

# Implementation Statement, covering 1 October 2023 to 30 September 2024 (the “Trust Year”)

The trustee of the TUI GROUP UK Pension Trust (the “Trustee” of the “Trust”) is required to produce a yearly Implementation Statement (the “Statement”) to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) during the Trust Year, as well as details of any review of the SIP during the Trust Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review.

This Statement has been produced with the assistance of our investment adviser Lane Clark & Peacock LLP (“LCP”).

The Trust is a sectionalised scheme for three separate schemes called:

- the BAL Scheme (“BAL”)
- the TUI UK Scheme (“TUI UK”)
- the TAPS Scheme (“TAPS”)

Given this segregated structure, in this document BAL, TUI UK and TAPS are referred to as the “Schemes”. The sections of the Schemes which provide benefits determined on a defined benefit (“DB”) basis, are referred to as the “DB Sections”. In addition, BAL and TUI UK also have assets related to the payment of Additional Voluntary Contributions (“AVCs”) and contributions to Defined Contribution (“DC”) sections (the “DC Sections”). TAPS also has assets related to the payment of AVCs.

Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2 to 10 below. The Statement is also required to include a description of the voting behaviour during the Trust Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 11.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s Guidance”) in June 2022.

This Statement is based on and uses the same headings as the Trust’s SIP which was in place during the Trust Year – dated 6 December 2023. This Statement should be read in conjunction with the SIP, which can be found online.

## 1. Introduction

The SIP was updated during the Trust Year to reflect the following:

- DWP’s new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship.
- The Trustee’s policy in relation to investment in illiquid assets within the DC section.
- Updates to the Trust’s strategies and investment mandates where relevant.
- A new SIP format which only contains content required by legislation.

The Trustee has, in its opinion, followed all of the policies in the Trust’s SIP during the Trust Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

No changes were made to the voting and engagement policies in the SIP during the Trust Year. The last time these policies were formally reviewed was December 2023. The Trustee has, in its opinion, followed the Trust’s voting and engagement policies during the Trust Year.

## 2. Investment Objectives

### Defined Benefit (“DB”) Sections

Policy stated in SIP	Comment on Trustee's compliance
<p><i>“Our primary objective is to invest the assets of the DB Sections of the Trust prudently to ensure that the benefits promised to members are provided.”</i></p>	<p>We regularly monitor the Schemes’ cashflow requirements. A forward-looking review of liquidity requirements took place in August 2021, by LCP with input from the Schemes’ Administrator. Since then, cashflow needs have been managed using the agreed approach, and all cashflow requirements have been met during the Trust Year. This cashflow policy is periodically reviewed to ensure it remains appropriate.</p> <p>We receive ongoing advice from LCP on the Schemes’ investment strategies and journey plan progress to ensure that they remain appropriate, including ensuring sufficient expected asset returns and sufficient liquidity to meet member benefits.</p>
<p><i>“The overall aim is to reach and maintain a position where sufficient assets are held to cover all liabilities plus an additional reserve for unforeseen events such as improvements in mortality, and to have a contribution rate which the Principal Employer, TUI UK Limited, can sustain.”</i></p>	<p>We receive quarterly performance monitoring reports from LCP that monitor the Schemes’ funding position, and periodical updates from its Actuary.</p> <p>An appropriate contribution rate has been agreed with the TUI Group and is periodically reviewed. This was updated in September 2024 for the Schemes following the latest actuarial valuation results.</p> <p>The DB liabilities of TAPS were insured in full through the purchase of a bulk annuity (“buy-in”) policy with Legal &amp; General (“L&amp;G”) in April 2021, meaning payment of benefit payments for insured members is no longer reliant on the investment performance of the TAPS’ assets and continuing financial support of the TUI Group.</p> <p>As at 30 September 2024, BAL was fully funded on a Technical Provisions basis, noting that a proportion of its pensioner payments were also insured through the purchase of a buy-in policy with L&amp;G in April 2021. The TUI UK Scheme was below full funding on a Technical Provisions basis but has a plan in place to reach full funding on the Technical Provisions basis.</p> <p>Post Trust Year end, the remaining BAL DB liabilities were insured through the purchase of a buy-in policy with L&amp;G in December 2024.</p>

