

# Implementation Statement

## Annual Implementation Statement for the Plan Year ended 31 July 2022

### Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee for the Wolseley Group Defined Contribution Plan (the "Plan"), has been followed during the year to 31 July 2022. This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

The table later in the document sets out the how, and the extent to which, the policies in the SIP have been followed.

### Investment Objectives of the Plan

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Trustee included in the SIP are as follows:

- To make available to members of the Plan an appropriate range of investment options and lifestyle strategies that will generate income and capital growth which, together with new contributions from the members, aim to provide an appropriate fund at retirement. The range of investment options is designed to be wide enough to allow members to manage their exposure to investment risks throughout their working life. Both active and passive management options are offered to members, depending on asset class.
- To seek to achieve the objectives through providing a suitable range of investment options and lifestyle strategies that meets individual member needs. They recognise that the returns on real assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile.

### Review of the SIP

The Trustee last reviewed the Plan's SIP in July 2022 and a revised SIP was signed on 4 August 2022, the SIP was updated to reflect the changes to the investment strategy (which are summarised in the section below).

The SIP was also updated to include a section for the "Additional Default Arrangements" to reflect that the Cash Lifestyle Strategy had been identified as 'additional default arrangements' as members' accrued funds and contributions have been automatically directed to this strategy without members having instructed the Trustee where their contributions are to be invested, this is not a default arrangement for the purposes of auto-enrolment.

No further changes were made to the SIP at this time.

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### Investment Strategy Review

The default investment option is reviewed at least on a triennial basis; the latest review of the default and alternative investment strategies formally took place in 2021, and was implemented with effect from 24 June 2022.

A summary of the changes that were made to the Plan's investment strategy in June 2022 are set out below.

- 1) Enhance the DC Investor Multi Asset Fund by reducing the reliance on a single "Core" and single "Idiosyncratic" manager. The new DC Investor Multi Asset Fund will be:
  - 33% BlackRock Diversified Growth Fund;
  - 33% Insight Broad Opportunities Fund;
  - 33% Nordea Diversified Return Fund.
- 2) Integrate ESG considerations, reduce the level of currency hedging as well as increase the overall level of diversification in the growth phase of the lifestyle strategies. A new white-labelled "Passive Global Equity Fund" will be the main driver for growth throughout the lifestyle strategies, the underlying components of this new fund are set out below:
  - 45% BlackRock MSCI Currency Hedged World Index;
  - 40% BlackRock ACS World ESG Equity Tracker Fund;
  - 15% BlackRock Emerging Markets Equity Index.
- 3) Implement the Drawdown Lifestyle Strategy as the new default for the Plan, in place of the Cash Lifestyle Strategy. Under this approach, members retain a higher allocation to the Passive Global Equity Fund for longer. The Trustee agreed to make changes to each of the additional lifestyles available in the Plan in line with the changes being made to the growth phase of the new default investment strategy. Members invested in the current default, the Cash Lifestyle Strategy and who are within 5 years of their Target Retirement Age will remain in the Cash Lifestyle Strategy whereas those further than 5 years from their Target Retirement Age will be mapped across to the new default, the Drawdown Lifestyle Strategy.
- 4) Make available the BlackRock ACS World ESG Equity Tracker Fund as a standalone self-select investment option.

### Assessment of how the policies in the SIP have been followed for the year to 31 July 2022

The information provided in the following tables highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP, relating to the Plan as a whole. The latest SIP is available [here](#).

