

Defined Contribution (DC) Implementation Statement

Covering period 1 April 2021 – 31 March 2022

Introduction

On 22 June 2021, Ross Trustees Services Limited (“Ross Trustees”) was appointed as the professional corporate sole trustee of the P&O Princess Cruises Pension Scheme (the “Scheme”). Prior to this date, the Scheme was governed by an alternative corporate trustee, P&O Princess Cruises Pension Trustee Limited. References to the “Trustee” within this Statement relate either to the Ross Trustees or the P&O Princess Cruises Pension Trustee Limited, as appropriate.

This document is the Annual Implementation Statement (the “Statement”) prepared by the Trustee of the Scheme covering the year 1 April 2022 to 31 March 2022 (the “reporting period”). The purpose of this Statement is to:

1. Detail any reviews of the DC Statement of Investment Principles (the “DC SIP”) the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review;
2. Set out the extent to which, in the opinion of the Trustee, the Scheme’s DC SIP required under section 35 of the Pensions Act 1995 has been followed during the year; and
3. Describe the voting behaviour by, or on behalf of, the Trustee over the year.

This Statement relates to the Defined Contribution Section (“DC Section”) of the Scheme administered by Scottish Widows and the Additional Voluntary Contribution (“AVC”) benefits under the Defined Benefit Section of the Scheme which are held with Standard Life (collectively referred to as the “DC investments”). Both arrangements are closed to new joiners. A separate statement has been produced in relation to the Defined Benefit (“DB”) assets.

A copy of this document has been published on a publicly accessible website and can be found at <https://www.pocruises.com/legal-and-privacy/pensions>.

Review and changes to the DC SIP

The DC SIP sets out the investment principles and practices the Trustee follows when governing the Scheme’s DC investments. It explains the different objectives and risks of the DC funds and the Trustee’s approach to responsible investing (including climate change).

No review of the DC SIP was undertaken during the reporting period.

Adherence to the DC SIP

This section of the Statement covers the extent to which the Trustee believes it has followed the DC SIP over the reporting period. As the vast majority of DC investments are held within the DC Section and the Trustee's activities have largely related to the DC Section over the period, the Trustee has given due focus to this in its reporting.

Overall, the Trustee believes the policies outlined in the DC SIP have been adhered to during the reporting period. Further detail is included in a number of key areas which are set out below. These details relate to those parts of the DC SIP which set out the Trustee's policies, and not those which are statements of fact.

Investment strategy

The Scheme's main DC investment objectives are:

- To ensure the individual fund options are suitably invested and managed to maximise the return commensurate with an acceptable level of risk; and
- To provide members with a diversified range of investment options designed to give members the freedom to structure their own investment policy to suit their individual risk, return, liquidity and funding requirements.

To meet these objectives the Trustee offers members the choice of a range of self-select funds covering the key asset classes and three lifestyle strategies which aim to balance an appropriate level of risk and return depending on a member's time horizon until retirement. Each lifestyle strategy targets a different retirement objective (drawdown, annuity and cash lump sum). This gives members a diversified range of options to meet a range of investment needs and risk/return objectives.

For those members who did not make an active investment decision when the DC Section opened on 1 June 2016, the Trustee has selected the [Drawdown Focused Lifestyle Strategy](#) as the 'default' investment option under the Scheme. This was selected based on the profile of the membership including expected risk tolerance and retirement objectives. The Trustee reviews the default investment option at least every three years – the next full investment review is scheduled to take place in December 2022.

Expected risk and return

The Trustee recognises a range of specific investment risks to which DC members are exposed. These include 'Capital risk', 'Inflation risk', 'Manager risk', 'Pension conversion risk', 'Currency risk', 'Contribution shortfall risk', 'Political risk' and 'Liquidity risk'. These risks have been mitigated through careful consideration and construction of the investment strategy. The Trustee makes available a range of self-select funds with different characteristics, however it recognises that not all risks can be fully mitigated.

The expected risk and return profile of the DC Section fund range was considered in detail as part of the last full investment strategy review in November 2019. This review concluded that the default fund offered an appropriate risk profile for the mature membership and that the self-select options also remained appropriate.

