Implementation Statement

HCA International Limited Final Salary Pension Scheme

March 2021

1. Introduction

This statement sets out how and the extent to which, in the opinion of the Trustees of the HCA International Limited Final Salary Pension Scheme ("the **Scheme**"), the policies set out in the Statement of Investment Principles ("**SIP**") produced by the Trustees have been followed during the 1-year period ending 31 March 2021 ("**Scheme Year**"). This statement has been produced in accordance with The Occupational and Personal Pension Plans (Disclosure of Information) Regulations 2018 and (Investment and Disclosure (Amendment)) Regulations 2019 alongside guidance published by the Pensions Regulator.

The Trustees keep their policies within the SIP under regular review, subject to full review at least triennially or after any significant change in investment policy. The SIP was last reviewed in August 2020.

2. Investment Objectives of the Scheme

Defined Benefit Section ("DB Section")

The Trustees believe it is important to consider the policies in place in the context of the investment objectives they have set. The Scheme's long term strategy is to fully fund all of its liabilities through a buy-out (or buy-in) exercise. The Scheme is pursuing opportunities with insurance providers, and has already funded bulk annuity policies for members who were pensioners as at August 2010 and December 2017.

Until the liabilities are fully insured, the Trustees' objective will be to invest the Scheme's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest in the sole interest of the members and beneficiaries. Within this framework, the Trustees have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Scheme is exposed.

For the Defined Benefit ("DB") section, the Trustees' primary objectives are as follows:

- To ensure the assets of the Scheme are sufficient to meet the liabilities as an ongoing scheme.
- To limit the volatility of future pension costs caused by volatile asset returns.
- To limit the risk of cash calls on the Sponsoring Company in difficult trading conditions.
- To achieve a favourable return on the investments held against each manager's benchmark, with the benchmark set being consistent with the Actuary's long term assumptions in determining the funding level of the Scheme.

Additional objectives are as follows:

- To maximise the return on the total Scheme's assets relative to the level of risk considered appropriate.
- To pay due regard to the Sponsoring Company's interest in the size and incidence of contribution payments.
- As noted above, the Trustees have a long term objective to buy out (or buy in) all of the Scheme's liabilities. However, in the light of the present level of Scheme funding, the Trustees recognize that this may take a number of years to achieve.

The Trustees expect to generate a return, over the long term, above that which would have been achieved had no investment risk been taken within the portfolio, i.e. invested solely in a portfolio of long dated Government debt. It is recognised that over the short term performance may deviate significantly from the long term target.

AVC Assets

Under the terms of the trust deed the Trustees are responsible for the investment of Additional Voluntary Contributions ("AVCs") paid by members. The Trustees take advice as to the providers' continued suitability.

The Scheme currently has AVC assets with Utmost Life and Pensions ("Utmost"), Aviva, Prudential and Royal London in a combination of Unit Linked and With Profits funds.

The objectives for the AVC assets held by the Scheme are as follows:

- To ensure that the investment performance achieved is acceptable and the investment profile and structure of the funds remains consistent with the objectives of the Trustees and needs of the members.
- To give the member a reasonable degree of freedom over the investment of their AVCs. The Trustees' objective is to provide access to funds which are expected to provide a suitable long-term return for members, consistent with member's reasonable expectations and risk preferences.

3. Review of the SIP – what has changed in the last 12 months?

During the 1-year period to 31 March 2021 the Trustees reviewed the Scheme's SIP and a revised SIP was signed in August 2020. The SIP was updated to reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How the Scheme's arrangements with asset managers incentivise those asset managers to align their investment strategy and decisions with the Trustees' policies for the Scheme.
- How those Scheme arrangements incentivise asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.

- How the method (and time horizon) of the evaluation of asset managers' performance and the remuneration for asset management services are in line with the Trustees' policies for the Scheme.
- How the Trustees monitor portfolio turnover costs incurred by the Scheme's asset managers, and how the Trustees define and monitors targeted portfolio turnover.
- The duration of the Scheme's arrangements with asset managers.