**In Summary, it is the Trustee's view that the policies in the SIP have been followed during the Plan year to 31 July 2022.**

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	Requirement	Policy	In the year to 31 July 2022
1	Securing compliance with the legal requirements about choosing investments	<i>The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995. The Trustee periodically reviews the suitability of the options provided and from time to time will change or introduce additional investment funds as appropriate. SIP Section 1.7 – Introduction</i>	<p>The Trustee agreed to make a number of changes to the investment strategy, as summarised on page 2. These changes were implemented with effect from 24 June 2022.</p> <p>The Trustee received suitability advice in relation to the investment strategy changes in compliance of the requirement set out in the Section 36 of the Pensions Act 1995. Relevant updates to the SIP were made following the investment strategy implementation.</p>
2	Kinds of investments to be held	<p><i>To make available to members of the Plan an appropriate range of investment options and lifestyle strategies that will generate income and capital growth which, together with new contributions from the members, aim to provide an appropriate fund at retirement.</i></p> <p><i>The range of options provided allows members to diversify across asset classes, if they wish, which is expected to provide the levels of returns required by individual members at acceptable risk, over the long term. For those members who are willing to accept a greater level of volatility in pursuit of achieving a higher value on their investment account, there are a number of equity funds available. For those members who are less comfortable with the likely volatility of equities, self-select options with lower expected volatilities are available.</i></p> <p><i>SIP Section 4 – Investment Objectives and Policy</i></p>	<p>The investments (fund type, management style and asset allocations) used in the default lifestyle strategy, additional lifestyles and self-select fund range were reviewed as part of the investment strategy review and the Trustee agreed to make a number of changes as summarised on page 2.</p> <p>The Trustee receives quarterly investment performance reports which monitor the return of the funds underlying the default, additional lifestyles and self-select funds within the Plan. Performance is also discussed at quarterly Trustee meetings. The Trustee was satisfied with the performance of the majority of funds over the Plan Year, which had performed in line with their underlying aims and objectives. The one exception was the DC Investor Multi Asset Fund, the Trustee agreed to make changes to the underlying components of this Fund as set out on page 2, these changes were implemented in June 2022. A list and description of the funds and lifestyle strategies, which are currently offered via the Plan, are set out in the Investment Policy Implementation Document ("IPID"). These remained consistent with the Trustee's policy, as set out in the SIP during the Plan year to 31 July 2022.</p>

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3	The balance between different kinds of investments	<p><i>The range of options provided allows members to diversify across asset classes, if they wish, which is expected to provide the levels of returns required by individual members at acceptable risk, over the long term. For those members who are willing to accept a greater level of volatility in pursuit of achieving a higher value on their investment account, there are a number of equity funds available. For those members who are less comfortable with the likely volatility of equities, self-select options with lower expected volatilities are available.</i></p> <p><i>The default option manages investment risks through a diversified strategic asset allocation consisting of traditional and alternative assets. Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members.</i></p> <p><i>SIP Section 4 – Investment Objectives and Policy</i></p>	<p>Following the previous investment strategy review the default investment option was reviewed and discussed at several Trustee meetings with the Plan's investment adviser. The investments (fund type, management style and asset allocations) used in the default lifestyle strategy, additional lifestyles and self-select fund range were reviewed as part of the investment strategy review and the Trustee agreed to make a number of changes as summarised on page 2.</p> <p>The Trustee made available the BlackRock ACS World ESG Equity Tracker Fund as a standalone self-select investment option in June 2022 as it was noted that an ESG option is now an essential part of a DC schemes fund range. The Trustee also implemented a material proportion of the Passive Global Equity Fund to the BlackRock ACS World ESG Equity Tracker Fund in recognition of the importance of investing more sustainably.</p> <p>The Trustee receives a quarterly investment performance report that monitors the risk and return of all investment options within the Plan. The performance of the funds is compared against their stated objectives/benchmarks. The report also includes changes to the investment adviser's Manager Research Ratings and notes any other relevant developments at the underlying investment managers.</p> <p>During the Plan year the default investment option, additional lifestyle strategies and self-select fund range remained consistent with the policies and objectives as set out in the SIP.</p>
4	Risks, including the ways in which risks are to be measured and managed	<p><i>The Trustee recognises a number of risks involved in the investment of the assets of the Plan. The Trustee has considered these risks from a number of perspectives and put in place a process for how they are managed and measured.</i></p> <p><i>These risks are considered for the Plan's default Drawdown Lifestyle Strategy, as well as the available self-select options.</i></p>	<p>The Trustee considers risk in both quantitative and qualitative measures when deciding investment policies, strategic asset allocation, the choice of fund managers / funds / asset classes. These were taken into account in the recent investment strategy review.</p> <p>The list of different risks that members are exposed to, including how they are monitored and managed, is reviewed at least every three years, or as regulatory requirements arise (whichever is sooner), as part of the SIP</p>