## Additional Voluntary Contributions (“AVCs”) & Defined Contribution (“DC”) Sections (“DC Sections”)

Policy stated in SIP	Comment on Trustee's compliance
<p><i>“Our objective for the DC Sections is to provide members with access to:</i></p> <ul style="list-style-type: none"> <li><i>• an appropriate range of investment options, reflecting the relevant membership profile and the variety of ways that members can draw their benefits in retirement; and</i></li> <li><i>• a default investment option that we believe to be reasonable for those members that do not wish to make their own investment decisions.</i></li> </ul> <p><i>For the BAL and TUI UK Schemes, which are both closed to DC contributions, the main default investment option is the Flexible Income Lifestyle Strategy (the “Default”). Our objectives for the Default are as follows:</i></p> <ul style="list-style-type: none"> <li><i>• Aim for significant long-term real investment growth whilst members are far away from retirement.</i></li> <li><i>• Manage down volatility in fund values as members near retirement.</i></li> <li><i>• Target an end point portfolio that is appropriate and consistent with members using their accumulated pot to fund their retirement via flexi-access drawdown.”</i></li> </ul> <p><i>The BlackRock Market Advantage Fund (“BMAF”) is a diversified growth fund which invests in a broad range of assets and is considered to be an additional default arrangement for governance purposes.</i></p> <p><i>Our objective for the AVC investment arrangements is to make available a suitable range of options to reasonably meet members’ risk / return objectives.”</i></p>	<p>As part of the review of the Default (as defined in the SIP) in 2022, we considered the membership demographics and the ways that members may draw their benefits in retirement from the Trust.</p> <p>We concluded that the default has been designed to be in the best interests of the majority of the DC Section members and reflects the membership demographics. Per the Default objectives, it targets an end point portfolio that is appropriate and consistent with members using their accumulated pot to fund their retirement via flexi-access drawdown.</p> <p>We also provide DC and AVC members with access to a range of investment options which we believe are appropriate. We have made available two alternative lifestyle strategies (targeting cash lump sum and annuity purchase outcomes at retirement) and a self-select fund range covering major asset classes.</p> <p>The Default has met its objectives over the Trust year; it has delivered long-term real investment growth for members far away from retirement. It has also managed down volatility in fund values as members near retirement.</p> <p>The performance of the BMAF as well as other investment options available to members, and the default arrangement, are reviewed in the quarterly reports we receive from LCP.</p>

### 3. Investment strategy

#### DB Sections

Policy stated in SIP	Comment on Trustee's compliance
<p><i>"In April 2021, we entered into two bulk annuity policies (also known as buy-ins) in respect of a portion of the BAL Scheme's pensioner liabilities and all of the TAPS Scheme's liabilities. These bulk annuity policies will either partially (for the BAL Scheme) or wholly (for the TAPS Scheme) meet the cash flows due from these two Schemes to members.</i></p> <p><i>We consider the non-insured assets of the TUI UK Scheme and the BAL Scheme as two portfolios:</i></p> <ul style="list-style-type: none"><li><i>• The <b>Growth Portfolio</b> which has the objective of improving the funding position of each Scheme. It comprises a portfolio of credit and debt-based investments, real estate and alternative assets such as insurance-linked securities (with the latter having final redemption proceeds paid back over time).</i></li><li><i>• The <b>Matching Portfolio</b> which has the objective of providing investment performance which broadly matches the movements in the value of each Scheme's non-insured liabilities. It comprises a bespoke Liability Driven Investment ("LDI") portfolio (predominantly of fixed and index-linked gilts, gilt repurchase agreements, interest rate and inflation swaps) and "buy and maintain" credit exposure. The TUI UK Scheme invests in a segregated buy and maintain credit portfolio, and the BAL Scheme invests in pooled buy and maintain credit funds.</i></li></ul> <p><i>We will consider additional de-risking of the strategies as funding levels improves.</i></p> <p><i>Our policy is to target the maximum expected return level subject to ensuring the level of investment risk is appropriate to reflect the Trust's circumstances. We believe that the Schemes' strategies meet this objective."</i></p>	<p>As at 30 September 2024, the BAL Scheme's non-insured assets and the TUI UK Scheme's assets were invested in line with the SIP:</p> <ul style="list-style-type: none"><li>• a Growth Portfolio, comprising units in the TUI GUPT Secure Income Common Investment Fund ("CIF"), which invests in credit and debt-based instruments; and</li><li>• a Matching Portfolio, comprising LDI and buy and maintain credit assets, to hedge the Schemes' interest rate and inflation liability risks.</li></ul> <p>The BAL and TUI UK Schemes' matching portfolios are estimated to have had interest rate and inflation exposure characteristics which were broadly similar in nature to the liability benchmarks of each Scheme (non-insured only for the BAL Scheme) that were in effect over the reporting period.</p> <p>As at 30 September 2024, the TAPS Scheme's non-insured assets were held in a liquidity fund (cash equivalents) and cash, consistent with the policy in the SIP.</p>

