Trustee's Report

Implementation Statement

Scheme Year ending 5 April 2023

1. Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the ACNielsen (UK) Pension Plan ("the Trustee of the Plan") covering the scheme year ("the year") to 5 April 2023.

The purpose of this statement is to:

- Detail any reviews of the SIP that the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review.
- Set out the extent to which, in the opinion of the Trustee, the Plan's Statement of Investment Principles ("SIP") required under section 35 of the Pensions Act 1995 has been followed during the plan year; including policies on engagement and voting.

The Plan makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact. The Trustee confirms that the investments which the Plan holds were chosen in line with the requirements of s36 of the Pensions Act 1995.

In order to ensure that investment policies set out in the SIP are undertaken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee delegates some responsibilities. In particular, the Trustee has appointed a Fiduciary Manager, Towers Watson Limited, to manage the Plan's DB assets on a discretionary basis. For the DC assets, the Trustee delegates security selection to the Asset Managers they appoint. The Fiduciary Manager's discretion is subject to guidelines and restrictions set by the Trustee. The Asset Managers of the DC assets are governed by fund manager agreements. So far as is practicable, the Fiduciary Manager considers the policies and principles set out in the Trustee's SIP.

A copy of this implementation statement has been made available on the following website: https://www.acnielsenpensionplan.co.uk/

2. Review of and changes to the SIP

The SIP was reviewed and updated once in the year. The versions in place were dated:

- September 2022
- March 2023

The key changes in the update of 2022 were:

- Explicitly acknowledging that whilst voting and engagement can be delegated, the Trustee retains overall responsibility
- Clarifying the role of EOS at Federated Hermes, who is appointed by the Plan's Fiduciary Manager to provide engagement and voting services on behalf of the Plan.
- The SIP was updated to include information about the bulk annuity policy that was taken out with Aviva Life & Pensions UK Limited (Buy-in) in December 2022

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Implementation Statement (continued)

2. Review of and changes to the SIP (continued)

- The SIP was updated to include risks associated with the Aviva Life & Pensions UK Limited bulk annuity policy.

For the purpose of assessing how the Plan’s SIP has been followed, the remainder of this statement specifically focusses on the SIP agreed in March 2023. All elements that were included in the previously agreed SIP (dated September 2022) remained in the March 2023 SIP.

3. Adherence to the SIP

Under the Pensions Act 1995 (as amended), trustees are required to prepare a Statement of the principles governing investment decisions. This document contains that Statement, as drawn up by the Trustee of the ACNielsen (UK) Pension Plan (“the Plan”), and it describes the investment principles pursued by the Trustee of the Plan (“the Trustee”). The Plan's Statement is divided into two sections: one (Section 3) relating to the Defined Benefit ("DB") Section and the other (Section 4) relating to the Defined Contribution ("DC") Section.

The Trustee has consulted A.C.Nielsen Company Limited (“the Employer”) on the principles set out in this Statement and will consult the Employer on any changes to it. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

Before drawing up this Statement, the Trustee has obtained and considered written advice from the Plan’s DB Fiduciary Manager (WTW) and DC investment consultant (WTW). The Trustee will review the document regularly, at least every three years, and without delay following a significant change in investment policy.

SIP Section 3: Defined Benefit Section

Plan Investment Objective

This section specifies the current long-term investment objective of the Trustee for the Plan (100% funded on a gilts basis) noting that the Trustee will review this objective regularly and amend as appropriate.

Investment Strategy

The Trustee has received advice on an investment strategy aimed at maximising the chances of achieving its objectives. The investment strategy was formally reviewed as at August 2021, following the 2021 triennial actuarial valuation, and again in Q4 2022 as part of executing a buy-in with Aviva. The Trustee monitors progress relative to its objectives on a quarterly basis as outlined below.

The Trustee believes in diversification and the Plan’s portfolio is built using a diverse range of return-seeking assets and a dedicated allocation to liability driven investments which seek to match the sensitivity of the Plan’s liabilities to inflation and interest rates, in line with the policies set out in the SIP. Throughout the year, implementation of this strategy including the realisation of investments was delegated to the Fiduciary Manager who managed the balance of these investments. The Fiduciary Manager acts within guidelines set by the Trustee including asset allocation. The guidelines were updated in Q4 2022 to reflect the changes required as part of the Trustee undertaking a buy-in with Aviva. The Fiduciary Manager is required to report any breach of these guidelines to the Trustee. No breaches were reported during the year. The Trustee considers that the balance of investments held and the approach to managing risk is in the best interests of members in order to mitigate downside risk to the funding position of the Plan whilst helping the Plan to achieve its ultimate objective over an appropriate time horizon.