On behalf of the Trustee, Scottish Widows makes available an investment leaflet, listing the fund choices available to members in the DC Section and the total fund charge for each fund, and a detailed booklet containing key information on all the available funds, which includes an explanation of the risks associated with investing. Members are encouraged to review their investment decisions to ensure they are appropriate for their personal objectives.

Professional advice

The Trustee is aware of the requirement to take professional advice when setting and reviewing the DC investment strategy. The Trustee appoints an investment adviser at least on a triennial basis to review the default investment option, additional lifestyles and wider fund range.

Investment managers

The Trustee has selected the Scheme's DC investment options from a range of pooled funds which have been made available under the Scottish Widows platform (DC Section) and Standard Life (AVCs). This is a typical structure within a DC context. These pooled funds available under the Scottish Widows platform are managed by a number of third-party investment managers.

The overall suitability of the Scheme's investment managers is formally reviewed as part of the Trustee strategy reviews, with the most recent full strategy review having taken place in 2019.

Charges are benchmarked annually as part of the Trustee's assessment of 'value for members' the last of which was completed in Q3 2022 (for the period 1 April 2021 to 31 March 2022). As part of the fee benchmarking process the Trustee considered transaction costs (which result from portfolio turnover) and found that these were in line with market averages. The Trustee also noted that the DC funds are predominately passively managed and therefore the managers do not have discretion to deviate from the relevant benchmark and therefore manage the level of portfolio turnover.

Performance objectives and monitoring

The Trustee monitors the performance of the DC Section investment funds via a quarterly report prepared by Scottish Widows. This provides the Trustee with a breakdown of the performance of the funds against their respective benchmarks. The Trustee also considers long term performance of the funds as one element of the Scheme's triennial DC investment strategy review.

During the reporting period, all of the passive funds performed in line with their indices. Although the L&G Diversified Fund did not perform strongly against its equity comparator, it had performed in line with its fund

target of delivering returns of 'Bank of England Base Rate + 3.75% p.a.' over the long term. The Trustee believes this is a more appropriate measure by which to assess the fund and also noted that it had achieved this with a volatility of around 50% of that of a pure global equity fund.

The Trustee takes a proportionate approach to monitoring the AVCs with Standard Life given the small number of members with investments in these funds. No material issues were identified during the reporting period.

Based on the reviews carried out during the reporting period, the Trustee is satisfied that the performance of the investment funds remains consistent with their aims and objectives as set out in the DC SIP.

Environmental, Social and Governance ("ESG") Considerations

The Trustee has selected the Scheme's DC investment options from a range of pooled funds which have been made available under the Scottish Widows platform (DC Section) and Standard Life (AVCs). This is a typical structure within a DC context.

The Trustee's direct influence on the fund manager's policies is limited by the pooled nature of the DC investments. The Trustee has therefore chosen to adopt an approach to ESG that is consistent with the opportunities and constraints of this position and this is reflected in the DC SIP.

The Trustee's policy is that day-to-day decisions relating to the investment of Scheme's DC assets (including ESG considerations) are left to the discretion of the investment managers.

However, the Trustee recognises that long-term sustainability issues, including climate change, may have a material impact on investment risk and outcomes.

Therefore, in early 2021, the previous Trustee considered its ESG beliefs and put in place a framework to monitor how the investment managers consider ESG factors in their management of the funds, including their voting and engagement behaviour on an annual basis.

The Trustee undertook its first annual ESG review in November 2021 with support from its investment adviser. This exercise considered the sustainable investment and stewardship practices focusing on Legal & General as the investment manager holding the vast majority of DC assets within the Scheme. Specific analysis was undertaken in relation to the level of ESG integration within the L&G Diversified Fund which forms the key component of the Scheme's default arrangement.

Overall, the results of the assessment were positive and did not indicate any material misalignment between the management of the funds and the Trustee's ESG beliefs.

The Trustee intends to continue developing its approach to monitoring the investment managers in these areas and anticipates reviewing its ESG policies during the 2022-2023 Scheme year.

Voting and Engagement

As covered in the previous section, due to the structure of the investments (which is typical within a DC context), the Trustee has very limited influence on the investment managers' voting and engagement activities. However, when reviewing the investment managers, the Trustee will take account of their approach with respect to sustainable investing including voting policies and engagement to ensure they align with the Trustee's own ESG beliefs.