## DC Sections

Policy stated in SIP	Comment on Trustee's compliance
<p><i>“We review the Default and other investment options, including the additional default (BMAF), at least every three years and as soon as practicable after any significant change in legislation, investment policy, or the demographic profile of relevant members.</i></p> <p><i>We review the extent to which the return on investments relating to the default arrangements (after deduction of any charges and transaction costs relating to those investments) is consistent with respective aims and objectives.”</i></p>	<p>We last reviewed the Default and other investment options, including the additional default (BMAF) in December 2022. Reviews are to take place at least every three years and therefore the next review is due near the end of 2025. We consider the circumstances of the DC Sections on an ongoing basis and don't believe there is any reason for the review to be earlier. Therefore, no review took place during the Trust year.</p> <p>In the 2022 review we did consider the extent to which the return on investment of the Default is consistent with its aims and objectives, and concluded that returns were consistent given the market background. We monitor this matter on a quarterly basis using LCP's quarterly reports.</p>
<p><i>“We also monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.”</i></p>	<p>We also reviewed retirement data as part of the performance and strategy review of the DC default arrangements, looking at what age members accessed their retirement benefits versus when they said they would. We noted most members took their benefits earlier than their target retirement age. No changes were made to the investments, but we will review this again and consider further actions as part of the strategy review in 2025.</p>

#### 4. Considerations in setting the investment arrangements

Policy stated in SIP	Comment on Trustee's compliance
<p><b>DB Sections:</b> <i>“When deciding how to invest the Trust’s assets, it is our policy to consider a range of asset classes, taking account of the expected returns and risks associated with those asset classes, as well as our beliefs about investment markets and which factors are most likely to impact investment outcomes.”</i></p> <p><i>“We take an integrated approach when assessing risk and reviewing the investment strategy. In particular we take account of the employer covenant, contributions, funding targets, liability profile (including interest rate and inflation sensitivities and the extent to which they are hedged) and the level of expected return and risk now and as the strategy evolves.”</i></p> <p><i>“The primary ways that we manage investment risk is via diversification, ensuring that we receive professional written advice prior to making any material investment decision, and our ongoing monitoring and oversight of the investments...”</i></p> <p><b>DC Sections:</b> <i>“Our policy is to have exposure to DGFs with discretion to invest in illiquid assets and not to have direct exposure to illiquid assets funds within the default arrangements. We believe that long-term net risk-adjusted investment returns of the default may be improved by investing in illiquid assets. However, we note that at this time the ability for DC pension schemes to obtain exposure to illiquid assets is limited and the relatively few suitable illiquid asset funds that are available tend to have higher charges”</i></p>	<p><b>DB Sections:</b> When we reviewed BAL and TUI UK’s investment strategies during the Trust Year, we considered the investment risks set out in the SIP. We also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.</p> <p><b>DC Sections:</b> Return and risk of the default arrangements and performance of the self-select funds were reviewed during the Trust Year as part of quarterly investment reports produced by LCP. When we undertook a performance and strategy review of the DC default arrangement in 2022, we considered the investment risks set out in the SIP. We also considered a range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.</p> <p>The Default includes an allocation to a diversified growth fund (“DGF”), that may invest in illiquid assets. We intend to consider the illiquid assets exposure further with the support of LCP when we next review the DC default strategy.</p>

#### 5. Implementation of the investment arrangements

Policy stated in SIP	Comment on Trustee's compliance
<p><i>“Before investing in any manner, we obtain and consider proper written advice from our investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.”</i></p>	<p><b>DB Sections:</b> During the Trust Year, we appointed Aegon as a new Short Duration Credit manager for TUI UK, having received proper written investment advice from LCP, our investment adviser, confirming the suitability of the mandate. We invested in the Aegon Short Duration Credit mandate shortly after the Trust Year end.</p> <p><b>DC Sections:</b> We did not make any changes to the DC Section investments over the Trust Year.</p>

**Policy stated in SIP****Comment on Trustee's compliance**

*"It is our responsibility to ensure that the managers' investment approaches are consistent with our policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies.*

*We expect investment managers, where appropriate, to make decisions based on assessments of the longer term financial performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). We assess this when selecting and monitoring managers."*

*"Our policy is to evaluate each of our investment managers by considering performance, the role it plays in helping to meet our overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations."*

LCP monitors the investment managers on an ongoing basis, which includes regular research meetings with the managers. LCP monitors any developments at managers and informs us promptly about any significant updates or events they become aware of with regard to the Trust's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process, approach to responsible investment and stewardship, or key staff changes for any of the funds the Schemes invest in, or any material change in the level of diversification in the fund.