In order to ensure appropriate incentivisation and alignment of decision-making between the Trustee and the Fiduciary Manager, the Fiduciary Manager is subject to a number of obligations set out in its contractual arrangements with the Trustee and the Fiduciary Manager is aware of and gives effect to the principles set

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Investment strategy (continued)

out in the Trustee's SIP. The Fiduciary Manager acted in accordance with these obligations throughout the year.

The Trustee's investment strategy seeks to outperform a benchmark based on a projection of the Plan's liability cashflows. The liability benchmark is updated following each actuarial valuation, and when there is any significant change to the structure of the Plan's liabilities. The benchmark was last updated as part of the buy-in transaction in Q4 2022.

The Fiduciary Manager monitored and reviewed the Plan's investments and managers on a regular basis to ensure that the investment strategy remained consistent with the Plan's objectives. On a quarterly basis, the Trustee reviewed the Plan's asset allocation, funding position and progress relative to the journey plan (the projected path to achieve the Plan's objective), and measures of the expected return and risk of the Plan's portfolio to ensure that these remained broadly consistent with the Plan's objectives.

The Trustee, following the advice of the Fiduciary Manager, materially de-risked the Plan in December 2022 via the purchase of a bulk annuity policy that was taken out with Aviva Life & Pensions UK Limited (Buy-in), and a reduction of the portfolio's target from gilts +1.4% to gilts +0.7% (excluding the Buy-in). To facilitate the process of purchasing the bulk annuity, the Trustee sold its holdings in the TWIM Core Diversified Fund – one of two growth assets held in the portfolio. The Plan's journey plan was updated to reflect these changes to the portfolio.

The Trustee has implemented a dynamic risk framework whereby the Plan's funding position is monitored relative to agreed upside triggers which are used to indicate if the Plan is sufficiently ahead of the journey plan to warrant reviewing or changing the Plan's investment strategy (eg. the Plan may be in a position to reduce investment risk or the investment time horizon on breaching an upside trigger). Throughout the year, the Fiduciary Manager monitored the Plan's funding position and progress relative to the triggers on a daily basis using its proprietary system, the Asset Liability Suite. No triggers were breached during the year.

The Trustee has a policy to ensure that the Plan's cashflow requirements can be readily met without disrupting its investments. Throughout the year, the Fiduciary Manager regularly monitored the level of cash in the Plan, and cashflows into / out of the Plan to ensure that there were sufficient assets in readily realisable investments to meet the Plan's requirements without disrupting its investments, including during the LDI crisis of September to October 2022. The Fiduciary Manager can make adjustments to the Plan's allocation to cash when necessary, within guidelines set by the Trustee. The Trustee monitored the liquidity of the Plan's portfolio and cashflows into and out of the Plan on a quarterly basis.

Investment Managers

Throughout the year, the Fiduciary Manager regularly monitored the performance of the Plan's investment managers. Performance was monitored relative to an appropriate market benchmark where one was available or an appropriate return objective where a market benchmark was not available. In addition, the Fiduciary Manager assessed the performance of the Plan's investment managers relative to peers and in the context of the prevailing market environment. Throughout the year, the Fiduciary Manager and Trustee focussed their assessment of investment manager performance on the long-term, consistent with the Trustee's position as a long-term investor.

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Implementation Statement (continued)

3. Adherence to the SIP (continued)

Investment Managers (continued)

On a forward-looking basis, past performance is only one input into the Fiduciary Manager's assessment of an investment manager, which relies predominantly on research views based on a range of qualitative and quantitative factors, including the consideration of Sustainable Investment, or Environment Social and Governance (ESG) factors as outlined below. Whilst there were some changes to the underlying investment managers, no managers were terminated based on short-term performance alone. Consistent with the Plan's long investment time horizon, the Trustee seeks to be a long-term investor and the Fiduciary Manager has appointed managers (in the majority of cases) with the expectation of a long-term relationship. This in turn allows investment managers to take a longer-term approach to investing, including engagement with issuers of debt and equity, with a view to improving investment outcomes over the long term. As at the end of the year, the Plan was invested in 3 investment funds (plus the bulk annuity held with Aviva Life & Pensions UK Limited) having sold its holdings in the TWIM Core Diversified Fund. The average tenure of the Trustee's investments in these funds was 6.5 years.