4. Assessment of how the policies in the SIP have been followed for the 1-year period ending 31 March 2021

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

The first column of the table below notes the relevant matters, which the SIP must address. The second column highlights the Trustees' relevant policies under the SIP in relation to those requirements. The third column explains how that policy has been implemented in practice. The Trustees consider that they have adhered to all of the policies as set out in the SIP over the course of the year.

	SIP content requirement	Summary of Trustees' policy / key extracts from SIP	Summary description and evaluation of work undertaken in the 1-year period ending 31 March 2021
1	Securing compliance with the legal requirements about choosing investments	*The Trustees are responsible for ratification of all decisions relating to investments unless otherwise delegated.* *SIP section 3* ***AVC Assets*** *Under the terms of the trust deed the Trustees are responsible for the investment of AVCs paid by members. The Trustees take advice as to the providers' continued suitability.* *SIP section 12*	During the year the Trustees reviewed the Scheme's SIP in August 2020. The revision related to the new requirements for the SIP to include the Trustees' policy in relation to their arrangements with their asset managers. The SIP was updated to comply with the new requirements in relation to their arrangements with their asset managers. The new section 9 was added covering Investment Manager Appointment, Engagement and Monitoring: - Aligning manager appointments with investment strategy; - Evaluating investment manager performance; - Time horizon - Portfolio turnover costs; - Duration of investment arrangements Additionally, section 11 was refined, which addresses Environmental, Social and Corporate Governance Issues, Stewardship, and Climate Change. The Trustees received written advice from its investment consultant regarding these changes. The Trustees also received written advice from its investment consultant on any changes to the investment strategy over the period. Notably, this included the introduction of a Liability Driven Investment ("LDI") portfolio, aiming to hedge 85% of the interest rate and inflation risk associated with the Technical Provisions liabilities. **AVC Assets** In January 2020, the Equitable Life business transferred to Utmost, resulting in members' AVC assets moving to Utmost. Those members invested in Unit Linked funds were mapped into identical funds but for those members with assets in the Equitable Life With Profits Fund, these were transferred into the Secure Cash Fund with Utmost, then subsequently transferred into the Utmost Money Market Fund in the second half of 2020, for those members who were within five years of their retirement age. The Trustees continue to

			monitor alternative options for this Fund within the Scheme but have no current concerns with the Fund. There were no changes made to the other AVC fund options available to members.
2	Kinds of investments to be held	The Trustees have adopted the following risk control framework in structuring the Scheme's investments subject to the overriding constraint that at the total Scheme level the expected level of risk is consistent with the agreed level of risk . *SIP section 6*	The Trustees monitored its investment strategy over the Scheme Year, with support from its investment consultant Mercer. Most notably, the Trustees agreed to reduce risk within the Scheme through the implementation of an LDI managed by LGIM, targeting an interest rate and inflation hedge ratio of 85% of Technical Provisions ("TP") liabilities. This means the assets of the liabilities are better matched to the Scheme's liabilities, reducing the volatility of the funding position and deficit. The expectation is that the interest rate and inflation hedge ratio will increase further over 2021. The Trustees also agreed to fully redeem from the BlackRock UK Property mandate and transfer assets to the LGIM Cash Fund for the Scheme. The intention is to hold the assets in cash whilst discussions are ongoing around potential strategic changes as part of the move to a fiduciary management agreement later in 2021. **AVC Assets** The Trustees received advice in June 2020 regarding the suitability of the Secure Cash Fund with Utmost (for those members previously invested in the Equitable life With Profits Fund), given the changes within the investment markets as a result of COVID-19. The Trustees will continue to review its suitability, when there is more certainty about the investment markets. There were no changes made to the other AVC fund options available to members.