Where appropriate we invite the Trust's investment managers to present at Trustee meetings. Over the period, we met with Insight, who provided an update on the investments they manage on behalf of the Trust. We queried Insight on its integration of ESG, and in particular its stewardship priority (climate change), within the management of the Trust's investments with Insight.

We were comfortable with all of our investment manager arrangements over the Trust Year.

**DB Sections:** We monitor the performance of the Trust's investment managers on a quarterly basis, using performance monitoring reports provided by LCP. The report shows the performance of each manager over various periods. Performance is considered in the context of the manager's benchmark and objectives.

**DC Sections:** The quarterly DC investment reports that we received during the Trust Year show that all the Trust's managers have produced performance broadly in line with expectations over the long-term given recent market conditions, with the exception of the BMAF. The BMAF was formally reviewed as part of the last triennial strategy review. However, we note that performance has improved over the short term, with the Fund outperforming its target over the 1-year period.

For the DC and AVC Sections our advisers carried out a value for members assessment, which confirmed to us that overall members were receiving good value for money. The review covered a range of factors, including the fees payable to managers; the fees were found to be reasonable when compared against schemes with similar sized mandates.

## 6. Realisation of investments

Policy stated in SIP	Comment on Trustee's compliance
<p><b>DB Sections:</b> “we decide, based on the administrators’ recommendation, on the amount of cash required for benefit payments and other outgoings and inform the investment managers of any liquidity requirements. Our preference is for investments that are readily realisable but recognise that achieving a well-diversified portfolio may mean holding some investments that are less liquid (eg property).”</p>	<p>During the Trust Year we received recommendations from Equiniti, the Trust’s administrator, on the amount of cash required for benefit payments and other outgoings. We subsequently informed the investment managers of our liquidity requirements. We hold a portfolio which allocates to both liquid and illiquid assets.</p> <p>We receive income from the underlying assets in the CIF, which is retained in a cash fund managed by the Trust’s custodian, Northern Trust and used to help meet cashflow payments. If there is excess cash we receive advice from our investment adviser on appropriate investments for the excess cash.</p>
<p><b>DC Sections:</b> our policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments.”</p>	<p>All of the AVC and DC Section funds which we made available to members during the Trust Year are daily priced.</p>

## 7. Financially material considerations and non-financial matters

Policy stated in SIP	Comment on Trustee's compliance
<p><b>DB Sections:</b> “We influence the Trust’s approach to ESG and other financially material factors through our investment strategy and manager selection decisions. We expect all of our investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. We seek to appoint managers that have the skills and processes to do this, and review how the managers are taking account of these issues in practice.</p> <p>We encourage our managers to improve their ESG practices, although acknowledge that we have limited influence over managers’ investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.”</p>	<p><b>DB Sections:</b> As part of its advice on the selection and ongoing review of the investment managers, LCP incorporates its assessment of the nature and effectiveness of managers’ approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement. As part of setting up a new segregated Short Duration Credit mandate with Aegon for TUI UK, a reference to the Scheme’s climate-related targets was included within the Investment Management Agreement to ensure Aegon considers these as part of managing the portfolio.</p> <p>In September 2024, we reviewed LCP’s responsible investment (RI) scores for the Trust’s existing managers and funds, along with LCP’s qualitative RI assessments for each fund and red flags for any managers of concern. These scores cover the manager’s approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP’s ongoing manager research programme, and it is these that directly affect LCP’s manager and fund recommendations. The manager scores and red flags are based on LCP’s Responsible Investment Survey 2024. We review LCP’s RI scores approximately every two years.</p> <p>We receive ad hoc updates on ESG and Stewardship related issues from our investment adviser.</p>

Policy stated in SIP

Comment on Trustee's compliance

*"We do not consider matters that are purely non-financial in nature (eg matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments.*

**DC Sections:** Within the DC Section we recognise that some members may wish for ethical matters or other non-financial matters to be considered in their investments and therefore have made available the Vanguard ESG Developed World All Cap Equity Index Pension Fund and HSBC Islamic Global Equity Index Pension Fund as investment options for members.

