Implementation Statement, covering 1 October 2020 to 30 September 2021 (the "Scheme Year")

The Trustee of the TUI GROUP UK Pension Trust (the "Trustee") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the Statement of Investment Principles ("SIP") during the year, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. The TUI GROUP UK Pension Trust (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 2-11 below.

The Statement is also required to include a description of the voting behaviour during the 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 12.

This Statement uses the same headings as the Trust's SIP that was finalised on 23 March 2021 and can be read in conjunction with the SIP.

1. Introduction

The SIP was reviewed and updated during the Scheme Year on 23 March 2021 to reflect the agreed changes to the Defined Contribution ("DC") investment arrangements, which were implemented in 2020. The SIP was also updated to take account of the BlackRock Market Advantage Fund being considered as an additional DC default arrangement for governance purposes as a result of the bulk transfer of assets without member consent on 24 June 2019. Further detail and the reasons for these changes are set out in Section 3. As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

There were no updates to the SIP during the reporting period with regards to the DB Sections, although the SIP was updated in November 2021 to reflect various changes to the DB investment arrangements, including the bulk annuity policies (also known as buy-ins) that the Trustee entered into with Legal & General Assurance Society Limited ("LGAS") in April 2021.

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

2. Investment Objectives

Defined Benefit ("DB") Sections

Policy stated in SIP	Comment on Trustee's compliance
"The Trustee's objective is to invest the assets of the Trust prudently to ensure that the benefits promised to members are provided."	The Trustee regularly monitors the Schemes' cashflow requirements. A forward-looking review of liquidity requirements took place in August 2021, performed by its investment adviser (LCP) with input from the Schemes' Administrator. All benefit payments were met during the Scheme Year. The Trustee receives ongoing advice from LCP on the Schemes' investment strategies and journey plan progress to ensure that they remain appropriate, including ensuring sufficient asset returns and liquidity to meet member benefits.
"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 UK sponsoring employers (including TUI UK Limited as principal employer) and TUI AG as guarantor (the "TUI Group") can sustain."	The Trustee receives quarterly performance monitoring reports from LCP that monitor the Schemes' funding position, and periodical updates from its Actuary. An appropriate contribution rate has been agreed with the TUI Group and is periodically reviewed and was updated in February 2021 following the actuarial valuation. The DB liabilities of TAPS were insured in full through the purchase of a bulk annuity ("buy-in") policy with Legal & General ("L&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. As at 30 September 2021, 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&G in April 2021. The TUI UK Scheme was below full funding on a Technical Provisions basis (as may be expected for a less mature Scheme).

Additional Voluntary Contributions ("AVCs") & Defined Contribution ("DC") Sections

Policy stated in SIP	Comment on Trustee's compliance
"For BAL and TUI UK, which are both closed to DC contributions, the main default strategy (ie the strategy in which members' DC benefits should be invested if they have not made an active investment choice) is the Flexible Income Lifestyle Strategy. The Trustee's objectives for the main default strategy are as follows: • *aim for significant long-term real growth while members are further away from retirement."* • *manage down volatility in fund values as members near retirement."* • *target an end point portfolio that is appropriate and consistent with members using their accumulated pot to fund their retirement via flexi-access drawdown.* *Taken together, the objectives and policies the Trustee has adopted in respect of the main default strategy, and following analysis of the membership, are expected to meet the needs of members, by providing the following:* • *The opportunity to increase the value of their benefits with investment growth.* • *An investment which manages risk in an appropriate and considered way.* • *A portfolio commensurate with how members may take their benefits when they retire."*	As a result of the 2019 strategy review, the Trustee agreed some changes to the asset allocations in the strategy to improve diversification and the balance of risk and return. These changes are detailed in Section 3 below. No review of the DC/AVC arrangements was undertaken during the Scheme year.