3	The balance between different kinds of investments	*In order to arrive at the current strategy the Trustees have taken the Scheme's overall liability profile into consideration and assessed the risk and return characteristics of a range of different investment strategies in relation to the Scheme's liabilities.* *In addition, the Trustees regularly review different investment types to assess whether they are appropriate in relation to the liabilities and objectives of the Scheme.* *The strategic asset allocation is shown [in Section 7 of the SIP].* *SIP sections 7*	As noted above, the Trustees monitored the investment strategy over the Scheme Year, with support from its investment consultant, and agreed to make a number of changes. These changes explicitly accounted for the liability profile of the Scheme, and in particular the introduction of the LDI mandate was designed to better match the Scheme's assets with the liability profile. **AVC Assets** The Trustees have reviewed the AVC fund options used by members of the Scheme within the AVC Summary presented to them in November 2020. No changes were made as a result of this review.
4	Risks, including the ways in which risks are to be measured and managed	*There are various risks to which any pension scheme is exposed. The Trustees have considered the following risks:* *SIP section 5*	The Trustees considered both quantitative and qualitative measures periodically throughout the Scheme Year as part of its risk monitoring and management framework. These include quarterly investment performance and investment manager due diligence updates, as provided by the investment consultant, Mercer. As noted above, the Trustees agreed to implement an LDI portfolio to reduce investment risk by increasing the level of liability hedging. **AVC Assets** In relation to the AVC assets, the Trustees periodically receive investment performance updates from the AVC providers to assess whether the funds offered to members have met their targets and offer value.
5	Expected return on investments	*The Trustees expect to generate a return, over the long term, above that which would have been achieved had no investment risk been*	On a quarterly basis, the Trustees review an investment performance report detailing how each investment manager has delivered against their specific objectives. The report includes a red, amber or green rating for the manager, which is based on a number of considerations including changing capabilities (e.g. staff changes), realised returns, and a variety

		taken within the portfolio, i.e. invested solely in a portfolio of long dated Government debt. *SIP section 4*	of other factors. From 1 April 2020 to 31 March 2021, the Trustees' total portfolio return (excluding buy-in) was 8.1% p.a. on a net of fees basis. This meant that the Scheme's investment return (excluding buy-in) out-performed the reference benchmark, which returned 6.2% over the same period. **AVC Assets** Investment performance is reviewed by the Trustees periodically and reported on within the annual Chair's Statement.
6	Realisation of investments	*The investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments, within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.* *SIP section 9*	The Trustees are comfortable that all of the assets held at the end of the reporting period are readily realisable in normal market conditions. The Scheme invests in pooled funds that are either daily or weekly dealt, with the exception of the Multi-Asset Credit Fund which is quarterly dealt. The least liquid investment held (the BlackRock Property mandate), which had quarterly liquidity requiring 90 days' notice, was sold at the end of the reporting period. The Trustees have agreed a policy in relation to the realisation of assets to meet cashflow requirements. Under normal circumstances, assets will be realised from liquid mandates with a view to moving closer towards the strategic benchmark allocation. The Trustees have also been exploring ways to benefit from the natural liquidity of the assets, for example by collecting coupon income from fixed income asset classes and using this to meet cashflow requirements. **AVC Assets** Member assets are invested in a daily dealt and daily priced pooled fund.
7	Financially material considerations over the appropriate time horizon of the investments, including how	*The Trustees believe that environmental, social, and corporate governance (ESG) factors may have a financially material impact on investment risk and return outcomes, and that*	The investment performance report is reviewed by the Trustees on a quarterly basis – this includes ratings (both general and specific ESG) from the investment adviser. The investment performance report includes how each investment manager is delivering against their specific mandates.

	those considerations are taken into account in the selection, retention and realisation of investments	*good stewardship can create and preserve value for companies and markets as a whole. The Trustees also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.* *SIP section 11*	The Scheme's SIP includes the Trustees' policy on ESG factors, stewardship and Climate Change for the Scheme, including AVCs. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. During the selection and appointment of any new manager the Trustees would consider the ESG rating of the manager, their policies, and capacity to implement their responsible investment approach.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	*Non-financially material considerations (e.g. member views around ethical considerations) are not taken into account in the selection, retention and realisation of investments.* *SIP section 11*	Non-financial matters are not taken into account in the selection, retention and realisation of investments, including AVCs.

