SIEMENS BENEFITS SCHEME

DC Implementation Statement

Year Ended 30 September 2021

This annual statement sets out how the policies described in the Scheme's Statement of Investment Principles have been appropriately followed over the year, including in relation to stewardship and engagement.

SIEMENS

DC Implementation Statement

Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustee is required to produce an annual Implementation Statement, setting out how the policies described in the Scheme's Statement of Investment Principles ("SIP") have been followed.

This Implementation Statement covers the period 1 October 2020 to 30 September 2021, the Scheme's reporting year, in line with the regulations that came into force in October 2019.

This is the second such statement prepared by the Trustee of the Siemens Benefits Scheme. It is intended to meet the updated regulations and will be included in the Scheme's Report & Accounts and made public online. In preparing this statement, the Trustee has taken advice from its professional advisors. This Statement focuses on the Defined Contribution ("DC") Section of the Scheme. There is a separate statement relating to the Defined Benefit ("DB") Section of the Scheme.

The document sets out, at a high level, how the Trustee's policies under the terms of the Statement of Investment Principles ('SIP') have been implemented. In addition, where relevant, the document describes the areas of the portfolio where stewardship and engagement are most likely to be financially material. As part of this, the statement discloses the Trustee's opinion on the outcomes of engagement activity and voting for managers that hold listed equities.

This Implementation Statement should be read in conjunction with the SIP, which was in effect during the reporting period. This SIP is appended to this Statement. An updated SIP, which came into effect from July 2021, can be accessed here.

Overall, the Trustee is comfortable that the policies set out in the SIP have been appropriately followed over the year to 30 September 2021.

Summary of how investment decisions are taken

The Trustee has established an Investment, Covenant and Funding Committee ("ICFC") which considers issues, including investments, the Trustee faces in relation to the both the DB and DC sections. The ICFC's remit includes developing and implementing investment strategies, monitoring investment advisors, fund managers and investments. This is done in conjunction with the Scheme's investment advisors and reporting to the Full Board for approval of specific decisions as required by the Committee's terms of reference. The ICFC then regularly monitors these investments and strategies to ensure they are meeting expectations and to make changes where necessary. The Trustee has also appointed an Investment Executive to assist in carrying out these duties.

For the DC Section, the Trustee's principal objective is to provide a range of investments that are suitable for meeting members' long-term, medium-term and short-term investment objectives. The Trustee considers members' circumstances, including the expected range of members' attitudes to risk and term to retirement, and has sought guidance and obtained advice from its investment advisor as appropriate throughout the year when undertaking investment decisions to meet this objective.

Changes to the SIP over the period

The Statement of Investment Principles ("SIP") covering the reporting period was reviewed and amended in July 2021 and was published online. The main changes set out how the Trustee takes account of climate-related risks when setting the Scheme's investment strategy.

The Trustee consulted with the employer when making these changes and obtained written advice from its investment consultant.

How the Trustee has met its objectives and policies

This section details how the investment policies and objectives as stated in the SIP have been adhered to and achieved in practice over the course of the year:

1. Investment Governance

There were no changes to the Scheme's governance structure over the year to 30 September 2021. The Scheme's governance structure includes the role of the ICFC, the role of the Investment Executive, and the way in which the ICFC takes professional advice.

The ICFC continued to receive training on relevant topics from its actuarial, investment and legal advisors and its investment managers (as appropriate). During the year this included sessions on member options, 'at retirement' solutions, pension scams, 'multi-factor' equity investing and DC master trust structures. The ICFC also monitored the Scheme's managers on a quarterly basis using reporting provided by their investment advisors as well as attending "manager days" in which they speak directly with the managers on matters including performance, investment strategy, investment process, responsible investment, stewardship and engagement. As well as ongoing training through the quarterly meeting cycle, training also includes a separate annual training day and bespoke training for new Trustee Directors.