3. Investment strategy

Defined Benefit ("DB") Sections

Policy stated in SIP	Comment on Trustee's compliance
The Trustee considers the assets of each Scheme as two portfolios: • *The Growth Portfolio which has the objective of improving the funding position of each Scheme. It comprises a portfolio of credit and debt-based investments, equity, real estate and alternative assets such as insurance-linked securities.* • *The Liability Driven Investment ("LDI") Portfolio which has the objective of providing investment performance which broadly follows the movements in the value of each Scheme's liabilities. It currently comprises a portfolio predominantly of fixed and index-linked gilts, gilt repurchase agreements, interest rate and inflation swaps.* *The target level of interest rate and inflation risk hedged is 100% as a proportion of each Scheme's technical provisions liabilities. The allocation to the Liability Driven Investment Portfolio will be determined by the collateral required to support the interest rate and inflation hedge but is expected to amount to between 25% and 40% of each Scheme's assets.* *The Trustee continues to consider additional de-risking strategies as the funding level improves.*	The Trust's assets were invested in a growth portfolio (via the TUI GUPT Secure Income Common Investment Fund ("CIF")) and a LDI portfolio to hedge the Schemes' interest rate and inflation liability risks. The Trustee, with the aid of LCP, reviewed the CIF strategy within the context of the BAL and TUI UK funding positions and expected level of distributions from illiquid mandates within the CIF. During the Scheme Year, the Trustee made the following changes to the Schemes' investment strategies: • the transfer of TAPS' units in the CIF to TUI UK; • the completion of a full buy-in of the TAPS DB liabilities; • a partial buy-in for certain BAL pensioners; • the disinvestment from Securis Non-Life Fund held within the CIF (a small residual holding remains which is due to be liquidated in 2 to 3 years' time); and • increasing the allocations to the buy and maintain credit assets for BAL and TUI UK, and asset-backed securities for TUI UK.

AVCs & DC Sections

Policy stated in SIP	Comment on Trustee's compliance
"For the AVC and DC Sections, the Trustee has made available a range of investment funds for members." *"The Trustee has identified that the BlackRock Aquila Market Advantage Fund is considered to be an additional default arrangement for governance purposes and must meet the charge cap restrictions. This is as a result of a bulk transfer of assets without member consent on 24 June 2019, where assets were transitioned into this fund from the Standard Life Global Absolute Return Strategies Fund. This fund is a significant part of the main default strategy, and so is regularly reviewed alongside any review of the main default strategy."*	The Trustee has made available alternative lifestyle strategies (targeting a cash lump sum and annuity purchase) and a self-select fund range to members covering all major asset classes as set out in the DC Section of the Investment Policy Implementation Document. The Trustee believes the range of investment options which it provides enable appropriate diversification. As part of the DC triennial strategy review in November 2019, the Trustee reviewed the self-select fund range and decided to remove funds where there were concerns such as disappointing performance, or where there was a lack of member demand for such funds. The Trustee decided to make available the SL BlackRock ACS World Multifactor Equity Tracker Pension Fund in the self-select range as this fund is used in the default and members may wish to invest in an equity fund that makes use of a number of factors in its investment process. These changes were implemented during the Scheme year, in November 2020. The BlackRock Aquila Market Advantage Fund will be formally reviewed alongside the next review of the main default strategy due to take place in Q4 2022. The performance of this fund as well as other investment options available to members, and the default arrangement, are reviewed in the quarterly reports the Trustee receives from LCP.
"The Trustee will review the default strategies and investment options 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.	The Trustee did not review the DC investment strategy over the Scheme Year. The last review took place in November 2019. As a result of this review: • The Trustee agreed to implement some changes to the growth phase of the lifestyle strategies, including the Drawdown Lifestyle Strategy. These changes were aimed at improving diversification in the equity allocation, with a reduction in the allocation to UK equities from 50% to 4.25% and the introduction of emerging markets and multi-factor equities. • Further changes to the Drawdown Lifestyle Strategy were agreed, to reduce the level of risk for members approaching retirement, by reducing the allocation to equity in favour of an increased allocation to the BlackRock Market Advantage Fund. • The Trustee also decided to close the Passive Equity Cash Lifestyle Strategy, Active Equity Annuity Lifestyle Strategy, and the Diversified Growth Annuity Lifestyle Strategy. This decision was made to streamline the range of strategies available to members, to have one strategy targeting each broad retirement