The Trustee received quarterly monitoring reports from the Fiduciary Manager. Performance shown in these reports is based on performance reporting provided by the Plan's Independent Performance Measurer, StateStreet. These reports are included for scrutiny and discussion at the Trustee's quarterly meetings. The reports include details of short-, medium- and longer-term performance relative to benchmarks/targets for all funds as well as commentary on an exceptions basis regarding performance with significant deviation from benchmark/target. Throughout the year, the Trustee used these reports as an input into its ongoing assessment of the Fiduciary Manager's performance. Similar to the approach taken with the Plan's underlying investment managers, the Trustee appointed the Fiduciary Manager with the expectation of a long-term relationship and therefore takes a long-term approach to its assessment of the Fiduciary Manager's performance. The Fiduciary Manager was appointed 7 years ago.

<u>Manager selection, de-selection and monitoring</u>

As set out above, the Trustee has delegated responsibility to the Fiduciary Manager to implement the Trustee's agreed investment strategy, including making certain decisions about investments (including asset allocation and manager selection/deselection) in compliance with Sections 34 and 36 of the Pensions Act.

As part of its manager selection and ongoing oversight processes, the Fiduciary Manager considers the level of fees and the type of fee structures used by each manager (including a consideration of the alignment of interests created by certain fee structures).

The Fiduciary Manager considers a number of factors including the asset class / investment strategy, the way in which the strategy is implemented (e.g., active management or passive benchmark tracking), and fee benchmarking relative to peers. The majority of the Plan's investment managers were paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Manager selection, de-selection and monitoring (continued)

During the year, the Fiduciary Manager reviewed and reported to the Trustee on the total fees and costs incurred by the Plan through its investments. As part of its review and reporting on the Plan's costs, the Fiduciary Manager also reported to the Trustee on the costs associated with portfolio turnover, including a consideration of whether experienced turnover within investment strategies was consistent with the individual manager's expectations and within the Fiduciary Manager's expectations given its knowledge and understanding of the asset class and peers.

The Fiduciary Manager is also responsible for managing the sustainability of the portfolio and how ESG factors are allowed for in the portfolio. The Trustee's view is that ESG factors can have a significant impact on investment returns, particularly over the long-term. As a result, the Trustee believes that the incorporation of ESG factors is in the best long-term financial interests of its members. The Trustee has appointed a Fiduciary Manager who shares this view and has fully embedded the consideration of ESG factors in its processes. The Trustee incorporates an assessment of the Fiduciary Manager's performance in this area as part of its overall assessment of the Fiduciary Manager's performance.

The Fiduciary Manager's process for selecting, monitoring and de-selecting managers explicitly and formally includes an assessment of a manager's approach to SI (recognising that the degree to which these factors are relevant to any given strategy is a function of time horizon, investment style, philosophy and exposures). Where ESG factors are considered to be particularly influential to outcomes, the Fiduciary Manager engages with investment managers to improve their processes.

The Partners and Core Diversified Funds have Article 8 Sustainable Finance Disclosure Regulation designation. This covers Funds that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, amongst other requirements.

Through its investment in the Partners Fund, the Fund also manages risk and considered ESG integration in its investment processes and strategies through:

UK forestry –The strategy will acquire unused agricultural land in the north of England and Scotland to plant trees and grow forests, capturing carbon in the process. The intention is to hold the forests that have been created for three to five years until the trees have established themselves after which there are various possible exit routes.

Japanese Solar Panels - Invests (through a third-party manager) in Japanese renewable energy with some exposure to other solar energy. Invests in late-stage construction and development of solar, biomass and battery storage in Japan.

Through its investment in the Core Diversified Fund, which the fund was invested in until December 2022, the Fund also manages risk and considered ESG integration in its investment processes and strategies through:

A Global Prime Real Estate strategy which has introduced climate filters as an explicit screen in the investment process following direct engagement with the manager.

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Company level engagement and rights attached to investments (including voting)

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the Fiduciary Manager, and in turn to the Plan's investment managers. The day-to-day integration of ESG considerations and stewardship activities (including voting and engagement) are delegated to the Plan's investment managers.