Following a review of the investment consulting and fiduciary management industry by the Competition and Markets Authority ("CMA"), trustees of occupational pension schemes are now required to set strategic objectives for their provider of investment consultancy services. The ICFC has put in place investment advisor objectives in accordance with the CMA requirements and scores its investment advisors on an annual basis using qualitative and quantitative evidence against a range of areas including: demonstration of added value; delivery of specialist services; proactivity of advice; support with management and compliance; and relationship and service standards. Review of the investment advisor versus objectives included consideration of specific projects completed during the year, for example work to integrate ESG considerations within the default investment strategy.

The Trustee is satisfied that the investment governance processes in place for the Scheme are consistent with the SIP and appropriate for the circumstances of the Scheme, and that these processes were followed over the reporting period.

2. Investment Objectives

The Trustee provides members with a range of investment choices. For members who do not wish to make an active investment decision, a "Flexible Access Strategy" default lifestyle arrangement is in place. The lifestyle strategy consists of three white labelled building blocks, the "Opportunity Fund", the "Balanced Fund" and the "Consolidation Fund". As members near retirement, the lifestyle strategy will gradually move members from higher allocations in the "Opportunity" fund towards the lower risk, capital preservation focussed "Balanced" and "Consolidation" funds. In addition, there are two further lifestyle strategies and 12 self-select (known as "freestyle") funds available which members can choose from depending on their risk appetite and if they are comfortable making their own investment decisions.

To help the Trustee maintain a strategic focus with respect to performance monitoring, the Trustee reviews a "Member Experience Dashboard" at Board meetings to ensure its objectives are being met. The reports highlight the member experience of being invested in the Flexible Access Lifestyle strategy (the default). The analysis within this dashboard looks at past performance alongside risk measures, such as volatility and capital drawdown levels, experienced by individual members invested in the default lifestyle. During the year, the reports provided comfort that the default investment strategy remains on track to meet long-term objectives.

The Trustee offers a range of options to members covering the main asset classes and different levels of risk. The Trustee believes this range meets the objective of providing investments suitable for members at different stages of life.

3. Investment Strategy

The ICFC recommended several changes during the reporting period, approved by the main Trustee Board, in order to improve the investment strategy and ensure it is better aligned with its stated objectives. These changes, which were implemented over the reporting period, included:

a) Removing the UK Equity - Active fund from the freestyle fund range;

b) Within the Cash Fund, replacing the L&G Sterling Liquidity Fund with the BlackRock Aquila Connect Liquid Environmentally Aware Fund (LEAF);

c) Changing the name of the 'Siemens UK Equity Fund – Passive' to the 'Siemens UK Equity Fund - Index Tracker'; and

d) Changing the name of the 'Siemens Global Equity Fund – Passive' to the 'Siemens Global Equity Fund - Index Tracker'.

Other changes agreed during the reporting period (which are set to be implemented post reporting period) include:

e) Replacing the developed global equity exposure (25% target allocation within the Opportunity Fund) with the BlackRock World ESG Equity Tracker Fund, which tracks the *MSCI World ESG Focus Low Carbon Screened Index*;

f) Replacing the developed fundamental/value and low volatility equity exposures (25% and 20% target allocations respectively within the Opportunity Fund) with a 45% target allocation to the State Street World ESG Equity Tracker Fund, which tracks the *MSCI World Multi-Factor ESG Low Carbon Target Index*;

g) Within the Balanced Fund only, replacing the BlackRock Absolute Return Bond Fund (target allocation of 10%) with the Robeco Global SDG Credits Fund; and

h) Within the Consolidation Fund only, replacing the LGIM Pre-Retirement Fund (target allocation of 10%) with the same Robeco Global SDG Credits Fund.

In addition to quarterly monitoring, the ICFC reviewed an annual 'Deep Dive' report covering performance and risk analysis as at 30 June 2021 on the building blocks and all individual funds in the default arrangement and freestyle range. The analysis showed that the returns over the long-term were consistent with the Trustee's general expectations for respective asset class returns as stated in the SIP.

Over the year, the Trustee undertook a project to obtain and collate data in relation to the legacy AVC holdings, which was completed post reporting period in November 2021. A review of the legacy AVC holdings data is scheduled for early 2022, to include an assessment of the quality of existing options and whether any changes are required.

