of investment strategy during the year.

MGIE has monitored the underlying asset managers of the Mercer funds over the year and continue to believe that they are incentivised to make decisions that align with the Trustees' policies. MGIE has been satisfied with the performance of the managers and has not made any terminations within the funds in which the Fund invests over the year.

DC

Policy

In line with Section 11 of the SIP, managers are chosen based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

As the Trustees invest in pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the manager, but appropriate mandates can be selected to align with the overall investment strategy.

How has this policy been met over the year?

The Trustees are happy that the contractual arrangements in place with managers through the Phoenix platform continue to incentivise the managers to make decisions that align the investment strategy with the Trustees' policies.

All are remunerated through asset based fees and the Trustees review managers who are underperforming expectations and discuss action accordingly.

A decision was taken during the year as a result of this framework, for example, the Trustees decided to replace the Invesco Global Targeted Returns fund within both the Moderate Growth Fund and Cautious Growth Fund.

Monitoring the Investment Managers

Evaluation of asset managers' performance and remuneration for asset management services

DB

Policy

To evaluate performance, the Trustees receive, and consider, investment performance reports produced on a quarterly basis, which presents performance information and commentary in respect of the Fund's funding level and the Mercer Funds in which the Trustees invest. Such reports have information covering fund performance for the previous three months, one-year, three years and since inception (as applicable). The Trustees review the absolute performance and relative performance against a portfolio's and underlying investment manager's benchmark (over the relevant time period) on a net of fees basis. The Trustees' focus is on the medium to long-term financial and non-financial performance of Mercer and the Mercer Funds.

How has this policy been met over the year?

Monitoring reports have been produced by Mercer on a quarterly basis and reviewed by the Trustees.

DC

Policy

The Trustees recognise they have a long term time horizon as set out in the SIP as such managers are assumed to be held for a suitably long time. Managers' performance net of fees is therefore reviewed over both short and long time horizons. Remuneration is agreed upon prior to manager appointment and is reviewed on a regular basis. The Trustees' policy is set out in Section 12 of the SIP.

How has this policy been met over the Year?

The Trustees reviewed the performance of the funds on a 6 month, 12 month, 3 year and 5 year basis in their performance reports at the 6-monthly Trustees' meetings. The fees paid to managers was reviewed in the annual value for members' assessment, which concluded that charges are generally competitive relative to other funds available in the market, although there may be some room for improvement for some funds.

Monitoring the Investment Managers

Monitoring portfolio turnover costs

DB

Policy

The Trustees do not have an explicit targeted portfolio turnover range but rebalancing ranges have been designed to avoid unnecessary transaction costs being incurred by unduly frequent rebalancing.

How has this policy been met over the year?

Performance has been reviewed net of portfolio turnover costs, with the review of portfolio turnover of the underlying investment managers undertaken by MGIE, over the year. The Trustees are satisfied that no unduly frequent trading or rebalancing was carried out over the year.

DC

Policy

The portfolio turnover costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. The Trustees' policy is set out in Section 13 of the SIP.

How has this policy been met over the year?

Transaction costs were reviewed by the Trustees and were disclosed as part of the annual Value for Members' Assessment and Chair's Statement. The transaction costs for each fund covers the buying, selling, lending and borrowing of the underlying securities in the fund by the investment manager. The Trustees are required to assess these costs for value on an annual basis for their DC Section. However, at present, the Trustees note a number of challenges in assessing these costs:

- No industry-wide benchmarks for transaction costs exist
- The methodology leads to some curious results, most notably "negative" transaction costs. The methodology reflects the difference between when trades are placed and when they are implemented – "negative costs" can occur when here are more trades that were implemented at a lower cost than when the trade was placed, due to values being more favourable at the time of trading.
- Explicit elements of the overall transaction costs are already taken into account when investment returns are reported, so any assessment must also be mindful of the return side of the costs.

Monitoring the Investment Managers

The duration of the arrangements with asset managers

DB

Policy

The Trustees are long-term investors and are not looking to change their investment arrangements on an unduly frequent basis. However, the Trustees do keep those arrangements under review, including the continued engagement of Mercer using, among other things, the reporting described above.

How has this policy been met over the year?

The Trustees reviewed performance of the Mercer funds on a quarterly basis over the year. In addition, the Trustees, with advice from Mercer, carried out a review of the CDF strategy in December 2022.

DC

Policy

There is no set duration for the manager appointments. However, the appointments are regularly reviewed as to theircontinued suitability and could be terminated either because the Trustees are dissatisfied with the managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustees. The Trustees' policy is set out in Section 14 of the SIP.

How has this policy been met over the year?

A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range. Action was taken during the year to demonstrate this with the changes underlying the blended funds.