Through the engagement undertaken by the Fiduciary Manager, the Trustee expects investment managers to sign up to local Stewardship Codes and to act as responsible stewards of capital as applicable to their mandates. The Fiduciary Manager considers the investment managers' policies and activities in relation to Environmental, Social and Governance (ESG) and stewardship both at the appointment of a new manager and on an ongoing basis. The Fiduciary Manager engages with managers to improve their practices and may terminate a manager's appointment if they fail to demonstrate an acceptable level of practice in these areas. However, no managers were terminated on these grounds during the year.

The Plan is invested across a diverse range of asset classes which carry different ownership rights, for example fixed income whereby these holdings do not have voting rights attached. Therefore, voting information was only requested from the Plan's equity managers as here there is a right to vote as an ultimate owner of a stock. Responses received are provided in the table below. Where managers provided multiple examples of votes three of those deemed most significant by the Trustee have been shown below.

Further information on the voting and engagement activities of the managers is provided in the table below. Although the Plan did not have any holdings in the TWIM CDF from December 2022 onwards, it was invested in the Fund for a majority of the duration covered by this statement. As such, the table includes voting data and engagement activities of the manager, for the duration prior to December 2022.

At the end of the year, the Plan's equity holdings were invested across five pooled funds:

- Towers Watson Investment Management (TWIM) Global Equity Focus Fund - an active global equity fund managed by the Fiduciary Manager which invests in number of underlying managers
- STOXX Willis Towers Watson World Climate Transition Index Fund (AMX)
- Manager A – an active emerging markets equity fund
- Manager B – an active emerging markets equity strategy
- Manager C – an active China equity strategy

As outlined above, the Plan is invested in both active and passive equity funds. For the active funds, the Trustee has decided not to publicly disclose investment manager names. This decision relates to the underlying investment managers in the TWIM Global Equity Focus Fund and Manager A, C and D. Given the nature of these investments, the Trustee believes that publicly disclosing the names of the Plan's investment managers could impact the investment manager's ability to generate the best investment outcome for the Plan and ultimately, the Plan's members.

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Company level engagement and rights attached to investments (including voting) (continued)

Towers Watson Partners Fund

<table>
<tr><td>Voting activity</td><td colspan="4">Number of votes eligible to cast: 25,560
Percentage of eligible votes cast: 92.8%
Percentage of votes with management: 86.0%
Percentage of votes against management: 13.5%
Percentage of votes abstained from: 0.5%</td></tr>
<tr><td rowspan="7">Most significant votes cast</td><td>Company</td><td>Anglo American Plc</td><td>Cigna Corporation</td><td>Midea Group</td></tr>
<tr><td>Size of holdings</td><td>0.06%</td><td>0.32%</td><td>0.13%</td></tr>
<tr><td>Resolution</td><td>Approve Climate Change Report</td><td>Report on gender pay gap</td><td>Key Management Team Stock Ownership Plan and the Midea Global Partners Plan 8th Phase Stock Ownership Plan (draft) and Its Summary</td></tr>
<tr><td>Decision /Vote</td><td>Supported Management</td><td>For</td><td>Against</td></tr>
<tr><td>Rationale for decision</td><td>The climate change report sets out clear pathways to carbon neutral operations by 2040 and the company's ambition to reduce Scope 3 emissions by 50%, also by 2040.</td><td>TWIM support disclosure of data to assess Cigna's gender pay gap on a raw and adjusted basis, which will positively support Cigna's global recruitment and human resources efforts.</td><td>ROE of Midea Group in 2021 was 24.09% but the threshold for ROE is set at 20% in 2022 and 2023 and 18% for 2024 and 2025. Don't think it is properly designed.</td></tr>
<tr><td>Rationale for classifying as significant</td><td>In line with its Proxy Voting Policy, TWIM generally supports initiatives to mitigate environmental risks which will, in turn, enhance long-term company performance.</td><td>Diversity, equity and inclusion are important for the long-term success of a company for them to attract and retain talent which in turn is important for shareholders' interests.</td><td>Against management</td></tr>
<tr><td>Outcome of vote</td><td>Pass</td><td>Fail</td><td>For</td></tr>
<tr><td>Use of proxy voting</td><td colspan="4">For the TW PF, the equity exposure comes from four main areas:
– Its global equity portfolio where EOS at Federated Hermes ("EOS") provides voting recommendations to enhance engagement and help achieve responsible ownership. EOS's voting recommendations are informed by its extensive research and experience in the area of stewardship as well as its long-term engagement activities with companies. The underlying managers must provide an explanation and note their rationale when they choose to vote differently to the recommendation. The underlying managers in this portfolio use ISS's 'ProxyExchange' electronic voting platform to facilitate voting.
– Its China equity manager uses Glass Lewis service where they have created a bespoke policy
– Its emerging markets equity managers use ISS, Glass Lewis, SES and Broadridge Proxy Edge platforms for information and to facilitate voting
– Its long-short equity managers use ISS to provide corporate research and to facilitate the voting process.</td></tr>
</table>