Policy stated in SIP	Comment on Trustee's compliance
	outcome of drawdown (ie flexible income, by disinvesting over time), cash lump sum and annuity purchase. The DC assets were mapped to the Drawdown Lifestyle Strategy and AVC assets mapped to the Cash Lifestyle Strategy. • The Trustee also removed the Standard Life UK Equity Select Pension Fund, BlackRock SF Systematic Global Equity Pension Fund, Standard Life At Retirement (Multi Asset Universal) Pension Fund and Standard Life 50:50 Global Equity (BlackRock) Pension Fund from the self-select fund range. The DC assets were mapped to the Flexible Income Lifestyle Strategy (which replaced the Drawdown Lifestyle) and AVC assets mapped to the Lump Sum Lifestyle Strategy (which replaced the Cash Lifestyle). • The BlackRock ACS World Multifactor Equity Tracker Pension Fund was added to the fund range, and is used in the revised lifestyle strategies. The changes were implemented in November 2020 and the SIP and IPID have been updated.
"The Trustee will also monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice."	The Trustee will review member retirement behaviour as part of the 2022 strategy review, once it has been possible to collate a meaningful data set that can be used to reliably inform investment strategy decisions.

4. Considerations in setting the investment arrangements

Policy stated in SIP	Comment on Trustee's compliance
"When deciding how to invest the Trust's assets, the Trustee considers several risks, including, but not limited to, those set out in Appendix 2 of the SIP." *"The Trustee considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate..."*	Return and risk of the default strategy and performance of the self-select funds were reviewed during the Scheme Year as part of quarterly investment reports produced by the Trustee's investment consultants. There was no formal investment review of the DC assets undertaken during the period that resulted in any changes to how the assets are invested. Changes arising from the 2019 review were implemented in November 2020.

5. Implementation of the investment arrangements

Policy stated in SIP	Comment on Trustee's compliance
"Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments."	The agreed changes to the AVC and DC Sections were implemented in November 2020, this included the BlackRock ACS World Multifactor Equity Tracker Pension Fund being added to the fund range and used in the revised lifestyle strategies. The Trustee obtained formal written advice from its investment adviser, LCP, which included consideration of the need for suitable and appropriately diversified investments. Ahead of making the investment strategy changes outlined in Section 3, the Trustee obtained formal written advice from LCP. The Trustee made sure that the Schemes' investments were adequately and appropriately diversified.
"It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. *The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and nonfinancial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers."*	For the DC Section, the Trustee appointed a new fund, the BlackRock ACS World Multifactor Equity Tracker Pension Fund. This Fund is used within the default lifestyle strategy as well as being a self-select option. Before appointing the manager, the Trustee received information on the investment process and philosophy, the investment team and past performance. The Trustee also considered the manager's approach to responsible investment and stewardship. The Trustee's investment adviser, 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 the Trustee promptly about any significant updates or events they become aware of with regard to the Scheme's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Scheme invests in, or any material change in the level of diversification in the fund. Where appropriate the Trustee invites the Trusts' investment managers to present at Trustee meetings. Over the period, the Trustee did not meet with any of its managers. However, the Trustee reviewed some investment funds (managed by Bain and Invesco) in closer detail to ensure these funds were still suitable for investment. The Trustee was comfortable with all of its investment manager arrangements over the Scheme Year.
"The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Plan meet its 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."	The Trustee monitors the performance of the Trusts' investment managers on a quarterly basis, using quarterly performance monitoring reports provided by LCP. The report shows the performance of each manager over 1, 3 and 5 year periods. Performance is considered in the context of the manager's benchmark and objectives. The quarterly report received by the Trustee during the Scheme Year show that all managers have produced performance broadly in line with expectations over the long-term. For the DC and AVC Sections the Trustee's advisers carried out a value for members assessment, which confirmed to the Trustee that overall members

Policy stated in SIP	Comment on Trustee's compliance
	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. To further improve value for members, LCP negotiated a fee reduction of 0.07% pa with the DC investment platform provider for both the BlackRock Aquila Market Advantage Fund and the Standard Life Annuity Targeting Pension, Fund; this reduction was implemented in April 2021.