4. Asset Managers (reviews, selection and implementation)

The Trustee receives quarterly monitoring reports from its investment consultant. This provides information on the funds offered to members, including short and long-term performance and risk related analysis, and a "RAG" (Red, Amber, Green) status to identify funds suffering from prolonged poor performance against benchmark/target. For example, this and further fund specific analysis contributed to the decision to replace the legacy value manager within the Global Equity - Active fund. The ICFC agreed a replacement manager in June 2020 and the transition took place over the reporting period in early 2021.

Following on from proposals initiated in the prior year Deep Dive review, the Trustee completed additional work during the year, including detailed discussions and Trustee training focused on factor equity investing, and agreed changes to the building block funds within the default arrangement (all implemented post reporting period during October and November 2021. Within the Opportunity Fund, the Trustee agreed (1) to introduce a multi-factor equity investment fund (State Street ACS Multi-Factor Global ESG Index

Equity Fund) as a replacement for the existing single factor allocations to value and low volatility factor equity exposures; and (2) to replace the developed equity market capitalisation exposure with an index that explicitly targets ESG improvements (BlackRock World ESG Equity Tracker Fund). Within the Consolidation Fund, the Trustee agreed to replace the LGIM Pre-Retirement Fund with the Robeco SDG Credits Fund which aims to make a positive contribution to the achievement of the United Nations Sustainable Development Goals ("SDG") in addition to seeking a competitive return. Within the Balanced Fund, the Trustee agreed to replace the BlackRock Absolute Return Bond Fund with the Robeco SDG Credits Fund (i.e. the same strategy used in the Consolidation Fund).

Over the year there were key staff changes and major developments at various managers the Scheme invested in. For example, during Q2 2021, Ardevora announced that it would be divesting from all Chinese investments in the portfolio which led to Emerging Market exposure being discussed in detail as part of the 2021 annual Deep Dive report. An example of key staff changes was in Q1 2021, when Baillie Gifford announced that James Anderson would be retiring as a Partner of the firm in April 2022. The Trustee's investment consultant remained comfortable with the strategy, and there was no change to the investment consultant's "Buy" recommendation on Baillie Gifford's Long Term Global Growth Fund (which makes up part of the Global Equity Active Fund).

The Trustee's policies for asset managers set out in the SIP have been appropriately carried out through various monitoring and changes implemented over the year.

5. Investment Risks

The Trustee has designed the default investment strategy with an inflation plus absolute return target to mitigate the inflation risk that the growth in investments over members' working lives will not keep pace with inflation and will not, therefore, secure an adequate retirement benefit. Capital market return and volatility assumptions for each fund, and in turn the respective building block funds, are evaluated on an annual basis as part of the Deep Dive review. Volatility and Capital risk are also monitored within the Deep Dive review as well as within the quarterly reports and member experience dashboard.

The Trustee policies with regards to Investment risks as stated within the SIP have been appropriately carried out through various monitoring and actions over the year.

6. Responsible Investment

In 2019, the Trustee group answered and discussed their views in relation to a Responsible Investment ("RI") survey during a workshop co-facilitated by the DC investment consultant and the Scheme lawyer. The discussion led to identifying consensus beliefs and statements that developed into new explicit policies on financially material ESG factors, climate change and stewardship.

The Trustee agreed that an increased familiarity with the ESG profile of the funds the DC section invests in would improve the Trustee's understanding of the risks of each fund and facilitate engagement with managers. As with last year, the investment consultant supported the Trustee with this analysis with an updated "ESG Reporting Dashboard" that drew on various data sources such as MSCI ESG data as well as manager transparency reports submitted to the PRI (Principles for Responsible Investment). While all managers are PRI signatories and have senior oversight and accountability for Responsible Investment, there are other areas where managers were behind best practice, for example some are not yet signatories to the UK Stewardship Code and one manager does not

undertake scenario analysis to assess future ESG/climate-related issues. The Trustee will continue to monitor these issues through annual reviews and expect to see improvements over time. If it is deemed that progress is not occurring at a satisfactory pace, the Trustee will engage with managers directly.