**DC Sections:** *"we recognise that some members may wish for ethical or other non-financial matters to be considered in their investments and therefore has made available a passive ESG global equity index fund and a Shariah compliant global equity fund as investment options to members."*

## 8. Voting and engagement

Policy stated in SIP	Comment on Trustee's compliance
<p><i>“We recognise our responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interests of our members.</i></p> <p><i>We seek to appoint investment managers that have strong stewardship policies and processes, reflecting where relevant the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time we review how these are implemented in practice.</i></p> <p><i>We have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders, and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. We expect the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.</i></p> <p><i>We do not monitor or engage directly with issuers or other holders of debt or equity.</i></p> <p><i>We monitor managers’ activities in relation to ESG factors, voting and engagement on a regular basis. We seek to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with our expectations.</i></p> <p><i>We have selected a priority ESG theme of climate change to provide a focus for our monitoring of investment managers’ voting and engagement activities. We review our ESG priorities regularly and we will update them if appropriate. We communicate our stewardship priorities to our managers each year and also confirm our more general expectations in relation to ESG factors, voting and engagement.</i></p> <p><i>If our monitoring identifies areas of concern, we will engage with the relevant manager to encourage improvements.”</i></p>	<p>We have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement.</p> <p>We take ownership of the Trust’s stewardship by monitoring and engaging with managers.</p> <p>As part of its advice on the selection and ongoing review of the investment managers, the Trust’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement. Following the introduction of DWP’s Guidance, we agreed to set stewardship priorities to focus monitoring and engagement with our investment managers on specific ESG factors. In 2023, we discussed and agreed a stewardship priority for the Trust which was climate change.</p> <p><b>DB Sections:</b> we undertake a comprehensive review of managers’ voting and engagement practices on a triannual basis. The review carried out as at November 2021 included the investment adviser’s qualitative assessment for each manager and a summary of the managers’ voting and engagement policies. The next review is due to be completed in early 2025.</p> <p>We are conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expect most managers will have areas where they could improve. Therefore, we aim to have an ongoing dialogue with managers to clarify expectations and encourage improvements.</p>

## 9. Investment governance, responsibilities, decision-making and fees

Policy stated in SIP	Comment on Trustee's compliance
<i>"It is our policy to assess the performance of the Trust's investments, investment providers and professional advisers from time to time. We will also periodically assess the effectiveness of our decision-making and investment governance processes and will decide how this may then be reported to members."</i>	<p>As mentioned in Section 5, we assess the performance of the Schemes' investments on an ongoing basis as part of the quarterly monitoring reports we receive.</p> <p>We consider the performance of the professional advisers on an ongoing basis. We have put in place formal objectives for our investment adviser and will review the adviser's performance against these objectives on a regular basis.</p> <p>We carry out periodic reviews of our governance processes with regards to operational due diligence, pricing and dealing, voting and stewardship, and investment manager fees.</p>

## 10. Policy towards risk

<i>"We aim to strike the right balance between risk appetite and risk capacity" ... "There are different types of investment risk that are important to manage, and we monitor these on a regular basis."</i>	<p>Risks are monitored on an ongoing basis with the help of the investment adviser.</p> <p>We maintain a risk register, and this is discussed at quarterly meetings. The risk register incorporates climate risks, as we believe that climate change is a financially material systemic issue that presents risks and opportunities for the Schemes.</p> <p>Our policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of our investment adviser or information provided to us by the Trust's investment managers.</p>
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**DB Section:** *“a key objective is that the assets produce a sufficient long-term return in excess of the liabilities, and we have set an appropriate target return for the assets accordingly. There is a risk that the return experienced is not sufficient. This risk has been considered in setting the investment strategy and is monitored on a regular basis.”*

**DC Sections:** *“as members’ benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the main default strategy. To reduce the chance of a sharp deterioration in members’ benefits close to retirement, we have made the main default strategy a lifestyle strategy.”*

**DB Sections:** We regularly review the investment strategy of both the BAL and TUI UK Schemes, considering the expected return for each. The expected return was set at an appropriate level, providing a buffer above the required returns to reach a fully funded position on the respective target liability measures in the long-term.