The investment performance of all funds are reviewed by the Trustees at each meeting – this includes how each investment manager is delivering against their specific targets. During the Fund year, it was decided to terminate the appointment of the Invesco Global Targeted Returns Fund, due to consistent underperformance relative to its benchmark.

There remains no set duration for manager appointments.

3. Examples of Engagement Activity

BlackRock engages with YUM! Brands, Inc.

BlackRock has engaged extensively with YUM! Brands, Inc. (Yum!) during the year to June 2023. BlackRock engages with companies in certain sectors, including the restaurant industry, on their approach to plastic packaging. Given the impact on long-term shareholder value (such as increasing customer demand for recyclable packaging and potential regulatory costs), BlackRock appreciate when companies who produce or rely heavily on plastics in their products or operations disclose information on how waste is managed. Following engagement, Yum! updated their sustainable packaging policy, outlining the actions they have taken and those that they plan to take to address the issue of plastic-based packaging. Among other things, the company set goals to eliminate unnecessary plastics use, reduce virgin plastic content by 10%, and move consumer-facing plastic packaging to be reusable, recyclable, or compostable by 2025 across all brands.

Baillie Gifford engages with Ashtead Group

Baillie Gifford engaged with an experienced managing director responsible for the company's approach to ESG to gain a greater understanding of the challenges faced in decarbonising Ashtead's business. The discussion covered various emission reduction initiatives that Ashtead is spearheading. While it is expected that the company's carbon emissions will continue to increase in the near term, it is clear that the company is working towards setting science-based absolute emission reduction targets as it determines credible timeframes for scaling and adopting novel reduced carbon technologies. As the owner of one of the largest fleets of diesel engines globally, it is not a simple transition and will require significant investment in supportive infrastructure. Ashtead intends to publish their inaugural sustainability report in the near future, and Baillie Gifford have encouraged increased disclosure on all the various efforts being undertaken to reduce the company's carbon footprint across all carbon emission scopes.

Schroders engages with Unilever

Schroder engaged with Unilever on deforestation risk exposure, a risk highlighted as a result of their food manufacturing operations. The company has ambitious goals of no further deforestation or land conversions by 2023 and Schroder sought an update on how they are moving towards meeting their targets. Significant progress has been made across their most impactful commodities which make up 65% of their land use (soy, palm oil, tea, paper and cocoa). Unilever has also committed to protect and regenerate 1.5 million hectares of land and sea by 2030 and further focus on regenerative agriculture.