The DC quarterly reports reviewed by the Trustee contain ESG ratings on all Buy rated managers. These ESG ratings reflect analysis carried out by the investment consultant assessing the investment managers on the extent of ESG integration and Stewardship programs. Over the year, all applicable managers were at least rated "integrated" or above on the consultant's three-tier ESG ratings system. [1] This means that these appointed asset managers are at least aware of potential ESG risks in the investment strategy and have taken some steps to identify, evaluate and potentially mitigate these risks.

Following on from the annual Deep Dive review carried out in 2020, the Trustee agreed to increase the diversification of factors used in the Opportunity Fund and integrate environmental, social and governance (ESG) considerations, with changes implemented post reporting period during October and November 2021. The agreed changes impacted two separate allocations within the diversified Opportunity Fund portfolio. (1) The State Street ACS Multi-Factor Global ESG Index Equity Fund replaced the existing single factor allocations to value and low volatility equity exposures. The State Street Fund targets an improvement in ESG score relative to the parent index by 20%, and constraints are included to reduce carbon emissions intensity by more than 50%. (2) The developed equity market capitalisation exposure was replaced with the BlackRock World ESG Equity Tracker Fund which aims to maximise exposure to companies with high ESG scores and reduce carbon emissions and reserves by half compared to the MSCI World Index.

Carbon analysis carried out over the reporting period, as part of the ESG Reporting Dashboard project, indicates that the changes made to the Opportunity Fund have the potential to reduce its carbon intensity by c.34%. The Robeco SDG Credits Fund, which was introduced into the Consolidation and Balanced Funds (implemented post reporting period), provides a positive contribution to SDGs.

Over the reporting period, the ESG Dashboard has been presented by the Trustee's investment advisors to help the Trustee identify any ESG concerns and engage with managers. The tool has facilitated discussions on what represents best practice in ESG integration and as the information is reviewed, the Trustee's own expectations of managers are more apparent and can help define future policy. For example, over the reporting period, output from the ESG Dashboard highlighted that State Street Global Advisors and Threadneedle were no longer signatories to the UK Stewardship Code and led to direct engagement with the managers to understand why, with acceptable responses (related to timing and data provision issues, due to be rectified in the short term).

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[1] More information on the Aon ESG Ratings process can be found here: https://www.aon.com/getmedia/0b52d7ec-db77-41bc-bb45-9386034db392/AonCanada-Publication-Investment-GuideESGRatings.aspx

Voting and Engagement activity over the year

Within the default arrangement, the Scheme invests in various BlackRock passive equity indices as well as a BlackRock diversified growth and fixed income strategy, plus holds additional equity exposure via the Nordea Diversified Return fund. Stewardship is also relevant for additional funds within the default arrangement, namely the M&G Total Return Credit Fund, the Threadneedle Property Fund and the L&G Pre-Retirement Fund.

Significant votes

The investment managers have provided the voting statistics (where relevant) and examples of 'significant' votes they have participated in. Each manager has their own criteria for determining whether a vote is significant. Examples of what might be considered a significant vote are:

- a vote where a significant proportion of the votes (e.g. more than 15%) went against the management's proposal
- where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting
- a vote that is connected to wider engagement with the company involved
- a vote that demonstrates clear and considered rationale
- a vote that the Trustee considers inappropriate or based on inappropriate rationale
- a vote that has significant relevance to members of the Fund

Blackrock

Voting Policy

BlackRock votes annually at approximately 17,000 shareholder meetings, generally taking a case-by-case approach to the items put to a shareholder vote. Their analysis is informed by their internally developed proxy voting guidelines, their pre-vote engagements, research, and the situational factors at a particular company. BlackRock do subscribe to research from several proxy advisory firms, however this research is one among many inputs BlackRock use in their vote analysis process. BlackRock strongly assert that they do not blindly follow proxy advisors' recommendations on how to vote. Rather they use proxy research firms primarily to gather information and analysis into a concise, easily reviewable format so that their analysts can readily identify and prioritise those companies where their own research and engagement would be beneficial.