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Implementation Statement (continued)

3. Adherence to the SIP (continued)

Company level engagement and rights attached to investments (including voting) (continued)

Core Diversified Fund

Voting activity	Number of votes eligible to cast: 3,194 Percentage of eligible votes cast: 93.2% Percentage of votes with management: 85.0% Percentage of votes against management: 15% Percentage of votes abstained from: 0.5%			
Most significant votes cast	**Company**	Alphabet Inc.	SNAM SpA	TERNA Rete Elettrica Nazionale SpA
	Size of holdings	0.60%	0.22%	0.21%
	Resolution	Report on Risks of Doing Business in Countries with Significant Human Rights Concerns	Accept Financial Statements and Statutory Reports	Approve Remuneration Policy
	Decision /Vote	For	Against	Against
	Rationale for decision	For shareholder resolution, against management recommendation / Shareholder proposal promotes better management of ESG opportunities and risks.	Inadequate management of climate-related risks	Apparent failure to link pay and appropriate performance
	Rationale for classifying as significant	Vote against management	Those that have quantitative substance and qualitative materiality.	Those that have quantitative substance and qualitative materiality.
	Outcome of vote	Fail	Pass	Pass
Use of proxy voting	For the CDF, through our equity and listed real asset strategies, we work with EOS to provide corporate engagement and voting recommendation services to enhance the efforts of the underlying managers where possible. The underlying manager must provide an explanation and note their rationale when they choose to vote differently to the recommendation. The underlying mangers also use ISS facilitate voting and provide research. Our China equity manager uses Glass Lewis service where they have created a bespoke policy.			

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Industry wide / public policy engagement:

As mentioned in the SIP, the Fiduciary Manager has partnered with EOS at Federated Hermes (EOS) for a number of years to enhance its stewardship activities. One element of this partnership is undertaking public policy engagement on behalf of its clients (including the Trustee). This public policy and market best practice engagement is done with legislators, regulators, industry bodies and other standard-setters to shape capital markets and the environment in which companies and their investors operate, a key element of which is risk related to climate change. The Fiduciary Manager represents client policies/sentiment to EOS via the Client Advisory Council, of which its Head of Stewardship currently chairs. It applies EOS' services, from public policy engagement to corporate voting and engagement, to several of its funds. Some highlights from EOS' activities over 2022:

- Engaging with 1,138 companies on 4,250 issues and objectives
- Making voting recommendations on 134,188 resolutions at 13,814 meetings, including recommended votes against 24,461 resolutions
- 33 consultation responses or proactive equivalent and 75 discussions with relevant regulators and stakeholders
- Active participation in many collaborations including Climate Action 100+, Principles for Responsible Investment (PRI), and UN Guiding Principles Reporting Framework

The Fiduciary Manager is also engaged in a number of industry wide initiatives and collaborative engagements including:

- Becoming a signatory to the 2020 UK Stewardship Code in the first wave, and subsequently retaining that status
- Co-founding the Net Zero Investment Consultants Initiative in 2021, with a commitment across its global Investment business
- Joining the Net Zero Asset Managers Initiative in 2021, committing 100% of its discretionary assets
- Being a signatory of the Principles for Responsible Investment (PRI) and active member of their Stewardship Advisory Committee
- Being a member of and contributor to the Institutional Investors Group on Climate Change (IIGCC), Asian Investors Group on Climate Change (AIGCC), and Australasian Investors Group on Climate Change (IGCC)
- Co-founding the Investment Consultants Sustainability Working Group
- Continuing to lead collaboration through the Thinking Ahead Institute and WTW Research Network
- Being a founding member of The Diversity Project
- Being an official supporter of the Transition Pathway Initiative