Invesco engages with Enel SpA

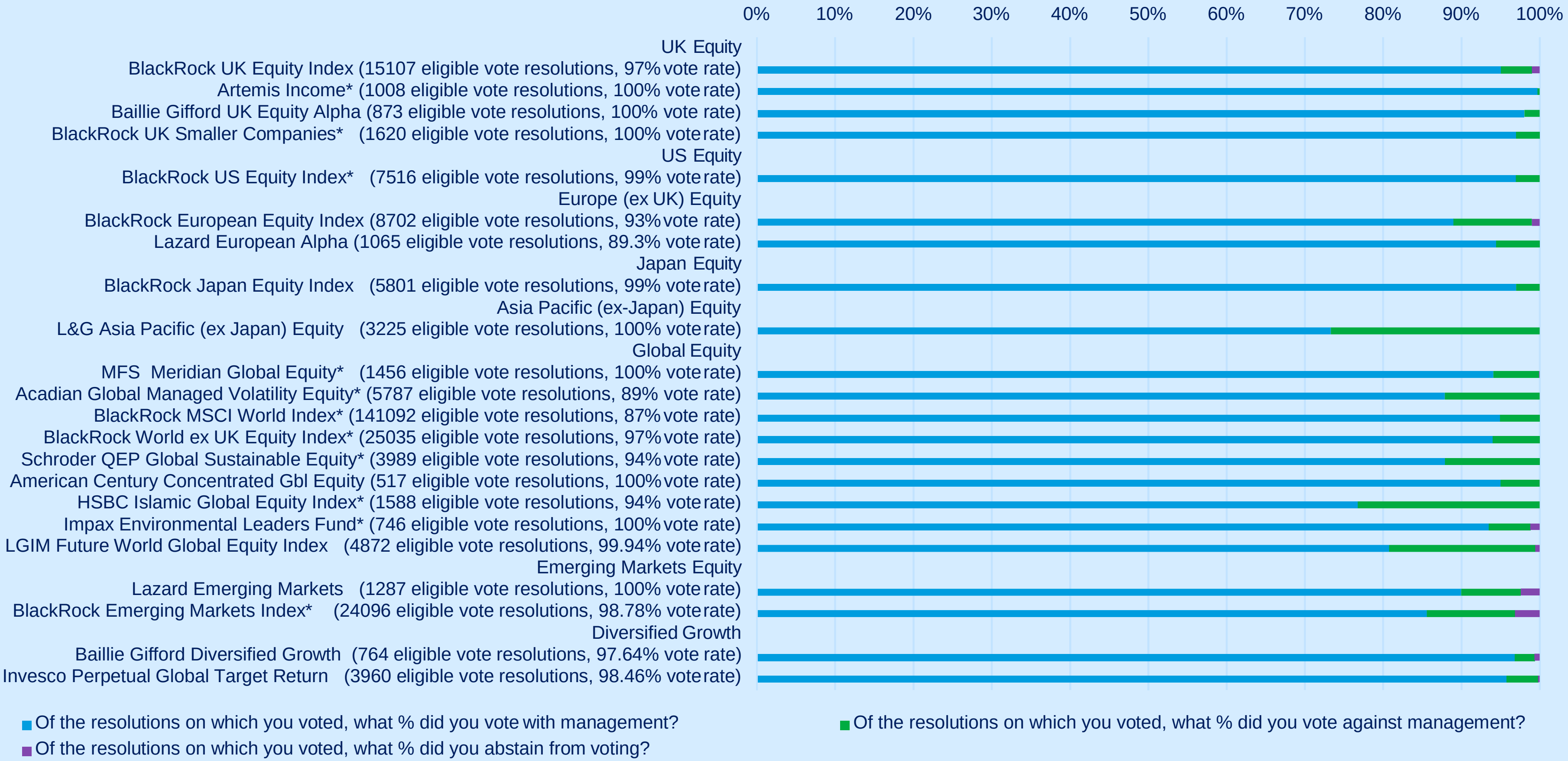
Invesco have engaged with global utility Enel to discuss their climate transition strategy, workforce programs, and governance. Their objectives were to better understand their net zero commitment, emission reduction targets, coal phase out plans, transition initiatives, and board diversity efforts. As a large electric utility, Enel's decarbonisation approach is pivotal, and their workforce and governance practices should support their sustainability strategy. This engagement aligns with their focus on the energy transition, social risk management, and good governance.

This engagement enhanced Invesco’s perspective of Enel's decarbonisation roadmap and its linkage with other sustainability efforts. Invesco will monitor Enel’s progress on emission reduction targets, coal phase out, capital allocation signalling, and workforce transition programs. Strong performance and disclosure in these areas would demonstrate Enel's climate leadership in the utilities sector. Through continued dialogue, Invesco aim to encourage Enel's advancement across material ESG initiatives from their net zero strategy to just transition programs and board oversight on sustainability.

Voting Activity during the Fund Year

The Trustees have delegated their voting rights to the investment managers. The SIP states "Investment managers are granted discretion in evaluating ESG issues, including climate change, and exercise voting rights and stewardship obligations attached to the investments. The Trustees encourage the Fund's managers to exercise best practice with respect to ESG integration, stewardship and climate change, including supporting the UK Stewardship Code and UN supported Principles for Responsible Investment."

It is the Trustees' view that the policy has been followed during the Fund year. The majority of voting activity will arise in public equity funds. However, voting opportunities may arise in other asset classes such as certain bonds, property, private equity and multi-asset funds. The Trustees have only received information relating to public equity funds this year. The assets of the Fund are invested via the Phoenix platform. Voting undertaken over the Fund year is summarised in the table below.



Source: Source: Phoenix, Investment Managers, data as at 30 June 2023.

**Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.*

Voting statistics for Odey Opus and Stewart Investors was not available at time of writing.

Significant votes

✗ Resolution **not** passed ✓ Resolution passed

A “Significant Vote” is defined as one that is related to the Fund’s beliefs and stewardship priorities, which refers to voting in relation to in climate change, pollution, human rights and DEI priorities and/or it is a significant because of the size of the Fund’s holdings portfolio. The votes included below are those that the Trustees believe to be the most significant based on the Trustees’ beliefs and stewardship priorities, and accounts for at least 1% of the fund’s holdings. We have included significant vote information for each of the equity and multi- asset funds within the default where information is available and falls under the Trustees definition of a significant vote.