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		<i>SIP Section 14 – Risk Management</i>	<p>review. The SIP was updated and signed in August 2022, more details are set out on page 1.</p> <p>The Trustee provides a range of investment options which enable members to reflect in their selection of funds the level of risk they wish to take in light of their own individual circumstances.</p> <p>The Plan maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.</p>
5	Expected return on investments	<p><i>In designing the default investment strategy, the Trustee has considered the trade-off between risk and expected returns. In particular, when reviewing the investment strategy of the default investment option, the Trustee considers risk quantitatively in terms of the variability of investment returns and potential retirement outcomes for members. From a qualitative perspective, the Trustee also considers risk in terms of the (mis)alignment of investments with the retirement benefits targeted by the default investment option.</i></p> <p><i>The range of options provided allows members to diversify across asset classes, if they wish, which is expected to provide the levels of returns required by individual members at acceptable risk, over the long term.</i></p> <p><i>SIP Section 5.3 – Default Option</i></p>	<p>The Trustee receives a quarterly investment performance report that monitors the risk and return of all investment options within the Plan. The performance of the funds is compared against their stated objectives/benchmarks.</p> <p>The underlying components of the default investment strategy are specifically monitored against their respective aims and objectives.</p> <p>During the previous investment strategy review the default investment option was reviewed and discussed at several Trustee meetings with the Plan's investment adviser. The default investment strategy was reviewed from both a qualitative and quantitative perspective. The Trustee agreed to make a number of changes to the investment strategy, these are summarised on page 2.</p>
6	Realisation of investments	<p><i>Assets in the default option are invested, through an insurance contract, in daily traded pooled funds which hold highly liquid assets. The pooled funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are delegated to the respective investment managers in line with the mandates of the funds.</i></p>	<p>The Trustee receives an administration report on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the Chair Statement, the Trustee is satisfied that all requirements were met throughout the year and that 92% of SLAs were met over the year to 31 July 2022.</p>

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		<p><i>The Trustee's administrators will realise assets following member requests on retirement or earlier where required.</i></p> <p><i>SIP Section 5.3 – Default Option</i></p>	<p>All funds are daily dealt pooled investment vehicles, accessed by an insurance contract. There were no liquidity concerns arising in respect of the Plan's investment fund holdings over the year to 31 July 2022.</p>
7 6	<p>Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments</p>	<p><i>The Trustee believes that Environmental, Social, and corporate Governance (ESG) factors do have a material impact on investment risk and return outcomes, and that good stewardship does create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly do require explicit consideration. The Trustee considers ESG factors for both the Plan's default investment strategy and self-select fund range.</i></p> <p><i>The Trustee has delegated day to day management of the assets to its underlying investment managers. The Trustee has given appointed managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice.</i></p> <p><i>SIP Section 10 – Responsible Investment and Corporate Governance</i></p>	<p>The investment performance report is reviewed by the Trustee on a quarterly basis, this includes ratings (both general and specific ESG) from the Plan's investment adviser.</p> <p>All of the managers remained generally highly rated during the year. This applies to the funds in the previous and in the new investment strategy. Where managers were not highly rated from an ESG perspective the Trustee continues to monitor them. When implementing a new manager the Trustee considers the ESG rating of the manager. The investment adviser periodically reports any change in its ESG ratings to the Trustee on an ongoing basis and makes recommendations to the Trustee, as appropriate. ESG ratings are also monitored as part of an annual ESG ratings review and the annual VfM Assessment.</p> <p>The Plan's SIP includes the Trustee's policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship.</p> <p>The Trustee keeps their policies under regular review with the SIP subject to review at least triennially.</p>