6. Realisation of investments

Policy stated in SIP	Comment on Trustee's compliance
"For the DB Sections, when appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements. The Trustee's 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)."	During the year the Trustee received recommendations from Equiniti, the Schemes' administrator, on the amount of cash required for benefit payments and other outgoings. The Trustee subsequently informed the investment managers of its' liquidity requirements. Whilst the Trustee's preference is for investments that are readily realisable, some less liquid assets are also held (such as property and private credit) to achieve a more diversified portfolio. The Trustee also receives income from the underlying assets in the CIF, which is retained in a cash fund managed by the Schemes' custodian, Northern Trust. Cashflows are then paid to the Trustee's bank accounts and used towards paying benefit payments. In August 2021, the Trustee reviewed the management of ongoing liquidity needs across all Schemes and the CIF, to ensure that the cashflow needs for the Schemes were being appropriately met.
"For the AVC and DC Sections, the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments."	All of the AVC and DC Section funds which the Trustee made available to members during the Scheme Year are daily priced.

7. Financially material considerations and non-financial matters

Policy stated in SIP	Comment on Trustee's compliance
"The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice. *The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate."*	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. In December 2020, the Trustee reviewed the stewardship and voting policies of the L&G Global Real Estate Equity Index Fund. The Trustee was satisfied with the results of the review and no further action was taken. The Trustee signed the 2021 Global Investor Statement to Governments on the Climate Crisis to demonstrate its support for stronger government action to address climate change. The Trustee added a new pooled fund, the BlackRock ACS World Multifactor Tracker Equity Fund to the DC self-select fund range (this Fund also makes up part of the lifestyle strategies) in November 2020. In selecting and appointing this manager, the Trustee reviewed LCP's RI[1] assessments of the manager.
"The Trustee does not take into account any non-financial matters (ie 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. Within the AVC and DC Sections the Trustee recognises that some members may wish for ethical or other non-financial matters to be taken into account in their investments and therefore has made available the Vanguard ESG Developed World All Cap Equity Index Pension Fund and HSBC Islamic Global Equity Index Pension Fund as an investment options to members."	Within the DC Section the Trustee recognises that some members may wish for ethical matters or other non-financial matters to be taken into account in their investments and therefore it has 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. The Trustee received training on managing climate risk effectively following the introduction of new requirements in this area by the Department of Work and Pensions. This included the additional steps the Trustee must take to enhance their climate-related governance and awareness of the future annual TCFD (Taskforce on Climate-related Financial Disclosures) reporting.

[1]RI stands for Responsible Investment. LCP undertake a RI survey to oversee how managers are implementing RI on the Trustee's behalf. The scores that LCP assign managers show how good the managers are at taking account of ESG issues and exercising stewardship, and the underlying analysis indicates whether there are concerns that might need to be addressed. LCP conduct further research on RI with regards to individual funds as part of annual research meetings which includes how they account for climate change, ESG and their approach to voting and engagement.

8. Voting and engagement

Policy stated in SIP	Comment on Trustee's compliance
"The Trustee recognises its responsibilities as owners of capital, and believes 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. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issuers of debt and equity and other relevant persons about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG considerations. *The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, considering the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time the Trustee reviews how these are implemented in practice."*	This is covered in Section 7 above.