9	The exercise of the rights (including voting rights) attaching to the investments	*The Trustees meet with each investment manager, on a regular basis, as deemed appropriate. The Trustees can review the decisions made by the managers, including voting history (in respect of equities) and engagement activity, and can challenge such decisions to try to ensure the best long term performance over the medium to long term.* *SIP section 10*	All voting activity is delegated to the investment managers, who are then monitored by the Trustees. See Section 5 for summary details.
10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the trustees would monitor and engage with relevant persons about relevant matters)	*The Trustees consider the Consultant's assessment of how each investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustees' responsible investment policy. This includes the investment managers' policy on voting and engagement. The Trustees will use this assessment in decisions around selection, retention and realisation of manager appointments.* *SIP section 10*	All engagement activity is delegated to the investment managers, who are then monitored by the Trustees. See Section 5 for summary details.

11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustees' policies mentioned in sub-paragraph (b) of the legislation [Parts 2-8 of this Statement]	*The investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.* *SIP section 10*	Over the Scheme Year, the Trustees have monitored the ongoing suitability of the appointed investment managers. Any change in assessment by the Trustees' investment advisor for the investment manager's capabilities would be discussed and any action agreed in a timely manner. The Trustees believe that the appointment of its investment managers are consistent with its long-term objectives and no changes were made over the Scheme Year, with the exception of the full redemption from the BlackRock Property mandate, due to concerns over performance relative to its benchmark and target, and prospects for the UK Property market more broadly.
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.	*Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustees are dissatisfied, then they will look to replace the manager.* *SIP section 10*	The Trustees balance short-term performance against long-term performance in these considerations. The investments generally continued to perform satisfactorily against their respective benchmarks over the Scheme Year. As noted above, the Trustees agreed to fully redeem from the BlackRock Property mandate over the period, due in part to concerns over net of fee investment performance over various time periods.

13	How the method (and time horizon) of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the Trustees' policies mentioned in sub-paragraph (b) of the legislation [2-8 of this Statement]	The Scheme is a long-term investor and therefore the Trustees do not look to change the investment arrangements on a frequent basis. *SIP section 10*	The Trustees review the performance of each investment manager on a regular basis versus agreed benchmarks and targets, over multiple time-periods, with an emphasis on the long-term. The investment managers are remunerated by way of a fee, calculated as a percentage of assets under management. If the Trustees were not satisfied with the performance of any investment manager, this would be discussed and action would be taken where this was deemed appropriate. **AVC Section** The investment managers are remunerated by way of a fee, calculated as a percentage of assets under management.
14	How the Trustees monitor portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	*The Trustees receive MiFID II reporting from their investment managers and the investment consultant (where applicable).* *The Trustees do not explicitly monitor portfolio turnover costs across the whole portfolio but this is considered by the investment consultant and forms part of their research views.* *For some mandates (e.g. investment grade credit) this is monitored closely as part of ongoing discussions with managers, given turnover costs can comprise a significant*	The Trustees do not currently monitor portfolio turnover costs across all asset classes but may look to do this in future. In particular, the Scheme will be moving to a fiduciary management agreement for the non-AVC assets, and as part of that the fiduciary manager will be expected to provide information on turnover on a regular basis to the Trustees.

		portion of overall excess returns. *SIP section 10*	
15	The duration of the arrangement with the asset manager	There is no set duration for the manager appointments. The Trustees will retain an investment manager unless there is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager; or the manager appointment has been reviewed and the Trustees have decided to terminate the manager. *SIP section 10*	No new manager appointments or terminations were made over the period, with the exception of the termination of the BlackRock Property mandate which took place at the end of the reporting period. The Trustees are satisfied that the duration of the Scheme's arrangements remain appropriate and it continues to monitor this periodically.

5. Voting Activity (DB Section)

The Trustees have delegated its voting rights to the investment managers. As a result, the Trustees do not use the direct services of a proxy voter, although the investment managers may employ the services of proxy voters in exercising their voting rights on behalf of the Trustees.

The key voting activity on behalf of the Trustees over the year under review is detailed below.