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10	Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, trustee would monitor and engage with relevant persons about relevant matters)	<p><i>Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.</i></p> <p><i>Outside of those exercised by investment managers on behalf of the Trustees, no other engagement activities are undertaken.</i></p> <p><i>SIP Section 10 – Responsible Investment and Corporate Governance</i></p>	<p>Investment managers are expected to provide reporting on a regular basis, at least annually including stewardship monitoring results. These are reviewed by the Trustee. The Trustee wishes to encourage best practice in terms of active engagement with entities in which they invest. The Trustee expects the underlying investment managers to undertake engagement activities and encourages the Plan's investment managers to discharge their responsibilities in respect of investee companies in accordance with the principles underlying the UK Corporate Governance Code and the UK Stewardship Code, in respect of all resolutions at annual and extraordinary meetings.</p> <p>As the Plan invests solely in pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf. The Trustee recognise that it is not possible to specify investment restrictions, in particular ESG restrictions, where assets are managed via pooled funds. However, this may be considered in the future as more innovative solutions become available, especially regarding voting via pooled funds.</p>
11	How the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the Trustee's policies.	<p><i>The underlying 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.</i></p> <p><i>The underlying 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 Trustee is dissatisfied, then they will look to replace the manager.</i></p> <p><i>SIP Section 8 – Asset Manager Selection Criteria</i></p>	<p>Whilst the Trustee is not involved in each asset managers' day to day method of operating and therefore cannot directly influence attainment of the performance target, they will regularly assess performance and review appointments using quantitative and qualitative factors.</p> <p>The Trustee receives regular performance reports on a quarterly basis, which present performance information over a variety of time periods. The Trustee reviews the absolute and relative performance (against a suitable benchmark index), and against the manager's stated performance target. The Trustee focus is on long term performance but may review a manager's appointment if:</p>



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			<ul style="list-style-type: none"> <li>- the Trustee believes that the asset manager is not capable of achieving the performance objectives (both return and volatility) in the future;</li> <li>- the asset manager breaches its investment guidelines;</li> <li>- the asset manager changes its investment management such that it is no longer suitable for the mandate for which it was appointed; and/or</li> <li>- the Trustee considers that it is desirable in the interest of the Plan.</li> </ul>
12	How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and nonfinancial 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.	<p><i>The Trustee is a long term investors and does not look to change the investment arrangements on a frequent basis.</i></p> <p><i>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or self-select fund range.</i></p> <p><i>SIP Section 13 – Duration of Arrangement with Asset Manager</i></p>	<p>Over the Plan Year, the Trustee has continued to monitor the performance of the investment managers against their stated objectives/benchmarks over both quarter and longer term periods. The investment report includes changes to the investment adviser's manager research ratings and notes any other relevant developments at the investment managers.</p> <p>The Trustee was satisfied with the performance of the majority of funds over the Plan Year, which had performed in line with their underlying aims and objectives. The one exception was the DC Investor Multi Asset Fund, prior to the implementation of the new investment strategy in June 2022.</p>