9. Investment governance, responsibilities, decision-making and fees (Appendix 1 of the SIP)

Policy stated in SIP	Comment on Trustee's compliance
"It is the Trustee's policy to assess the performance of the Trust's investments, investment providers and professional advisers from time to time. See Section 5 of the SIP. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members."	As mentioned in Section 5, the Trustee assesses the performance of the Schemes' investments on an ongoing basis as part of the quarterly monitoring reports it receives. The performance of the professional advisers is considered on an ongoing basis by the Trustee. The Trustee has put in place formal objectives for its investment adviser and will review the adviser's performance against these objectives on a regular basis. The Trustee carries out periodic reviews of its governance processes with regards to operational due diligence, pricing and dealing, voting and stewardship, and investment manager fees.

10. Policy towards risk (Appendix 2 of the SIP)

Policy stated in SIP	Comment on Trustee's compliance
"When assessing the risk appetite and risk capacity, the Trustee considered a range of qualitative and quantitative factors" ... "The Trustee considers that there are several different types of investment risk that are important to manage and monitor."	Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register, and this is discussed at quarterly meetings. The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Trustee's investment adviser or information provided to the Trustee by the Schemes' investment managers. These risks are listed with further detail under Appendix 2 of the SIP.
"For the DB Sections, a key objective of the Trustee is that, over the long-term, the Trust should generate its target return so that it has adequate assets to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Trust to produce a sufficient long-term return in excess of the liabilities. There is also a risk that the performance of the Trust's assets and liabilities diverges in certain financial and economic conditions in the short term. This risk has been considered in setting the investment strategy and is monitored by the Trustee on a regular basis. *In the AVC and 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, the Trustee has made the main default strategy a lifestyle strategy."*	With regard to the risk of inadequate returns, as part of an investment strategy review in February 2021 and later in October 2021 regarding the future of the CIF, it was reported that for both TUI UK and BAL, the expected return for these Schemes exceeded the Schemes' required returns to reach a fully funded position on the respective Technical Provisions liability measures in the long-term. The Trustee formally reviews the Schemes' funding positions as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly on a quarterly basis at Trustee meetings and the Trustee Directors also have the ability to monitor this daily on LCP Visualise. With regard to the risk of inadequate returns in the DC section, the Trustee makes 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 option and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

11. Description of voting behaviour during the year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to their investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee themselves has not used proxy voting services over the year.

In this section we have sought to include voting data on the Trust's funds that hold listed equities as follows:

DB Sections:

LGIM Global Real Estate Equity Index Fund

AVC and DC Sections:

BlackRock Market Advantage Pension Fund

BlackRock ACS World Multifactor Equity Tracker Pension Fund

Standard Life World Ex UK (BlackRock) Pension Fund

12.1 Description of the voting processes

Legal and General Investment Management Limited ("LGIM")

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

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

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

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

To ensure LGIM's proxy provider votes in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which LGIM believes all companies globally should observe, irrespective of local regulation or practice.

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

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

Voting decisions are made by members of the BlackRock Investment Stewardship team (“BIS”) with input from the wider investment team as required, in accordance with BlackRock’s Global Corporate Governance and Engagement Principles. Voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. BlackRock’s voting decisions are informed through research and engagement as necessary.

BlackRock takes a case-by-case approach to the items put to a shareholder vote. Analysis is informed by internally developed proxy voting guidelines, its pre-vote engagement with the company, its research, and any situational factors for a company.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, BlackRock will review the resolutions to assess the extent of the restrictions on voting against the potential benefits.

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

Standard Life

As the Standard Life World Ex UK (BlackRock) Pension Fund invests solely in 4 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

12.2 Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the table below.