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Other investment Matters

The Trustee has put in place an Integrated Risk Management Framework which seeks to identify, manage and monitor risks which could negatively impact the Plan's ability to meet its funding objectives. This framework incorporates funding, covenant and investment factors and is ultimately used to form the Plan's investment strategy. In relation to investment factors, the Trustee has identified a number of risks which it seeks to manage and monitor, in conjunction with the Fiduciary Manager. Solvency and mismatch risk, investment manager risk, liquidity risk, and interest rate and inflation risks have been discussed above in the relevant sections on investment strategy and investment managers. The Fiduciary Manager reported to the Trustee on each of these risks in quarterly meeting papers which were discussed at the Trustee's quarterly meetings.

The Trustee recognises a number of risks involved in the investment of the Plan's assets and, where applicable, monitors these risks in conjunction with the Fiduciary Manager:

- Solvency risk and mismatch risk: are measured through a qualitative and quantitative assessment of the expected development of the assets relative to the liabilities. They are managed through the development of a portfolio that is consistent with delivering the Trustee's investment objective.
- Investment manager risk: is measured by the expected deviation of the prospective risk and return, as set out in the investment managers' objectives. It is managed through diversification across investment managers, ongoing monitoring of the performance of the investment managers and ongoing qualitative assessments of the investment managers by the Fiduciary Manager.
- Liquidity risk: is measured by the level of cashflow required by the Trustee over various periods. It is managed by the Fiduciary Manager assessing the Plan's cashflow requirements, in conjunction with the Trustee's administrators, and ensuring that the Plan's assets are sufficiently liquid.

In addition to these risks, the Trustee also seeks to measure and manage:

- Currency risk: some of the Trustee's investments are denominated in a different currency to the Plan's liabilities which creates a mismatch. The Fiduciary Manager managed the Plan's exposure to foreign currencies within guidelines set by the Trustee. Currency hedging was implemented via investing in GBP-hedged share classes for overseas denominated funds. Throughout the year, the Fiduciary Manager left a small proportion of the Plan's foreign currency exposure unhedged for reasons of diversification and return generation. The Fiduciary Manager monitored the Plan's unhedged exposures on a regular basis and reported this to the Trustee as part of its quarterly meeting papers.
- Custodial risk: the Plan is exposed to the risk that any assets held on the custodian's balance sheet could be lost if the custodian was to become insolvent. The Trustee addressed this by investing in pooled funds where the Plan's assets are held by a separate custodian appointed by the manager. In addition, any uninvested cash was swept into a pooled cash fund at the custodian where the assets are held off the custodian's balance sheet. In addition, the Fiduciary Manager's specialist research team reviews the custodian on a regular basis.
- Political risk: the Trustee recognises that the value of the Plan's assets may be impacted by political regimes and actions, particularly in less established/ more opaque markets. Throughout the year, the Plan's portfolio remained well diversified by geography. The Fiduciary Manager considers political risk when determining whether to allocate capital to an investment and also in determining the relative sizing of an investment.

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Other investment Matters (continued)

- Insurer counterparty risk: the Plan is exposed via the bulk-annuity policy it holds with Aviva Life & Pensions UK Limited. Insurer counterparty risk is measured by the solvency of Aviva Life & Pensions UK Limited. It is managed by the Trustee by considering the financial stability of Aviva Life & Pensions UK Limited and the financial stability of the UK insurance regime at the point of investment.

SIP Section 4: Defined Contribution Section ('DC')

DC Plan Investment Objectives and long-term investment policy

These sections specify the current long-term investment objective of the Trustee for the Plan, which, from June 2022, was primarily in relation to the Old Money Purchase section, along with the remaining AVC policy, noting that the Trustee reviews this objective regularly and amend as appropriate.

Investment Strategy

Within the relevant year (June 2022), New Money Purchase section member assets invested in a policy with Aviva were transferred out to the Fidelity Master Trust. This took place as a result of ongoing monitoring by the Trustee. Following an assessment, it was determined member would receive better value for money, for example, receiving lower charges, additional retirement option, wider range of investment options, all under an enhanced governance framework through the Master Trust.

The Aviva fund range remained in situ for the additional voluntary contribution (AVC) arrangement for DB members.

The old Money Purchase section sole investment strategy is currently under consideration as part of a wider general strategy review of this section by the Trustee and its advisers.