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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 Trustee's policies.	<p><i>The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of time periods. The Trustee reviews the absolute performance and relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis.</i></p> <p><i>SIP Section 7 – Asset Manager Monitoring</i></p>	<p>Whilst the Trustees' focus is on long-term performance, they also take shorter-term performance into account.</p> <p>If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustees may review the suitability of the manager, and change managers where required.</p> <p>The Trustee was satisfied with the performance of the majority of funds over the Plan Year, which had performed in line with their underlying aims and objectives. The one exception was the DC Investor Multi Asset Fund, prior to the implementation of the new investment strategy in June 2022.</p>
14	How the Trustee monitors portfolio turnover costs incurred by the asset manager, and how they define and monitor targeted portfolio turnover or turnover range.	<p><i>The Trustee asks asset managers to include portfolio turnover and turnover costs in their presentations and reports to the Trustee. The Trustee consider portfolio turnover costs as part of the annual Value for Money assessment.</i></p> <p><i>SIP Section 12 – Portfolio Turnover Costs</i></p>	<p>Over the year covered by this statement, the Trustee considered the levels of transaction costs as part of their annual Chair's Statement and value for member's assessment.</p> <p>The Trustee found that the transaction costs reported were reasonable, but note the challenges in assessing these costs due to the lack of an industry-wide benchmarks for such transaction costs.</p> <p>Given that the Plan invests in a range of pooled funds, many of which invest across a wide range of asset classes, the Trustee does not have an overall portfolio turnover target for the Plan.</p>
15	The duration of the arrangement with the asset manager	<p><i>All the funds are open-ended with no set end date for the arrangement. The Fund Range and Default Strategy are reviewed on at least a triennial basis. An underlying manager's appointment may be terminated if it is no longer considered optimal nor have a place in the default strategy or the self-select fund range.</i></p> <p><i>SIP Section 13 – Duration of Arrangement with Asset Manager</i></p>	<p>The Trustee is a long-term investor and is not looking to change investment arrangements on a frequent basis. All the funds are open-ended with no set end date for the arrangement.</p> <p>A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.</p>

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### Appendix - Voting Activity

Voting activity information from each of the underlying investment managers over the prior 12 months to 30 June 2022 is summarised in the table below. Please note that the fund managers standardly compile voting activity reports on a quarterly basis and therefore 12-month data to 30 June 2022 is the closest available to the Plan's year end of 31 July 2022. Voting activity data is not available for corporate bond and government bond mandates.

Fund		How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
Passive Global Equity	BlackRock MSCI Currency Hedged World Index	14,434	87.3%	93.5%	6.5%	0.9%
	BlackRock ACS World ESG Equity Tracker Fund	5,244	94.9%	95.3%	4.7%	0.8%
	BlackRock Emerging Markets Equity Index	24,294	98.0%	89.0%	11.0%	3.8%
BlackRock 30:70 Currency Hedged Global Equity Index Fund		59,570	97.1%	91.9%	8.1%	2.1%
BlackRock ACS World ESG Equity Tracker		5,244	94.9%	95.3%	4.7%	0.8%

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Fund		How many resolutions were you eligible to vote on?	What % of resolutions did you vote on for which you were eligible?	Of the resolutions on which you voted, what % did you vote with management?	Of the resolutions on which you voted, what % did you vote against management?	Of the resolutions on which you voted, what % did you abstain from voting?
BlackRock UK Equity Index Fund		10,530	100.0%	95.5%	4.5%	0.6%
BlackRock Emerging Markets Equity Index Fund		24,294	98.0%	89.0%	11.0%	3.8%
LGIM Ethical Global Equity Index Fund		16,375	99.7%	82.2%	17.6%	0.2%
HSBC Islamic Global Equity Index Fund		1,652	95.7%	82.8%	17.2%	0.2%
<b>DC Investor Multi Asset Fund</b>	BlackRock DC Diversified Growth Fund	12,113	92.4%	94.6%	5.4%	1.7%
	Insight Broad Opportunities Fund	188	100.0%	100.0%	0.0%	0.0%
	Nordea Diversified Return Fund	2,522	98.8%	87.2%	11.5%	1.2%

Source: BlackRock, HSBC, Insight, Legal and General Investment Management, Nordea. Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

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### Proxy Voting Process by Manager