We formally review the Schemes’ funding positions as part of our annual actuarial report to allow for changes in market conditions. On a triennial basis we review the funding position allowing for membership and other experience. We also informally monitor the funding position more regularly – the position is reviewed on a quarterly basis at Trustee meetings and the Trustee Directors also have the ability to monitor this daily on LCP Visualise.

**DC Sections:** With regard to the risk of inadequate returns in the DC section, we make use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the Default and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term. We monitor the standard deviation and returns of the default strategy on a quarterly basis.

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## Description of voting behaviour during the Trust Year

All of the Trust’s holdings in listed equities are via pooled funds. Therefore, we are not able to direct how votes are exercised, and we have delegated decisions regarding the exercise of voting rights to the pooled fund investment managers. We monitor managers’ voting and engagement behaviour periodically and challenge managers where we believe appropriate.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (“PLSA”) guidance, PLSA Vote Reporting template and DWP’s Guidance, on the Trust’s funds that hold listed equities.

None of the DB Section’s investment managers had voting opportunities over the Trust Year. Therefore, we have only included funds used in the DC / AVC Sections. Taking a pragmatic approach considering materiality, we have only included the funds with equity holdings, where available, that are part of the Default, which are the:

- BlackRock Market Advantage Pension Fund
- BlackRock ACS World Multifactor Equity Tracker Pension Fund
- Standard Life World Ex UK (BlackRock) Pension Fund
- BlackRock UK Equity Tracker Pension Fund
- BlackRock Emerging Markets Equity Tracker Pension Fund

## 11.1 Description of the voting processes

For assets with voting rights, we rely on the voting policies which its managers have in place, a summary of which is set out in this section. We have not included the voting policies of managers for the DB sections given they held no voting opportunities over the Trust Year.

### BlackRock Investment Management (UK) Limited (“BlackRock”)

The BlackRock Investment Stewardship (“BIS”) team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Voting guidelines are market-specific to ensure the team consider a company’s unique circumstances by market, where relevant. The team inform its vote decisions through research and engage as necessary. Its 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. The team may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets. The BIS team welcome discussions with clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them.

BlackRock determines which companies to engage directly based on the BIS team’s assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. The voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which the BIS team assess a company’s approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. The BIS team apply its guidelines pragmatically, considering a company’s unique circumstances where relevant. The team informs its vote decisions through research and engage as necessary.

Whilst BlackRock does subscribe to research from the proxy advisory firms, ISS and Glass Lewis, this is just one among many inputs into their voting decision process. BlackRock primarily uses proxy research firms to transform corporate governance information and analysis into a concise, easily reviewable format so that BIS’s analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock uses includes the company’s own reporting (such as the proxy statement and the website), their engagement and voting history with the company, the views of their active investors, public information, and ESG research.

### Standard Life

As the Standard Life World Ex UK (BlackRock) Pension Fund invests solely in underlying BlackRock funds for the DC Sections, BlackRock is responsible for the provision of the voting data. As such, the voting process described above for BlackRock is applicable.

## 11.2 Summary of voting behaviour

A summary of voting behaviour over the Trust Year is provided in the table below. The Trustee is invested in the BlackRock ACS World Multifactor Equity Tracker Fund and have requested the voting data for this fund, however, BlackRock have not provided this information in time to include in this Statement.

DC funds	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Manager name	BlackRock	Standard Life	BlackRock	BlackRock	BlackRock
Fund name	ACS World Multifactor Equity Tracker Fund	World Ex UK Equity (BlackRock) Pension Fund*	Market Advantage Pension Fund	UK Equity Tracker Pension Fund	Emerging Markets Equity Tracker Pension Fund
Total size of fund at end of the Trust Year	£249.3m	£31.0m	£391.1m	£11,395.0m	£4,332.0m
Value of Trust assets at end of the Trust Year	£9.4m	£9.7m	£11.2m	£2.5m	£3.0m
Number of equity holdings at end of the Trust Year	480	2,273	1,715	13,434	1,886

Number of meetings eligible to vote	401	2,423	2,055	1,072	4,090
Number of resolutions eligible to vote	5,249	29,922	22,145	14,795	31,999
% of resolutions voted	99	94	98	96	98
Of the resolutions on which voted, % voted with management**	78	94	94	96	86
Of the resolutions on which voted, % voted against management**	21	6	5	3	13
Of the resolutions on which voted, % abstained from voting**	0	0	1	1	2
Of the meetings in which the manager voted, % with at least one vote against management	71	30	26	19	44
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0	0	0	0	0

\*The Standard Life Fund is made up of 4 underlying BlackRock funds; iShares Pacific ex Japan Equity Index Pension Fund, iShares North American Equity Index Pension Fund, iShares Continental European Equity Index Pension Fund and iShares Japan Equity Index Pension Fund.