Over 2020/21, BlackRock have increased their level of reporting by publishing more voting bulletins. These bulletins provide explanations of the most significant votes at shareholder meetings and is made public shortly after the meetings. These specific significant votes are chosen by BlackRock based on criteria such as level of public attention and impact of financial outcome.

Voting Example: Johnson & Johnson

In April 2021, BlackRock's Investment Stewardship (BIS) team voted against the shareholder proposal which requested Johnson & Johnson to report on Government Financial Support and access to COVID-19 vaccines and therapeutics. BIS voted against this shareholder proposal as they believe the company already leads on transparency with regards to access to medicine and BIS have confidence the company will continue to provide disclosure as the distribution of the vaccines continues.

BlackRock believe that the proposal is duplicative of work the company is already undertaking as Johnson & Johnson already discloses its responsible business practices within the "Janssen Transparency Report,"11 which elaborates on its commitment to transparency and a responsible approach to pricing.

Vote Bulletin can be found here:
https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-johnson-and-johnson-apr-2021.pdf

Voting Example: ExxonMobil Corporation

BlackRock voted against the shareholder proposal in May 2021. The shareholder proposal requested that the Board adopt a policy to require an independent Chair. BlackRock expects there to be independent leadership in the boardroom and is generally supportive of the approach to board structure deemed most appropriate by a company.

BlackRock have also observed that Mr. Frazier in the role of Lead Independent Director is taking a more prominent position in engaging with shareholders.

Vote Bulletin can be found here:
https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-exxon-may-2021.pdf

Voting Example: Total SE

In May 2021, BlackRock voted for the approval of the company's Sustainable Development and Energy Transition. BlackRock believe that Total's 2050 net zero targets appear to be consistent with the goals of the Paris Agreement, and that the strategy strikes a reasonable balance between ambition and pragmatism as it relates to the global energy transition.

By 2030, Total aims to reduce its global scope 1 and 2 net emissions (including carbon sinks) for its operated oil and gas activities by at least 40% compared with 2015's levels. By 2050, the company aims be a net zero GHG contributor across the energy products used by its customers.
BlackRock voted for this resolution because it meets their expectations that companies have clear policies and action plans to manage climate risk, and it provides a roadmap towards the company's stated climate ambitions and targets.

Vote Bulletin can be found here:
https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-total-may-2021.pdf

Engagement Policy

BlackRock states that it aims to enhance the long-term value of client assets through its proxy voting and engagement activities. BlackRock's Investment Stewardship ("BIS") team engage with companies in both active and indexed investment strategies, noting the importance of engagement within index-based strategies where divestment is not an option. BlackRock uses engagement as a tool to raise concerns regarding governance and sustainability issues that may affect the long-term performance of the company.

BIS team's stated key engagement priorities include:

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Compensation that promotes long-termism
- Human capital management.

BlackRock has increased its engagement activity year on year significantly on a variety of key issues, including having over 400 engagements with companies where they discussed the impact of COVID-19.

More information can be found in the BlackRock Investment Stewardship Q3 2021 Report: https://www.blackrock.com/corporate/literature/publication/blk-qrtly-stewardship-report-q3-2021.pdf

BlackRock have provided fund specific engagement reports detailing engagement activity over the year for the respective equity funds. For example, within the World ex-UK Equity Tracker Fund, BlackRock had a total of 1,576 company engagements with 915 individual companies, the majority of the engagement themes were on Governance, followed by Environmental and then Social issues.

Engagement Example:

The BIS team has engaged with FTSE350 constituent Oxford Instruments on its underrepresentation in diversity front on its board ahead of the investee company's AGM in September 2021. It is a science-focussed manufacturing and research company. The investee company has yet to reach the Hampton-Alexander target of having female board representation to be no lower than 33%, where this threshold has been endorsed by the government and the namesake report earmarked the threshold to be achieved by 2020.