Manager	Proxy Voting Service Details
<b>BlackRock</b>	<p>BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). Voting decisions are made by members of the 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.</p> <p>BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, as one among many inputs into their vote analysis process. BlackRock primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritize those companies where our own additional research and engagement would be beneficial; to manage client accounts in relation to voting and facilitate client reporting on voting.</p>
<b>HSBC</b>	<p>HSBC's uses the leading voting research and platform provider Institutional Shareholder Services (ISS) to assist with the global application according to their voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC's team reviews voting policy recommendations according to the scale of the overall holdings. The bulk of holdings are voted in line with the recommendation based on internal guidelines.</p>
<b>Insight</b>	<p>Insight retains the services of Minerva Analytics (Minerva) for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through sophisticated proprietary IT systems allowing Insight to take and demonstrate responsibility for voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. Independent and impartial research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva Analytics analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.</p>
<b>Legal and General Investment Management</b>	<p>LGIM's Investment Stewardship team uses Institutional Shareholder Services, Inc. (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions.</p>

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<b>Nordea</b>	<p>Nordea’s proxy voting is supported by two external vendors (Institutional Shareholder Services and Nordic Investor Services – henceforth, “ISS” and “NIS”) to facilitate the proxy voting, execution and to provide analytic input. In 2021 these two vendors have merged.</p> <p>The contrast in the services – ISS is a global player with international reach and practices, while NIS is a small niche player whose best practices are much in line with our own, gives Nordea a broad palette of input which is very valuable in the evolution of their own Corporate Governance Principles.</p> <p>Normally, every vote Nordea cast is considered individually on the background of their bespoke voting policy, which they have developed in-house based on their own principles. But, as Nordea have decided to massively scale up their voting to cover a majority of all voting activities, in 2021 Nordea have decided to contract ISS to vote on some of their minor holdings as per their policy. Nordea’s Corporate Governance unit oversees all voting activities. Their aim going forward is for all votes to be referenced towards their bespoke policy once again.</p>
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Source: BlackRock, HSBC, Insight, Legal and General Investment Management, Nordea.

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### Examples of Significant Votes

Fund	Company	Resolution and Date	Rationale of the voting activity
<b>BlackRock MSCI Currency Hedged World Index</b>	AGL Energy Limited	Approve Paris Goals and Targets (22 September 2021)	<b>FOR:</b> Supportive of company's efforts to date on these issues. Proposal support based on nature of the proposal.
	BHP Group Limited	Approve Climate-Related Lobbying (11 November 2021)	<b>FOR:</b> Supportive of company's efforts to date on these issues. Proposal support based on nature of the proposal.
<b>BlackRock ACS World ESG Equity Tracker Fund</b>	Chevron Corporation	Adopt Medium and LongTerm GHG Emissions Reduction Targets (25 May 2022)	<b>AGAINST:</b> Proposal is not in shareholders' best interests. The company already provides sufficient disclosure and/or reporting regarding this issue.
	Amazon.com, Inc.	Report on Lobbying Payments and Policy (25 May 2022)	<b>FOR:</b> Shareholders would benefit from greater disclosure related to political activities and/ or lobbying
<b>BlackRock 30:70 Currency Hedged Global Equity Index Fund</b>	Costco Wholesale Corporation	Report on Greenhouse Gas Emissions Reduction Targets (20 January 2022)	<b>AGAINST:</b> The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
	Chevron Corporation	Issue Audited Net-Zero Scenario Analysis Report (25 May 2022)	<b>AGAINST:</b> The company already provides sufficient disclosure and/or reporting regarding this issue.
<b>BlackRock UK Equity Index Fund</b>	Royal Dutch Shell Plc	Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions	<b>AGAINST:</b> Proposal is not in shareholders' best interests.