	DB Fund 1	DC Fund 1	DC Fund 2	DC Fund 3
Manager name	LGIM	BlackRock	Standard Life	BlackRock
Fund name	Global Real Estate Equity Index Fund	ACS World Multifactor Equity Tracker Fund	World Ex UK Equity (BlackRock) Pension Fund*	Market Advantage Pension Fund
Total size of fund at end of reporting period	£1,614.0m	£233.8m	£28.8m	£618.0m
Value of invested assets at end of reporting period	£49.8m	£10.0m	£11.2m	£11.3m
Number of holdings at end of reporting period	367	2,877	3,247	5,845
Number of meetings eligible to vote	332	171	2,291	1,962
Number of resolutions eligible to vote	3,667	2,179	26,264	23,443
% of resolutions voted	100	100	99	99
Of the resolutions on which voted, % voted with management[1]	81	90	91	92
Of the resolutions on which voted, % voted against management[1]	19	9	9	7
Of the resolutions on which voted, % abstained from voting[1]	<1%	<1%	<1%	<1%
Of the meetings in which the manager voted, % with at least one vote against management	71	40	40	32
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy adviser	14	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. As such, Standard Life have aggregated the data of the underlying funds.

12.3 Most significant votes over the year

Commentary on the most significant votes over the period, from the Trust's asset managers who hold listed equities, is set out below. Due to the number of votes provided by the Trust's investment managers we have chosen a subset of votes to report on in this Statement. The votes selected are those which the managers deem to be significant based on their internal criteria, and which affect a holding which is significant within the fund (where data provided allows this assessment). If members wish to obtain more investment manager voting information, this is available upon request.

12.3.1 DB Section

Fund Name	LGIM Global Real Estate Equity Index Fund	
Company name	Prologis, Inc.	Equity Residential
Date of vote	29 April 2021	17 June 2021
Summary of the resolutions	Resolution to Elect Director Hamid R. Moghadam	Resolution to Elect Director Samuel Zell
How you voted	Against	Withhold
Rationale for the voting decision	LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believes that these two roles are substantially different, requiring distinct skills and experiences. Since 2015, LGIM has supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 LGIM has voted against all combined board Chair/CEO roles. Furthermore, LGIM has published a guide for boards on the separation of the roles of Chair and CEO (available on its website), and has reinforced its position on leadership structures across its stewardship activities – e.g. via individual corporate engagements and director conferences.	The company was deemed to not meet minimum standards with regards to climate risk management and disclosure.
Criteria for selecting this vote as "most significant"	LGIM considers this vote to be significant as it is an application of an escalation of its vote policy on the topic of the combination of the board Chair and CEO (escalation of engagement by vote).	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, its flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.

Votes in relation to assets other than listed equity

The Trustee also requested comments for the non-equity funds within the default strategy. The following comments **were provided by the Trust's asset managers who do not hold listed equities but invest in** assets that had voting opportunities during the period.

We have excluded funds that confirmed that they had no significant voting opportunities over the period.

Manager name Hayfin	
Fund name	Direct Lending Fund II
Nature of voting opportunities that arose	The Hayfin Direct Lending Fund II is invested primarily in senior loans (ie corporate debt), however there may be some instances whereby the Fund has some equity exposure. In 2020 one investment, which accounted for 5% of total gross capital investment in the Fund, went through a restructuring due to financial difficulties arising from COVID-19 lockdowns. As a result Hayfin became its majority shareholder, controlling the board and all decisions. In particular, during 2021 and under Hayfin's ownership, the company: • Proactively reduced its CO2 emissions through the replacement of its fleet with lower emission vehicles (especially trucks) and trained its truck drivers to eco-drive in order to reduce (i) potential accidents, (ii) CO2 emissions and (iii) fuel consumption. The company also worked with its clients to make advancements on these issues. • Modernised its facilities (eg replaced lighting with LEDs which should result in consumption savings of c50-70%).