Investment Managers

The AVC arrangement held with Aviva is monitored on an annual basis. Performance is measured against the relevant benchmarks set out in the SIP. As the majority of funds are passive, their benchmarks are the relevant indices for the asset classes/geographical areas represented. For active funds, the benchmarks have been agreed after receiving advice from the Trustee's professional advisers. During the Plan year, the majority of funds performed in line with their benchmarks. The Trustee accepts that there may be deviations from benchmarks from time to time and provided these are over short periods of time will not normally take any action. WTW as the appointed investment adviser will update the Trustee if a particular issue arises with one of the funds made available within the AVC policy.

The Trustee appointed the Plan's investment managers with an expectation of a long-term partnership. Over the Plan year to 5 April 2023, there were no new investment manager appointments or terminations by the Trustee, although the majority of assets held with Aviva were transferred out to the Fidelity Master Trust (and therefore out of this Plan) in respect of the new Money Purchase section membership.

The Trustee takes a pragmatic approach to ESG considerations, which is reflected in the SIP. The Trustee has delegated responsibility for the selection, retention and realisation of investments to the underlying investment managers. The Trustee recognises that long-term sustainability issues, including climate change, may have an impact on investment risk and outcomes. At the present time the strategy is to invest predominately in the passive funds which do not take account of ESG considerations in the selection, retention and realisation of investments.

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Implementation Statement (continued)

3. Adherence to the SIP (continued)

Investment Managers (continued)

However, the Trustee recognises that some members may wish to invest in accordance with responsible investment principles, and hence the Aviva Stewardship fund is available in the self-select range of AVCs for the DB Section.

DC manager selection, de-selection and monitoring

The Trustee has responsibility for the selection, removal and monitoring of the DC assets under the old Money Purchase section which is invested through a Legal & General Investment Manager (LGIM) platform, and the Aviva AVC policy investment through BlackRock and Aviva.

Company level engagement and rights attached to investments (including voting)

The DC funds are predominantly passively managed in pooled funds (with LGIM and Aviva). As a result, the Trustee's direct influence on the fund manager's voting policy is limited by the pooled nature of these investments. The Trustee has therefore chosen to adopt an approach to ESG that is consistent with the opportunities and constraints of this position. This is reflected in the SIP.

The Trustee has delegated all voting and engagement activities to the underlying managers, but nevertheless expects effective activities in these areas to form part of their processes. The Trustee has reviewed the underlying investment managers' stewardship policies (made available at the following links: https://www.lgim.com/uk/en/capabilities/corporate-governance/ and https://www.aviva.co.uk/services/about-our-business/about-us/our-approach-to-responsible-investing/).

When reviewing the LGIM's and Aviva's stewardship approach the Trustee found that:

1. During 2022, LGIM voted on over 171,000 proposals (worldwide) at over 15,750 company meetings. LGIM has implemented their own custom policies, and rely on the service of ISS, their proxy advisor. LGIM does not automatically follow recommendations of proxy advisers and has put in place a custom voting policy, which requires companies, amongst other things, to have a higher level of independence and diversity on the board, or to provide more in-depth disclosure regarding executive compensation.

2. Aviva voted on 73,438 resolutions at 6,732 meetings in 2022. Aviva has a multi-manager team which is responsible for monitoring all of the funds and fund managers on Aviva's investment platforms. It analyses and selects the fund managers using a 5P process: Parent, Product, Process, People, and Performance. It incorporates ESG considerations into its analysis in each of these areas. For BlackRock index tracking funds, Aviva has moved away from insured funds to tax transparent funds that are administered by Aviva Investors. This enabled Aviva Investors to take on the responsibility for the voting rights for the investments held.

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Implementation Statement (continued)

3. Adherence to the SIP (continued)

Company level engagement and rights attached to investments (including voting): (continued)

The table below sets out the relevant voting activities, including any votes cast on the Trustee's behalf and examples of votes cast that the underlying managers deem to be significant. The voting statistics covers equity funds available under the Plan for the year ended 31 March 2023.