BIS deems diverse and experienced board directors to be critical to the success of a company and long-term value creation, where BIS states it examines board directors on key committees to ensure appropriate board composition and the protection of shareholders' interests. Hence, BIS engaged with Oxford Instruments on the matter,

where the investee company has since appointed an additional female board member as a Senior Independent Director in the 2021 AGM and stated that it is slated to reach the target by its 2022 AGM. Oxford Instruments has also expressed its intention to work with consultants and search firms who have signed the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice in order to improve its recruitment of diverse executives and directors.

BIS intends to continue to monitor the progress of the investee company as the company identifies and integrates new leadership in the months ahead.

Nordea Asset Management

Voting Policy

The Scheme also has equity exposure in the default arrangement through the Nordea Diversified Return fund (within the Balanced and Consolidation funds). Approximately 10% of the Investor Plan's assets were invested in funds managed by Nordea as at 30 September 2021.
Nordea Asset Management (NAM) is a signatory of the UN Principles for Responsible Investment (PRI) and is planning to become a signatory to the UK Stewardship Code. They view engagement as a critical aspect of active ownership and consider it a crucial component of their responsible investment philosophy and framework. Their engagement activities entail constructive dialogues with companies through face-to-face meetings, conference calls, letters or even field visits. These provide an opportunity for NAM to improve their understanding of investee companies and gives NAM greater scope to influence them.
With regards to voting activity, Nordea funds utilise two external advisors, Institutional Shareholder Services (ISS) and Nordic Investor Services (NIS). All voting decisions are taken by Nordea's funds, and external advisors only provide input and second opinion when prompted. Nordea deem votes to be significant if they relate to actions or practices which are severely against their principles, or where they feel they need to enact change in the company.

Nordea Stable Return Fund over year to 30 September 2021	
Number of resolutions eligible to vote on	2,389
% of resolutions voted on for which the fund was eligible	96.40%
Of the resolutions voted, % voted against management	10.73%
Of the resolutions voted, % abstained from	0.61%

Voting Example

In May 2021, Nordea voted for a proposal for McDonalds to report on sugar and public health. Nordea believed greater disclosure would benefit shareholders by increasing transparency on the company's efforts to address the risks related to the consumption of sugar, and serve to provide greater assurance to shareholders that the firm's practices sufficiently guard against potential future financial, litigation and operational risks.

The proposal was rejected. Nordea states it will continue to support shareholder proposals on these issues until the company is showing substantial improvements. Nordea consider this to be a significant vote on the basis that the company's practices are against Nordea's principles and that Nordea believe that it needs to enact change in the company as a result.

Engagement Policy

Nordea undertakes a range of engagement activities on behalf of its clients in order to affect and influence investee companies to improve their corporate governance practices, as well as ensuring a more long-term approach in investee companies. Nordea has established ESG principles where it thinks it could affect and influence investee companies to improve their corporate governance practices.
The engagement activities entail constructive dialogues with companies through face-to-face meetings, conference calls, letters or field visits. As such, it provides an opportunity to improve the understanding of companies that Nordea invests in, as well as the ability to influence them.
At the manager level, Nordea's Responsible Investment team is engaging on environmental issues in collaboration with CA100+. Launched in December 2020, Nordea was among the first to join the Net Zero Asset Managers initiative, committing to support the goal of net zero emissions by 2050 in line with the global efforts to limit warming to 1.5º Celsius through engaging with investee companies under framework of CA100+.
Nordea's activities on environmental issues are aligned with the environmental objectives of the Global Climate and Environment Strategy and are highly relevant with regards to some of the United Nations Sustainable Development Goals ("SDGs").

Engagement Example

Nordea engaged with Nestlé after its announcement to become a Net Zero company by 2050. Nordea had concerns with the company's exposure to deforestation related to palm oil production and overall high carbon emissions. Nordea met with Nestlé Investors Relations personnel and an agronomist (who advise farmers on soil management and crop production). Nestlé provided more information on its Net Zero roadmap and targets by 2030 and 2050; where it noted that regenerative agriculture, decreased deforestation and plastic recycling would be key to this process.
Nordea will continue to monitor the progress of Nestlé and facilitate further engagement in relation to plastic recycling and deforestation initiatives during the year.