12.3.2. AVC and DC Sections

BlackRock

BlackRock Investment Stewardship ("BIS") prioritizes its work around themes that it believes will encourage sound governance practices and deliver sustainable long-term financial performance. It periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain their vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to its clients and other stakeholders, and potentially represent a material risk to the investment. As the Standard Life Fund invests in 4 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	AGL Energy Ltd	Rio Tinto Limited
Date of vote	7 October 2020	6 May 2021
Summary of the resolutions	Shareholder proposal to approve the closure of two coal-fired power plants	1. Shareholder proposal to require the company to disclose short, medium and long-term targets for its scope 1 and 2 GHG emissions and performance against these targets. 2. Shareholder proposal for climate-related lobbying through enhanced annual reviews of industry associations to ensure that areas of inconsistency with the Paris Agreement are identified.
How you voted	For	1. For 2. For
Rationale for the voting decision	While they recognise the various regulatory challenges and energy generation requirements that AGL faces, BlackRock's support for this proposal is intended to encourage the company in its efforts to proactively and ambitiously manage the climate risk in its business model. They expect that doing so would help offset the potential financial risks, and capture some of the opportunities of the global energy transition, thus protecting the long-term economic interest of shareholders. BlackRock supported this proposal because they believe the company, and its shareholders, would benefit from a continued focus on long-term strategic planning covering several decades.	1. BlackRock supported this proposal as it is consistent with their expectation that companies disclose scope 1 and 2 emissions and accompanying GHG emissions reduction targets. They believe that the companies that critically evaluate their current baseline, set rigorous GHG emissions reduction targets, and act on an accelerated timelines are those most likely to avoid operational disruption in the future. 2. BlackRock supported this proposal to signal the importance of the opportunity for Rio Tinto to engage its trade associations to further advance their policy positions in support of the global energy transition.
Criteria for selecting this vote as "most significant	This vote was selected as significant as BlackRock believe that supporting the proposal would encourage the company in its efforts to manage climate risk, which in	These votes were deemed significant as BlackRock believe that greater disclosure

	doing so would help offset the potential financial risks and protect the long-term interest of shareholders.	on climate and climate-related lobbying benefit shareholders.

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
Company name	Origin Energy Limited	Tyson Foods Inc.
Date of vote	20 October 2020	11 February 2021
Summary of the resolutions	1. Amendment to the Constitution - As required under Australian voting rules, a resolution calling for an amendment to the company's constitution is first necessary to allow for the subsequent non-binding resolution 2 to be voted upon. 2. Consent and Fracking - The proposal asks the company to commission a review of the process used to obtain consent from Aboriginal owners who may be affected by the company's hydraulic fracturing (fracking) activities in the Northern Territory.	The proposal requested the board of directors to prepare a report on the company's human rights due diligence process to assess, identify, prevent, mitigate, and remedy actual and potential human rights impacts, given that the company has limited disclosure regarding its supply chain audits.
How you voted	1. Against 2. Against	For
Rationale for the voting decision	1. BlackRock is not generally supportive of this type of constitutional amendment resolution, as the relative ease of the filing process increases the risk that these types of proposals submitted by shareholders whose interests may not be necessarily aligned with those of the broader shareholder base. 2. BlackRock believe that Origin has demonstrated adequate business practices related to its fracking operations and has made appropriate efforts to procure consent from the Native Titleholders for its exploration projects.	BlackRock were not satisfied with the company's disclosures and practices around sustainable working conditions. After continued engagement on the matter, they remain concerned about the company's lack of robust disclosures.
Criteria for selecting this vote as "most significant"		As noted in their 2021 Global principles, they expect companies to implement, to the extent appropriate, monitoring processes (often referred to as due diligence) to identify and mitigate potential adverse impacts, and provide grievance mechanisms to remediate any actual adverse impacts.