The Scheme's Investment Consultant, WTW, engages managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

In this section of the Statement, the Trustee has provided information on the voting and engagement activities of the Scheme's DC investment managers over the reporting period.

Please note that the Trustee has not obtained or reviewed voting and engagement data from Standard Life in relation to the AVC funds due to the small amount of assets invested in the AVC funds.

Legal & General Investment Management (LGIM)

The Stewardship report for LGIM can be accessed at the following link:

<https://www.lgim.com/uk/en/capabilities/corporate-governance/>.

A summary of the voting and engagement activities is provided in the table below. Further information on the manager's key voting activities is contained in the [Appendix](#).

	Name	Voting activity	Examples of significant votes
Default arrangement	L&G Diversified Fund	<p>Number of resolutions where LGIM were eligible to vote: 90,252</p> <p>Percentage of eligible resolutions that were voted on: 98.76%</p> <p>Percentage of votes cast which were against a Board's proposal: 20.47%</p>	<p>Union Pacific Corporation</p> <p>NextEra Energy, Inc.</p> <p>American Tower Corporation</p> <p>Microsoft Corporation</p> <p>Apple Inc.</p>
	L&G Pre-Retirement Fund	<p>Number of resolutions where LGIM were eligible to vote: 9</p> <p>Percentage of eligible resolutions that were voted on: 100.00%</p> <p>Percentage of votes cast which were against a Board's proposal: 0.00%</p>	No significant votes reported

Note: Both of the available L&G funds under the Scheme are components of the default arrangement, therefore there are no additional self-select funds to report.

BlackRock

The Stewardship report for BlackRock can be accessed at the following link:

<https://www.blackrock.com/corporate/literature/publication/annual-stewardship-report-2021.pdf>.

A summary of the voting and engagement activities is provided in the table below. Further information on the manager's key voting activities is contained in the [Appendix](#).

	Name	Voting activity	Examples of significant votes
Self-select options	SW Aquila 30/70 Currency Hedged Global Equity Index	<p>Number of resolutions where LGIM were eligible to vote: 55,536</p> <p>Percentage of eligible resolutions that were voted on: 99%</p> <p>Percentage of votes cast which were against a Board's proposal: 8%</p>	<p>Pfizer Inc.</p> <p>Charter Communications Inc.</p> <p>General Electric</p>
	SW Aquila Emerging Markets Equity Index	<p>Number of resolutions where LGIM were eligible to vote: 21,938</p> <p>Percentage of eligible resolutions that were voted on: 100%</p> <p>Percentage of votes cast which were against a Board's proposal: 10%</p>	<p>JBS SA</p> <p>Vale SA</p> <p>China Tower</p>

Note: There was no available voting and engagement data for the BlackRock Sterling Liquidity Fund and data has not been provided for the BlackRock Over 5 Year Index Linked Gilts Fund as there were no members invested in this fund during the reporting period.

Appendix

Voting and Engagement data

The Appendix provides additional detail on the voting and engagement activities for LGIM and BlackRock over the reporting period. This information has been obtained from the managers via Scottish Widows.

Legal & General Investment Management Limited (LGIM)

Voting activities (L&G Diversified Fund):

- There were 90,252 eligible votes for the fund over the 12 months to 31 March 2022
- The manager exercised 98.76% of its votes over the year
- 20.47% of votes were against management and 0.79% were abstained

Voting activities (L&G Pre-Retirement Fund):

- There were 9 eligible votes for the fund over the 12 months to 31 March 2022
- The manager exercised 100.00% of its votes over the year
- 0.00% of votes were against management and 0.00% were abstained

What is LGIM's policy on consulting with clients before voting?

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Please describe whether LGIM has made use of any proxy voter services

LGIM's Investment Stewardship team uses the Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Please provide an overview of LGIM's process undertaken for deciding how to vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

What process did you follow for determining the “most significant” votes?

As regulation on vote reporting has recently evolved with the introduction of the concept of ‘significant vote’ by the EU Shareholder Rights Directive II, LGIM wants to ensure we continue to help our clients in fulfilling their reporting obligations. We also believe public transparency of our vote activity is critical for our clients and interested parties to hold us to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM’s vote positions to clients for what we deemed were ‘material votes’. We are evolving our approach in line with the new regulation and are committed to provide our clients access to ‘significant vote’ information.