Manager	Fund	Company	Approximate Holding size at date of vote	Date of vote	Topic and How the Manager voted	Rationale of Manager vote	Why Vote is Significant for the Trustees	Outcome
Acadian	Global Managed Volatility Equity	General Mills, Inc.	1.20%	27/09/2022	Voted For Shareholder Proposal Regarding Independent Chair **Against Management**	Acadian vote for proposals that would require the positions of chairman and CEO to be held by different persons, unless the company publicly discloses a sufficient explanation of why it chooses not to give the position of chairman to the independent lead director, and instead to combine the chairman and CEO positions.	The Trustees have deemed votes related **to Inclusion & Diversity** to be a significant vote.	✗
		General Mills, Inc.	1.20%	27/09/2022	Voted Against Shareholder Proposal Regarding Report on Plastic Packaging **With Management**	Acadian vote against proposals requesting companies to create or improve upon environmental, sustainability, or governance reporting. Acadian will tend to favour management`s ability to successfully execute on shareholders` behalf when the company already provides sufficient disclosure and reporting on the subject.	The Trustees have deemed votes related to **climate change and pollution** to be a significant vote.	✓
Schroders	QEP Global Sustainable Equity	Microsoft Corporation	1.0%	13/12/2022	Voted For Report on Government Use of Microsoft Technology **With Management**	The proposal requests that the Company identifies real or potential conflicts with its stated human rights policies which is reasonable given the potential risks.	The Trustees have deemed votes related to **human rights** to be a significant vote.	✗
		NVIDIA Corporation	1.1%	22/06/2023	Voted Against Elect Director Stephen C. Neal **Against Management** Schroders may tell the company of their	Gender Diversity: Less than 33% of the board are female directors. Board Composition: Average board tenure is considered excessive.	The Trustees have deemed votes related **to Inclusion & Diversity** to be a significant vote.	✓

		intention to vote against the recommendations of the board before voting, in particular if they are large shareholders or if they have an active engagement on the issue. They always inform companies after voting against any of the board's recommendations.	

Manager	Fund	Company	Approximate Holding size at date of vote	Date of vote	Topic and How the Manager voted	Rationale of Manager vote	Why Vote is Significant for the Trustees	Outcome
American Century	Concentrated Global Growth Equity	Mastercard Incorporated	2.9%	27/06/2023	Voted Against Report on Establishing Merchant Category Code for Gun and Ammunition Stores Information on whether the vote was against management is unavailable.	The company has demonstrated that it provides industry standard disclosure on this issue, including its board oversight, risk management approach, human rights statement, and customer policies. It has also recently added information to its website regarding the governance and standards of its MCCs, including with regard to lawful activity, privacy, and enforcement.	The Trustees have deemed votes related to **human rights** to be a significant vote.	✗
LGIM	RAFI Fundamental EM (ex Korea) Reduced Carbon Pathway Equity Index Fund	Tencent Holdings Limited	2.3%	17/05/2023	Voted Against Elect Jacobus Petrus (Koos) Bekker as Director **Against Management**	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.	The Trustees have deemed votes related to **climate change and pollution** to be a significant vote.	✓
		Ping An Insurance (Group) Co. of China Ltd.	2.2%	12/05/2023	Voted Against Approve Report of the Board of Directors **Against Management**	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.		✓
		China Construction Bank Corporation	1.8%	29/06/2023	Voted Against Elect Tian Guoli as Director **Against Management**	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.		TBC
		Industrial & Commercial Bank of China Limited	1.5%	29/06/2023	Voted Against Elect Cao Liqun as Director **Against Management**	Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Despite improvements in disclosure and ESG governance structures, as well as positive engagements with the Company, LGIM consider Ms Cao Liqun ultimately accountable for lacking in climate expectations.		TBC

Manager	Fund	Company	Approximate Holding size at date of vote	Date of vote	Topic and How the Manager voted	Rationale of Manager vote	Why Vote is Significant for the Trustees	Outcome
Invesco	Global Targeted Returns	Dollarama Inc.	>1% Ownership	26/05/2023	Voted Against Report on Emissions and Gender Target and its Overall Significance on the Company's ESG Strategy **With Management** The outcome of the vote meets the voting intention. Therefore, Invesco didn't take further action beyond their continuous engagement and dialogue with the company, as appropriate	Dollarama has provided clear disclosure of its gender diversity targets and its GHG emissions targets, allowing shareholders to assess the robustness of the targets. Dollarama has also provided robust disclosure in its ESG reports and other public filings for shareholders to evaluate its ESG strategy and practices.	The Trustees have deemed votes related **to climate change & diversity** to be a significant vote.	
		Carlsberg A/S	>1% Ownership	24/02/2023	Voted Against Report on Efforts and Risks Related to Human Rights **With Management** The outcome of the vote meets the voting intention. Therefore, Invesco didn't take further action beyond their continuous engagement and dialogue with the company, as appropriate.	The company has committed to respect human and labour rights in accordance with the United Nations Guiding Principles on Business and Human Rights and has reported and started to take actions accordingly.	The Trustees have deemed votes related to **human rights** to be a significant vote.	

Source: Phoenix, Investment Managers