Fund Name	Standard Life World Ex UK Equity (BlackRock) Pension Fund	
Underlying Fund	iShares Japan Equity Index Fund	iShares Continental European Equity Index
Company name	Mitsubishi UFJ Financial Group Inc	Chr. Hansen Holdings A/S
Date of vote	29 June 2021	25 November 2020
Summary of the resolutions	Shareholder proposal for a partial amendment to the Articles of Incorporation to require the disclosure of a plan to align financing and investments of the company with the goals of the Paris Agreement.	Starting from Financial Year 2020/21, the Company must Apply the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the Framework for Climate-Related Disclosure in the Company's Annual Report.
How you voted	Against	For
Rationale for the voting decision	The proposal was reviewed from two perspectives. BlackRock first considered whether they agreed with the spirit and reasonableness of the proposal. BlackRock agreed with the general intent to enhance the company's reporting on its climate action plans. However, they were concerned about the potential consequences from the legally binding nature of the proposal. BlackRock prefers to vote against re-election of directors if key business risks such as climate actions are not being considered. BlackRock also considered whether the Mitsubishi UFJ should act with greater urgency to tackle climate risks. They believed that the company has demonstrated reasonable progress in disclosing and addressing climate-related risks, both locally and globally. The company will be the first bank in Japan to join the Net-Zero Banking Alliance and it was the second largest lead arranger in financing renewable energy projects in 2020.	BlackRock acknowledged the efforts Chr. Hansen have made with regards to climate change and sustainability. The company is in the process of incorporating TCFD recommendations into annual reports, but BlackRock believed the next, crucial step was to report in line with the TCFD framework. The intent behind this voting decision was to accelerate the company's already positive efforts rather than change a dissatisfactory approach.
Criteria for selecting this vote as "most significant"	This vote was selected as significant as Climate-related risks and opportunities; corporate governance and business strategy are key focuses of voting decisions of BlackRock.	BIS believe that companies should be aiming to initiate reporting in line with TCFD as soon as is feasible to provide material information to investors, particularly given the urgent need to address climate risk.

Fund Name	BlackRock Market Advantage Pension Fund	
Company name	General Electric	Moody's Corporation
Date of vote	4 May 2021	20 April 2021
Summary of the resolutions	1. Resolution to ratify named executive officers' compensation. 2. Shareholder resolution to report on meeting the criteria of net zero indicators.	Approval for 2020 Decarbonisation Plan.
How you voted	1. Against 2. For	For
Rationale for the voting decision	1. BlackRock voted against the proposal to approve executive compensation due to pay and performance misalignment, as well as a mid-cycle adjustment to the plan based on short term stock declines. The compensation package, targeted at growing the share price, was revised following a large fall due to COVID-19. Although the CEO declined his regular salary through much of 2020, if the proposed stock price hurdles were maintained, he stood to earn $124 million at target payout and $232.5 million at maximum. The Compensation Committee also used discretion to fund bonus payments at 80% of target. BlackRock expect transparency with respect to how and why discretion was used, which they felt was lacking in this instance. 2. BlackRock supported this proposal because they believe it may accelerate the company's progress on climate risk management. Currently, GE provides a detailed update on the progress of its ESG goals in a consolidated scorecard for benchmarking.	BlackRock voted for this proposal because it meets their expectations that companies have clear policies and action plans to manage climate risk and provides a roadmap towards the company's stated climate ambitions and targets. The plan includes targets based on climate science and commits the company to reduce greenhouse gas (GHG) emissions, Notably, Moody's has been explicit that this vote is advisory and that oversight and management of the company's decarbonization strategy remains with the board and executive management, not shareholders. BlackRock agrees with and supports this clear delineation in the roles and responsibilities of shareholders and the board/executive management on this issue.
Criteria for selecting this vote as "most significant"	1. The executives' compensation lacked transparency and reasonableness. The amended compensation plan has also been a focus of shareholders and the media. 2. This is consistent with their view that effective disclosure of climate-related risks and GHG emissions data is critical to investors' understanding of a company's ability to deliver sustainable, long-term shareholder value. It also reflects BIS's updated approach to shareholder proposals under which they may support proposals if they believe that doing so would support or accelerate a company's progress on a material governance or sustainability issue.	This vote was selected as significant as climate is a key focus of voting decisions of BlackRock. Clear policies and action plans are seen as essential to manage and tackle climate risk.