Fund name	Voting activity	Example of one of the most significant votes cast during the period
LGIM Global Equity Market Weights 30:70 Index 75% Currency Hedged	**Number of eligible meeting where the provider was able to vote: 7,319** **Percentage of resolutions that were voted on: 99.8%** **Percentage of votes cast which were with a Board's proposal: 80.7%** **Percentage of votes cast which were against a Board's proposal: 18.2%**	Company: Royal Dutch Shell Plc **Resolution**: 20 - Approve Shell Energy Transition Progress Update **How provider voted**: Against proposal **Rationale**: Climate change. Substantial progress made by company in strengthening operational emissions reduction targets by 2030. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets
Aviva BlackRock (30:70) Currency Hedged Global Equity Index Fund	**Number of eligible meeting where the provider was able to vote: 2,482** **Percentage of resolutions that were voted on: 95.7%** **Percentage of votes cast which were with a Board's proposal: 75.0%** **Percentage of votes cast which were against a Board's proposal: 23.0%**	**Company**: Home Depot Inc. **Resolution**: 9. Report on Efforts to Eliminate Deforestation in Supply Chain **How provider voted**: For proposal **Rationale**: A vote in favour is applied as resolution asked management to assess, report on and reduce key impacts and dependencies on nature for high impact sectors.
Aviva BlackRock World (Ex-UK) Equity Index Fund	**Number of eligible meeting where the provider was able to vote: 2,102** **Percentage of resolutions that were voted on: 94.4%** **Percentage of votes cast which were with a Board's proposal: 67.6%** **Percentage of votes cast which were against a Board's proposal: 30.3%**	**Company**: Costco Wholesale Corporation **Resolution**: Item 1d. Elect Director Hamilton E. James **How provider voted**: Against proposal **Rationale**: Non-independent chair. In addition, individual is held accountable for the company's human-rights issues.
Aviva BlackRock UK Equity Index Fund	**Number of eligible meeting where the provider was able to vote: 711** **Percentage of resolutions that were voted on: 99.7%** **Percentage of votes cast which were with a Board's proposal: 93.0%** **Percentage of votes cast which were against a Board's proposal: 6.0%**	**Company**: RELX Plc **Resolution**: 2. Approve Remuneration Report **How provider voted**: Against proposal **Rationale**: Concerns over excessive level of vesting for achievement of the threshold performance conditions under LTIP i.e 25% of award opportunity, representing share awards at 112.5% of salary for the CEO based on current grant levels.
Aviva Stewardship Fund	**Number of eligible meeting where the provider was able to vote: 51** **Percentage of resolutions that were voted on: 99.5%** **Percentage of votes cast which were with a Board's proposal: 96.2%** **Percentage of votes cast which were against a Board's proposal: 2.9%**	**Company**: Standard Chartered Plc **Resolution**: 32. Approve Shareholder Requisition Resolution **How provider voted**: For proposal **Rationale**: Should serve to enhance the company's current commitments to net zero goals and its policies and actions.

Trustee's Report

Implementation Statement (continued)

3. Adherence to the SIP (continued)

Industry Wide/Public Policy Engagement

LGIM's Investment Stewardship team held 361 meetings/calls and 863 written engagements in respect of 902 companies during 2022. As in the previous year, climate change was the most frequently discussed engagement topic (281 times). North America was the biggest engagement market (489). The most frequently engaged companies were BP (13 engagements), along with followed by Tesco (10) and Unilever (9).

In 2022, LGIM's three main focuses were on policy advocacy and collaboration, environment and diversity. Examples of these were (respectively): nature being a core focus of policy work (covering agriculture, water, etc.); under LGIM's Climate Impact Pledge, ~80 companies were subject to potential voting sanctions for not meeting minimum standards; and first AGM season of voting against resolutions due to lack of ethnic diversity.

Aviva had 3,328 company engagements during 2022, of which 1,425 were substantive and 2,361 were collaborative letter-based engagements. These focussed mainly on climate disclosure and human rights. Over the past year, Aviva has achieved 366 engagement 'wins' where there were changes in corporate behaviours in line with a prior engagement ask.

An example of Aviva engaging to improve climate momentum is HSBC. Where HSBC demonstrated insufficient progress towards putting their climate strategies to a vote, they were pressured by shareholders filing their own resolutions. HSBC announced it would update its climate strategy and Aviva engaged with HSBC during the year, sharing its expectations on a robust climate strategy HSBC subsequently published an updated climate policy featuring an ask Aviva provided that required its oil and gas clients to provide sufficient transition plans, and HSBC committed to stop direct financing of new oil and gas fields.

4. Conclusion

The Trustee considers that all SIP policies and principles were adhered to during the year.