- **LGIM - World Equity Index Fund**
- **LGIM - World Equity Index Fund - GBP Currency Hedged**
  - LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares but all voting decisions are made by LGIM. LGIM's use of ISS's recommendations is purely to augment their 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 they receive from ISS for UK companies when making specific voting decisions.
  - LGIM's definition of significant voting includes but is not limited to:
    - High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
    - Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
    - Sanction vote as a result of a direct or collaborative engagement;
    - Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.
  - Voting activity for the LGIM World Equity Index fund undertaken over the 1-year period ending on 31 March 2021 is summarised in the table overleaf:

Fund	Meetings eligible to vote	Resolutions eligible to vote	% of resolutions voted by the manager	% Resolutions voted with management	% Resolutions voted against management	% Resolutions abstained
LGIM World Equity Index Fund	3,421	40,987	99.84%	81.38%	18.07%	0.55%
LGIM World Equity Index Fund GBP Currency Hedged	3,421	40,987	99.84%	81.38%	18.07%	0.55%

Source: LGIM.
Figures subject to rounding.

Below are some examples of significant votes undertaken over the 1-year period ending on 31 March 2021, as defined by LGIM.

— **Whitehaven Coal - October 22nd, 2020 Meeting**

Resolution 6: Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders. **– Voted For.**

Rationale:

The role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation: in Q4 2020 alone three of Australia's main export markets for coal - Japan, South Korea and China - have announced targets for carbon neutrality around 2050. LGIM has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets.

— **ExxonMobil – May 17th, 2020 Meeting**

Resolution 1.10 - Elect Director Darren W. Woods. **– Voted Against**.

Rationale:

In June 2019, under LGIM's annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, it announced that LGIM will be removing ExxonMobil from the Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, LGIM also announced they will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, the voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.

- **Fulcrum Diversified Absolute Return Fund**

- Fulcrum uses Glass Lewis as a proxy adviser. The default is to use their standard voting policy, however, there may be times where Fulcrum override their advice, particularly related to climate change proposals.

- Fulcrum identified four types of significant votes:

  - Firstly, votes relating to climate change or the environment;

  - Secondly, shareholder proposals as these tend to be most likely to include "interesting/unusual/controversial" proposals;

  - Thirdly, votes where Fulcrum voted against the proxy adviser's recommendation as these could be considered significant given it's a diversion from our usual voting pattern; and

  - Finally, meetings related to companies that have a high weighting in the portfolio/firm.

- Voting activity for the Fulcrum Diversified Absolute Return Fund undertaken over the 1-year period ending on 31 March 2021 is summarised in the table below:

Fund	Meetings eligible to vote	Resolutions eligible to vote	% of resolutions voted by the manager	% Resolutions voted with management	% Resolutions voted against management	% Resolutions abstained
Fulcrum Diversified Absolute Return Fund	246	2,956	99%	93%	5%	2%

Source: Fulcrum.
Figures subject to rounding.

Below are some examples of significant votes undertaken over the 1-year period ending on 31 March 2021, as defined by Fulcrum.

— **The Procter & Gamble Company - October 13rd, 2020 Meeting**

Shareholder Proposal - Annual Report on Diversity **– Voted Against.**

Rationale:

Although Glass Lewis believed that the Company should both enhance its reporting to include quantitative data concerning the diversity of its workforce and establish a time frame around its diversity goals, they were unconvinced that simply reporting on the board's assessment of the Company's diversity programs, as is expressly requested by this proposal, was warranted in light of the Company's disclosures, goals and policies.

— **Fortum Corporation – April 23rd, 2020 Meeting**

A shareholder proposal for amending the articles of association of the company: WWF Finland as a shareholder of Fortum Corporation proposes that the Paris Agreement 1.5-degree Celsius target is included to Fortum Corporation's articles of association by adding a new article **– Voted Against.**

Rationale:

Glass Lewis believed that the proponent had failed to provide clear evidence that the Company has neglected or acted egregiously with respect to its climate-related risks.