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Fund	Company	Resolution and Date	Rationale of the voting activity
		(24 May 2022)	
	Ocado Group Plc	Amend Value Creation Plan (4 May 2022)	<b>AGAINST:</b> Remuneration arrangements are poorly structured.
<b>BlackRock Emerging Markets Equity Index Fund</b>	Vedanta Ltd.	Re-elect Anil Kumar Agarwal as Director (10 August 2021)	<b>AGAINST:</b> The Company does not meet our governance expectations, and we believe the board would be more effective with a strong Lead Independent Director who has appropriate responsibilities and oversight.
	Grupo Mexico S.A.B. de C.V.	Approve Consolidated Financial Statements and Statutory Reports (28 April 2022)	<b>ABSTAIN:</b> Abstaining from this item preserves shareholders' right to take legal action should irregularities be discovered at a future date.
<b>LGIM Ethical Global Equity Index Fund</b>	Apple Inc.	Report on Civil Rights Audit (4 March 2022)	<b>FOR:</b> A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as we consider these issues to be a material risk to companies.
	Alphabet Inc.	Report on Physical Risks of Climate Change (1 June 2022)	<b>FOR:</b> A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	Royal Dutch Shell Plc	Approve the Shell Energy Transition Progress Update (24 May 2022)	<b>AGAINST:</b> A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, we remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.
	Pfizer Inc.	Shareholder proposal seeking a report on	<b>FOR:</b> Access to healthcare is one of the important themes for HSBC and they advocate for fair and equitable vaccine distribution. While HSBC



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Fund	Company	Resolution and Date	Rationale of the voting activity
HSBC Islamic Global Equity Index Fund		transfer of intellectual property to potential Covid19 manufacturers. (28 April 2022)	acknowledge Pfizer's commitment and efforts to allowing equitable and affordable access to its Covid-19 vaccine, they believe more can be done.
	Meta Platforms, Inc.	Shareholder proposal seeking a report on user risk and advisory vote on Metaverse Project (25 May 2022)	<b>FOR:</b> During our engagement with Meta, it confirmed that human rights risks of Metaverse is yet to be included in its agenda for disclosure, and we believe these are important issues that the company should report on.
BlackRock DC Diversified Growth Fund	Exxon Mobil Corp.	Report on Scenario Analysis Consistent with International Energy Agency's Net Zero by 2050 (25 May 2022)	<b>FOR:</b> We believe it is in the best interests of shareholders to have access to greater disclosure on this issue.
	Exxon Mobil Corp.	Report on Low Carbon Business Planning (25 May 2022)	<b>AGAINST:</b> The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.
Nordea Diversified Return Fund	Autozone	Report on Annual Climate Transition (15 December 2021)	<b>FOR:</b> The company's current targets for GHG emissions include short-term Scope 1 and 2 targets for operations in the United States. Thus, the emission targets have not been formulated in line with the Paris Agreement as they do not cover the entire Group and Scope 3 emissions. The requested report would allow investors to better assess how the company is managing climate-related risks.
	Microsoft	Report on Effectiveness of Workplace Sexual Harassment Policies (30 November 2021)	<b>FOR:</b> At the Microsoft AGM Nordea supported a number of shareholder proposals, besides Report on Effectiveness of Workplace Sexual Harassment Policies, such as Report on Gender/Racial Pay Gap, Report on Implementation of the Fair Chance Business Pledge and Report on Lobbying

## Implementation Statement (Cont)

Fund	Company	Resolution and Date	Rationale of the voting activity
			Activities Alignment with Company Policies. Management voting recommendations was against on all these proposals but got substantial support at the AGM and the proposal Report on Effectiveness of Workplace Sexual Harassment was approved. Nordea think shareholders would benefit from additional information allowing them to better assess these issues.
	Nike	Report on Gender Pay Gap (6 October 2021)	<b>FOR:</b> At the Nike AGM Nordea supported a number of shareholder proposals, besides Report on Gender pay Gap, such as Report on Political Contributions Disclosure, Report on Human Rights Impact Assessment and Report on Diversity and Inclusion Efforts. Management voting recommendations was against on all these proposals but all got substantial support from shareholders at the AGM. None of these proposals were approved. Nordea think shareholders would benefit from additional information allowing them to better assess these issues.

Insight have not provided detail on significant votes for the Broad Opportunities Fund due to the nature of the investments held. They have commented:

*“The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and assetbacked aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework that is with an independent board acting on behalf of shareholders generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy’s exposures.”*