\*\* 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.

### 11.3 Most significant votes

Commentary on the most significant votes over the Trust Year, from the Trust's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria<sup>1</sup> for creating this shortlist.

The Trustee has interpreted most "significant votes" to mean those that align with the Trustee's stewardship priorities. The Trustee has reported on a maximum of two of these significant votes per fund. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

<sup>1</sup> [Vote reporting template for pension scheme implementation statement – Guidance for Trustees \(plsa.co.uk\)](https://www.plsa.co.uk/guidance-for-trustees). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.

## AVC and DC Sections

### BlackRock

BlackRock has deemed a vote significant where:

- The voting relates to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance.
- The issues involved are high-profile and therefore of interest to its clients and other stakeholders, and potentially represent a material risk to the investment.

As the Standard Life Fund invests in four underlying BlackRock funds, the most significant votes are provided by BlackRock and therefore will follow the same criteria.

Fund Name	BlackRock ACS World Multifactor Equity Tracker Fund	
Company name	Westlake Corporation	Amazon.com, Inc.
Date of vote	09 May 2024	22 May 2024
Size of holding as at the date of vote	0.1%	0.6%
Summary of the resolutions	Report on Reducing Plastic Pollution of the Oceans	Report on Efforts to Reduce Plastic Use
Company management recommendation	Against	Against
Fund manager vote	For	For
Rationale for the voting decision	BIS believes that additional disclosure on the company's efforts to manage a possible reduction in the demand for virgin plastics and the associated financial repercussions would allow shareholders to better assess the company's related risk management and strategic planning.	BIS supported this proposal because it believes that shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.
Was the vote communicated to the company ahead of the vote (if against management)	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.
Criteria for selecting this vote as "most significant"	Climate change is one of the Trustee's stewardship priorities.	Climate change is one of the Trustee's stewardship priorities.
Outcome of the vote	Fail	Fail
Implications of the outcome - were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in its Global Principles. BlackRock's Global Principles describe its philosophy on stewardship, including how it monitors and engages with companies. These high-level principles are the framework for its more detailed, market-specific voting guidelines. BlackRock does not see engagement as one conversation. It has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assess whether the company has addressed its concerns.	

Fund Name	Standard Life World Ex UK Equity (BlackRock) Pension Fund	
Underlying Fund	iShares Pacific ex Japan Equity Index Fund	iShares North American Equity Index Fund

<b>Company name</b>	Qantas Airways Limited	PACCAR Inc
<b>Date of vote</b>	3 November 2023	30 April 2024
<b>Size of holding as at the date of vote</b>	0.1%	0.1%
<b>Summary of the resolutions</b>	Approve Remuneration Report	Report on Climate Lobbying
<b>Company management recommendation</b>	For	Against
<b>Fund manager vote</b>	Against	Against
<b>Rationale for the voting decision</b>	BIS did not support the approval of the remuneration report as it believed the company's remuneration arrangements are poorly structured and that the company's remuneration committee discretion has been used poorly.	BIS did not support this shareholder proposal because the company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.
<b>Was the vote communicated to the company ahead of the vote (if against management)</b>	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.	N/A
<b>Criteria for selecting this vote as "most significant"</b>	There were no significant votes that related to the Trustee's stewardship priority. We have, therefore, chosen votes where the fund manager voted against the company management recommendation.	Climate change is one of the Trustee's stewardship priorities.
<b>Outcome of the vote</b>	Fail	Fail
<b>Implications of the outcome - were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	BlackRock's approach to corporate governance and stewardship is explained in its Global Principles. BlackRock's Global Principles describe its philosophy on stewardship, including how it monitors and engages with companies. These high-level principles are the framework for its more detailed, market-specific voting guidelines. BlackRock does not see engagement as one conversation. It has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assess whether the company has addressed its concerns.	