Since this vote, Fulcrum has made a change to its voting process which enables us to override independent advice if it benefits climate change mitigation. This resolution could have been considered one such vote and we believe we might have voted differently today.

- **Prudential With Profits**
  - The below details the approaches regarding the use of proxy voting for each of the fund managers:
    - M&G uses research provided by ISS and the Investment Association, and uses the ProxyEdge platform from ISS voting platform for managing their proxy activity.
    - Eastspring Investments uses a proxy adviser to aid the process of making proxy voting decisions. They always apply their judgement and decide how to vote each resolution on its merits in the context of principles of their proxy policy.
    - Prudential Portfolio Managers America ("PPM") engages an independent third-party service, Institutional Shareholder Services (ISS), to provide administrative assistance in connection with voting of proxies. The primary function of ISS with respect to PPM is to apprise PPM of shareholder meeting dates for all securities holdings, translate proxy materials received from issuers, and provide associated research and voting recommendations.
    - Prudential Investment Managers South Africa voting is not outsourced nor is a proxy voting services utilised for any assets under full discretionary mandate.
  - Each fund manager will use their own approach to determine the most significant votes. For this consolidated return, the approach taken is to consider all of the votes provided by the managers and include those with the largest exposure.
  - Voting activity for the Prudential With Profits Fund undertaken over the 1-year period ending on 31 March 2021 is summarised in the table below:

Fund	Meetings eligible to vote	Resolutions eligible to vote	% of resolutions voted by the manager	% Resolutions voted with management	% Resolutions voted against management	% Resolutions abstained
Prudential With Profits Fund	2,125	29,590	85%	93%	6%	1%

Source: Prudential.
Figures subject to rounding.

Below are some examples of significant votes undertaken over the 1-year period ending on 31 March 2021.

— **Royal Dutch Shell Plc - May 19th, 2020 Meeting**

Shareholder resolution requesting Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions **– Voted For**

Rationale:

In Prudential's view, the company should provide comprehensive disclosure to shareholders on its environmental impacts and risks.

— **Samsung Electronics Co. Ltd - March 17th, 2021 Meeting**

Elect directors **– Voted Against**

Rationale:

Concerns over corporate behaviour and insufficient shareholder engagement: Incumbent directors Byung-gook Park, Jeong Kim and Sun-uk Kim have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.

- **Utmost Managed Pension Fund**
- **Utmost Pelican UK Equity Fund**
  - According to Utmost, they are covered by FCA rules implementing the Shareholder Rights Directive. This Directive requires firms in scope to either have a policy to set out how they engage and vote in firms in which they invest, or an explanation of why they do not have a policy. Firms in scope of the rules are those who invest directly, or through an asset manager, in shares. Asset managers are also defined so that certain types of investment are covered – all except one of their funds are out of scope. The one in scope, Managed fund, is tightly controlled by the mandate so that the asset manager has little discretion in the fund's investments. Therefore, Utmost does not have an engagement policy and a statement will be published on their website.
  - As the assets are not covered by an engagement policy, Utmost does not have information on engagement or voting undertaken by the investment managers. Also, the investment managers do not provide this information to Utmost, as there is no policy or requirement for them to report it.
  - Utmost does not take part in shareholder voting and therefore do not have the ability to influence voting outcomes. They do not engage with or direct the direction of voting taken by the investment managers of the underlying funds.
- **Aviva Investors - (30:70) Currency Hedged Global Equity Index**
- **Aviva Investors - (60:40) Global Equity Index**
  - Please note that the 30:70 Currency Hedged and 60:40 Global Equity Index are Aviva Investors' administered TTFs meaning that whilst BlackRock are the underlying fund manager, Aviva Investors manage the voting rights:
  - Aviva subscribes to proxy advisory services for independent research and recommendations including recommendations based on their own policy. These providers include the IVIS service, ISS-Ethix and MSCI. Aviva uses research for data analysis only as they have their own

robust voting policy, which is applied to all their holdings. Aviva also takes into consideration the views of the fund manager and the conversations with the company through their voting specific engagement.