In determining significant votes, LGIM’s Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM’s annual Stakeholder roundtable event, or where we note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement; and
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship’s 5-year ESG priority engagement themes.

We provide information on significant votes in the format of detailed case studies in our quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>.

Are you currently affected by any conflicts, across any of your holdings?

Please refer to the LGIM investment stewardship conflict of interest document at the following link: <https://www.lgim.com/api/epi/documentlibrary/view?id=1116980ea5bf43fa9801c212be73f487&old=literature.html?cid=>

Please include here any additional comments which you believe are relevant to your voting activities or processes

It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

Which votes over the last 12 months, does LGIM consider to be most significant for the Scheme?

LGIM has provided an extract of its voting data and has identified the significance of each vote by the approximate size of fund's holding in the relevant company as a percentage of the total portfolio.

We have summarised the information relating to the top five most significant votes overleaf.

Please note that this information relates to the L&G Diversified Fund. No significant votes were recorded in relation to the L&G Pre-Retirement Fund.

L&G Diversified Fund

Company name	Date of Vote	Summary of the resolution	How you voted	Rationale for the voting decision	Outcome of the vote
Union Pacific Corporation	13 May 2021	Resolution 1d Elect Director Lance M. Fritz	Against	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.	Pass
NextEra Energy, Inc.	20 May 2021	Resolution 1h Elect Director James L. Robo	Against	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.	Pass
American Tower Corporation	26 May 2021	Resolution1i Elect Director Pamela D.A. Reeve	Against	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.	Pass
Microsoft Corporation	30 Nov 2021	Elect Director Satya Nadella	Against	LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight.	Pass
Apple Inc.	4 March 2022	Resolution 9 - Report on Civil Rights Audit	For	Diversity: A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.	Pass

BlackRock

Voting activities (SW Aquila 30/70 Currency Hedged Global Equity Index):

- There were 55,536 eligible votes for the fund over the 12 months to 31 March 2022
- The manager exercised 99% of its votes over the year
- 8% of votes were against management and 2% were abstained

Voting activities (SW Aquila Emerging Markets Equity Index):

- There were 21,938 eligible votes for the fund over the 12 months to 31 March 2022
- The manager exercised 100.00% of its votes over the year
- 10% of votes were against management and 3% were abstained

What is BlackRock's policy on consulting with clients before voting?

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. We believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, we believe BlackRock has a responsibility to monitor and provide feedback to companies, in our role as stewards of our clients' investments. BlackRock Investment Stewardship does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given us authority, through voting proxies in the best long-term economic interests of our clients. We also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with our clients' interests as long-term shareholders.

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent

with our view of what supports sustainable long-term value creation, we will engage with a company and/or use our vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides us with the opportunity to improve our understanding of the business and ESG risks and opportunities that are material to the companies in which our clients invest. As long-term investors on behalf of clients, we seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where we believe they could be enhanced. We primarily engage through direct dialogue but may use other tools such as written correspondence to share our perspectives. Engagement also informs our voting decisions.

BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. These high-level Principles are the framework for our more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe our philosophy on stewardship (including how we monitor and engage with companies), our policy on voting, our integrated approach to stewardship matters and how we deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews our Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

Our Global Principles available on our website at <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

Please describe whether BlackRock has made use of any proxy voter services

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team, which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include

the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations:

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients' assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed
- We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial
- We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis
- We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision
- The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting

Please provide an overview of BlackRock's process undertaken for deciding how to vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which

we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes.

What process did you follow for determining the "most significant" votes?

BlackRock Investment Stewardship prioritizes its work around themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance. Our year-round engagement with clients to understand their priorities and expectations, as well as our active participation in market-wide policy debates, help inform these themes. The themes we have identified in turn shape our Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which we look at the sustainable long-term financial performance of investee companies.

We periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Are you currently affected by any conflicts, across any of your holdings?

As an investment manager, BlackRock has a duty of care to its clients. BlackRock's duty extends to all of its employees and is critical to our reputation and business relationships, and to meeting the requirements of our various regulators worldwide. Employees are held responsible by BlackRock to seek to avoid any activity that might create potential or actual conflicts with the interests of clients.

BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through our employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training.

Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place our clients' interests first and to identify and manage any conflicts of interest that may arise in the course of our business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:

- Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;
- Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;
- Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect our clients' interests; and
- Where appropriate, disclose conflicts of interest to clients prior to proceeding with a proposed arrangement

BlackRock Legal & Compliance conducts mandatory annual compliance training, which includes a discussion of the Global Conflicts of Interest Policy.

Read more about how we manage conflicts of interest in our Global Corporate Governance and Engagement Principles found here <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>, and in our stand alone statement found here <https://www.blackrock.com/corporate/literature/publication/blk-statement-conflicts-of-interest.pdf>.

Please include here any additional comments which you believe are relevant to your voting activities or processes

On behalf of our clients we intend to vote at all shareholder meetings of companies in which our clients are invested. In certain markets, there might be regulatory constraints or operational issues which can affect BlackRock's ability to vote certain proxies, as well as the desirability of doing so. We do not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Where we experience impediments in relation to a specific shareholder meeting, we will review the resolutions to assess whether the business under consideration warrants voting despite the complications caused by the impediment. For example, we currently do not vote at shareholder meetings that require share blocking: the restriction that is imposed when a vote is cast represents a liquidity constraint on the portfolio managers and increases the risk of failed trades, which can be costly to clients. BlackRock may in its discretion determine that the value of voting outweighs the costs of blocking shares from trading, and thus cast the vote and block the shares in that instance.

With regards to US assets, we have approximately a 100% success rate in voting our funds' assets, with the exception of certain portfolios that utilize a long/short strategy whereby the funds leverage may prevent us from voting.

With regards to non-U.S. assets generally, we have approximately a 90% success rate in voting our funds' assets. Of the remaining: 8% were uninstructed due to share blocking, and 2% of the votes go unexecuted result from either the fund's leverage or market-based impediments such as ballots received post cut-off date or post meeting date, meeting specific power of attorney requirements, special documentation, etc.

Which votes over the last 12 months does BlackRock consider to be most significant for the Scheme?

BlackRock has provided an extract of its voting information without specifying which votes it deemed most significant. The Trustee has summarised a small number of votes overleaf.

SW Aquila 30/70 Currency Hedged Global Equity Index

Company name	Date of Vote	Summary of the resolution	How you voted	Rationale for the voting decision	Outcome of the vote
Pfizer Inc.	22 Apr 2021	Report on Access to COVID-19 Products	Against	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	Fail
Pfizer Inc.	22 Apr 2021	Require Independent Board Chair	Against	Company has a designated lead director who fulfils the requirements appropriate to such role.	Fail
Charter Communications, Inc.	27 Apr 2021	Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts	For	We recognize the company's efforts to date, but believe that supporting the proposal may accelerate company's progress on material social issues.	Fail
Charter Communications, Inc.	27 Apr 2021	Report on Greenhouse Gas Emissions Disclosure	For	We recognize the company's efforts to date but believe that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight.	Fail
Charter Communications, Inc.	27 Apr 2021	Require Independent Board Chair	Against	Company has a designated lead director who fulfils the requirements appropriate to such role.	Fail
General Electric Company	04 May 2021	Report on Meeting the Criteria of the Net Zero Indicator	For	We recognize the company's efforts to date and believe that supporting the proposal may accelerate the company's progress on climate risk management and/or oversight.	Pass

SW Aquila Emerging Markets Equity Index

Company name	Date of Vote	Summary of the resolution	How you voted	Rationale for the voting decision	Outcome of the vote
JBS SA	28 Apr 2021	Elect Adrian Lima Da Hora as Fiscal Council Member and Andre Alcantara Ocampos as Alternate	Against	Vote against audit committee member because of substantial accounting irregularities for which we believe the audit committee bears some responsibility.	Pass
Vale	30 Apr 2021	Approve Remuneration of Company's Management and Fiscal Council	For	-	Pass
China Tower Corporation Limited	14 Jan 2022	Elect Gao Tongqing as Director	Against	Vote AGAINST director due to concerns of gender-related diversity at the board level.	Pass