Other asset managers

Within the default arrangement, stewardship is also applicable to the M&G Total Return Credit Fund, the Threadneedle Property Fund and the L&G Pre-Retirement Fund. All are signatories to the UN Principles for Responsible Investment and provided substantial information relating to their stewardship policies and activity. The investment consultant also monitors these funds regularly and has no significant stewardship concerns at time of writing.

Within the freestyle fund range, Scheme members are invested in five other equity managers – Ardevora, Baillie Gifford, Causeway, Aberdeen Standard and HSBC. Pzena

and Majedie are no longer managers used by the Scheme (Pzena assets were transferred to Causeway during February 2021, and Majedie was removed in May 2021 as part of the closure of the UK Equity - Active fund option). As the transfers took place over the reporting period, Pzena and Majedie's voting statistics are still included for reporting purposes.

Over the year, the Scheme's managers voted on more than 93%[2] of resolutions. They are all signatories of the UN Principles for Responsible Investment. All managers are signatories to the UK Stewardship Code apart from Ardevora, Causeway, Nordea and Threadneedle but they are working to become signatories.

AVC arrangements

The fund performance of the legacy AVC arrangements are reviewed on a quarterly basis, and as with the default option, the main underlying equity manager in the AVC arrangements is also BlackRock. Given the relatively small assets invested and that the arrangements are closed to new entrants and contributions, the Trustee does not disclose the stewardship activity of other AVC managers in this report in further detail.

Conclusion

Based on the activity over the year by the Trustee and its investment managers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee notes that most of its investment managers were able to disclose strong evidence of voting and engagement activity.

The Trustee expects improvements in disclosures over time in-line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

[2] Excluding Ardevora, Aberdeen Standard and Causeway (awaiting data at time of writing). For information, last year these managers voted on more than 95% of resolutions.

Appendix – Voting data for strategies with equity holdings managed by BlackRock

Aquila Connect Emerging Markets Fund	1 October 2020 – 30 September 2021
No. Voteable Proposals	22,301
% resolutions voted	96.99%
% of resolutions voted against management	8.98%
% resolutions abstained	3.44%

Aquila Connect Global Minimum Volatility Fund	1 October 2020 – 30 September 2021
No. Voteable Proposals	4,993
% resolutions voted	94.41%
% of resolutions voted against management	7.25%
% resolutions abstained	0.28%

Global Property Securities Equity Index	1 October 2020 – 30 September 2021
No. Voteable Proposals	3,625
% resolutions voted	99.00%
% of resolutions voted against management	5.00%
% resolutions abstained	0.00%

Dynamic Allocation Fund	1 October 2020 – 30 September 2021
No. Voteable Proposals	9,643
% resolutions voted	92.39%
% of resolutions voted against management	6.27%
% resolutions abstained	0.34%

Aquila Connect FTSE Developed Core Infrastructure Index	1 October 2020 – 30 September 2021
No. Voteable Proposals	1,807
% resolutions voted	100.00%
% of resolutions voted against management	9.74%
% resolutions abstained	0.17%

Aquila Connect MSCI World Fund	1 October 2020 – 30 September 2021
No. Voteable Proposals	14,906

% resolutions voted	88.43%
% of resolutions voted against management	8.13%
% resolutions abstained	0.66%

Aquila Connect Global Development Fundamental Weighted Index	1 October 2020 – 30 September 2021
No. Voteable Proposals	9,681
% resolutions voted	89.62%
% of resolutions voted against management	7.19%
% resolutions abstained	0.62%

World (ex-UK) Equity Tracker Fund	1 October 2020 – 30 September 2021
No. Voteable Proposals	25,827
% resolutions voted	90.02%
% of resolutions voted against management	8.27%
% resolutions abstained	0.31%

UK Equity Index	1 October 2020 – 30 September 2021
No. Voteable Proposals	2,474
% resolutions voted	100.00%
% of resolutions voted against management	5.00%
% resolutions abstained	1.00%