<b>Fund Name</b>	Standard Life World Ex UK Equity (BlackRock) Pension Fund	
<b>Underlying Fund</b>	iShares Continental European Equity Index Fund	iShares Japan Equity Index Fund
<b>Company name</b>	Temenos AG	Toyota Motor Corp.*
<b>Date of vote</b>	7 May 2024	18 June 2024
<b>Size of holding as at the date of vote</b>	0.04%	5.5%
<b>Summary of the resolutions</b>	Approve Remuneration Report	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement
<b>Company management recommendation</b>	For	Against
<b>Fund manager vote</b>	Against	Against
<b>Rationale for the voting decision</b>	BIS did not support the approval of the remuneration report as it believed the company's remuneration arrangements are poorly structured and that the company's remuneration committee discretion has been used poorly.	BIS voted against the proposal as it felt that the proposal will not serve shareholder's interest.
<b>Was the vote communicated to the company ahead of the vote (if against management)</b>	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.	N/A
<b>Criteria for selecting this vote as "most significant"</b>	There were no significant votes that related to the Trustee's stewardship priority. We have, therefore, chosen votes where the fund manager voted against the company management recommendation.	Climate change is one of the Trustee's stewardship priorities.
<b>Outcome of the vote</b>	Fail	Fail
<b>Implications of the outcome - were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	BlackRock's approach to corporate governance and stewardship is explained in its Global Principles. BlackRock's Global Principles describe its philosophy on stewardship, including how it monitors and engages with companies. These high-level principles are the framework for its more detailed, market-specific voting guidelines. BlackRock does not see engagement as one conversation. It has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assess whether the company has addressed its concerns.	

\*This vote also applies to the BlackRock Market Advantage Pension Fund.

<b>Fund Name</b>	BlackRock Market Advantage Pension Fund	BlackRock UK Equity Tracker Pension Fund
<b>Company name</b>	Amazon.com, Inc.	Shell Plc
<b>Date of vote</b>	22 May 2024	21 May 2024
<b>Size of holding as at the date of vote</b>	0.4%	7.5%
<b>Summary of the resolutions</b>	Report on Efforts to Reduce Plastic Use	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement
<b>Company management recommendation</b>	Against	Against
<b>Fund manager vote</b>	Against	Against
<b>Rationale for the voting decision</b>	BIS did not support the proposal as it believes the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	BIS did not support this proposal as it felt that the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.
<b>Was the vote communicated to the company ahead of the vote (if against management)</b>	N/A	N/A
<b>Criteria for selecting this vote as “most significant”</b>	Climate change is one of the Trustee’s stewardship priorities.	Climate change is one of the Trustee’s stewardship priorities.
<b>Outcome of the vote</b>	Fail	Fail
<b>Implications of the outcome - were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	BlackRock’s approach to corporate governance and stewardship is explained in its Global Principles. BlackRock’s Global Principles describe its philosophy on stewardship, including how it monitors and engages with companies. These high-level principles are the framework for its more detailed, market-specific voting guidelines. BlackRock does not see engagement as one conversation. It has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assess whether the company has addressed its concerns.	

<b>Fund Name</b>	BlackRock Emerging Markets Equity Tracker Pension Fund
<b>Company name</b>	CSPC Pharmaceutical Group Limited
<b>Date of vote</b>	28 May 2024
<b>Size of holding as at the date of vote</b>	0.1%
<b>Summary of the resolutions</b>	Approve Grant of Options Under the Share Option Scheme
<b>Company management recommendation</b>	For
<b>Fund manager vote</b>	Against
<b>Rationale for the voting decision</b>	BIS voted against the proposal as it believes the incentive arrangements do not support the long-term economic interests of shareholders.
<b>Was the vote communicated to the company ahead of the vote (if against management)</b>	BlackRock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting.
<b>Criteria for selecting this vote as “most significant”</b>	There were no significant votes that related to the Trustee’s stewardship priority. We have, therefore, chosen votes where the fund manager voted against the company management recommendation.
<b>Outcome of the vote</b>	Pass
<b>Implications of the outcome - were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	BlackRock’s approach to corporate governance and stewardship is explained in its Global Principles. BlackRock’s Global Principles describe its philosophy on stewardship, including how it monitors and engages with companies. These high-level principles are the framework for its more detailed, market-specific voting guidelines. BlackRock does not see engagement as one conversation. It has ongoing direct dialogue with companies to explain its views and how it evaluates their actions on relevant ESG issues over time. Where BlackRock has concerns that are not addressed by these conversations, it may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, BlackRock monitors developments and assess whether the company has addressed its concerns.