- Aviva looked at a number of criteria for the list of votes undertaken for the fund including:
  - The impact on the company (both short and long term) if the resolution was or wasn't approved;
  - The materiality of the shareholder resolutions;
  - The level of public and / or media interest in certain companies and resolutions; and
  - How significant the holdings are in relation to the fund and to Aviva Investors (acknowledging that the larger the aggregate / percentage holding, the more ability they have in affecting change).
- Voting activity for the AI (30:70) Currency Hedged Global Equity Index and AI (60:40) Global Equity Index undertaken over the 1-year period ending on 31 March 2021 is summarised in the table below:

Fund	Meetings eligible to vote	Resolutions eligible to vote	% of resolutions voted by the manager	% Resolutions voted with management	% Resolutions voted against management	% Resolutions abstained
AI (30:70) Currency Hedged Global Equity Index	2,716	35,747	96%	74%	24%	2%
AI (60:40) Global Equity Index	2,765	35,730	95%	74%	24%	2%

Source: Aviva.
Figures subject to rounding.

Below are some examples of significant votes undertaken over the 1-year period ending on 31 March 2021, as defined by Aviva. These examples are relevant for both funds.

— **Mizuho Financial Group, Inc - June 25th, 2020 Meeting**

Shareholder resolution to Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement **– Voted For**

Rationale:

Supported this proposal as Aviva and other shareholders would benefit from additional information on the company's plans regarding aligning its behaviour with the Paris Agreement climate goals and reducing climate-related risks. It would also improve management discipline for continued improvement of climate-related disclosure practices.

— **Alphabet Inc - June 3rd, 2020 Meeting**

Establish Human Rights Risk Oversight Committee **– Voted For**

Rationale:

As one of the co-filers of this resolution Aviva's view is that human rights are embedded in Alphabet's business model. The lack of a clear human rights programme that is comprehensive, company-wide, with policies, processes and due diligence systems is considered a business risk. Board-level oversight is considered necessary to sufficiently address the human rights risks associated with the Company's technologies. Further, continued controversies call into question the extent to which the existing structures provide adequate oversight on risks the company's technologies present to human rights, which, in turn, creates risks for the company in terms of retaining management and employees and retaining a good reputation in the eyes of users and advertisers.

- **Aviva Investors – BlackRock DC Diversified Growth**

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

  - BlackRock publishes "vote bulletins" on key votes at shareholder meetings to provide insight into certain vote decisions that expect to be of particular interest to clients. These bulletins are intended to explain BlackRock's vote decisions, including the analysis underpinning it and relevant engagement history when applicable, on certain high-profile proposals at company shareholder meetings.

  - Voting activity, sourced from Aviva, for the BlackRock DC Diversified Growth fund undertaken over the 1-year period ending on 31 March 2021 is summarised in the table below:

Fund	Meetings eligible to vote	Resolutions eligible to vote	% of resolutions voted by the manager	% Resolutions voted with management	% Resolutions voted against management	% Resolutions abstained
BlackRock DC Diversified Growth	928	11,707	96%	94%	6%	1%

Source: Aviva.
Figures subject to rounding.

Below are some examples of significant votes undertaken over the 1-year period ending on 31 March 2021, as defined by BlackRock.

— **Barclays - May 7th, 2020 Meeting**

Resolution 29 - Approve Barclays' Commitment in Tackling Climate Change **– Voted For**

Resolution 30 - Approve ShareAction Requisitioned Resolution **– Voted Against**

Rationale:

The independent fiduciary reported that it took into consideration several factors when voting to support the company's own climate change resolution (Resolution 29) and against the shareholder resolution (Resolution 30). Support for both resolutions would have been problematic as they are both binding. The independent fiduciary determined that, as outlined in Resolution 29, the company sets a clear ambition to become net-zero and align to the goals of the Paris Agreement, addressing shareholders' concerns for the time being.

At the date of drafting, the voting and engagement data on the Royal London - Crest Secure Fund had not yet been provided.

The remaining mandates do not invest in securities that hold voting rights.