

United Utilities Pension Scheme - Annual Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Trustee's Statement of Investment Principles ("SIP") has been followed during the year to 31 March 2025. This statement has been produced in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended, and guidance published by the Pensions Regulator.

The statement relates to the relevant SIP dated March 2025, which was agreed at the Trustee Board meeting held on 18 March 2025. A copy of the SIP is enclosed and is also available at <https://www.unitedutilities.com/corporate/careers/pensions/information-library/>.

The Scheme has a Defined Benefit (DB) Section and a Defined Contribution (DC) Section, and disclosures are provided on both Sections.

In relation to the DB investments, the Trustee has established an Investment Sub-Committee ("ISC") and has delegated responsibility for operational matters, including investment monitoring and the appointment and termination of investment managers to the ISC. Any decisions regarding the DB investment strategy are taken by the Trustee after receiving proposals from the ISC.

The Trustee has also established a DC Sub-Committee ("DCSC") to consider investment, member communications, and governance matters for benefits which are DC in nature. Decisions regarding the DC investment strategy are taken by the Trustee after receiving proposals from the DCSC.

Across both DB and DC matters, during the year the Trustee maintained an environmental, social and governance (ESG) Sub-Group to assist the Trustee Board and its Sub-Committees in relation to ESG matters. This sub-group makes recommendations to the Trustee and its Sub-Committees, and oversees work relating to ESG considerations.

SIP Review

The SIP was reviewed during the year and updated to reflect the following changes:

- An update to the liability hedging basis in respect of the DB Section investments.
- Minor amendments to the ESG related wording to clarify the Trustee's stewardship priorities and engagement policies.

Assessment of how the SIP policies have been followed for the year to 31 March 2025

The information provided in the following table highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee policies in the SIP. **In summary, it is the Trustee's view that the policies in the SIP have been followed during the Scheme year to 31 March 2025.**

Requirement	Policy/section of SIP	In the year to 31 March 2025
Securing compliance with the legal requirements about choosing investments.	Paragraph 2.2.	<p>There were no new investments selected for the DB or DC Section during the year.</p> <p>The investment consultant attended all meetings of the ISC and DCSC during the year and provided updates on the investments and the continued suitability of the mandates and funds used.</p>
Kinds of investments to be held and the balance between different kinds of investments.	Sections 5 and 6 of the SIP set out the asset classes and specific funds used within the Scheme, and the proportions used (where relevant).	<p><i>DB Section</i></p> <p>During the year, the types of investment used and the balance between these investments did not change. The investment strategy is reviewed no less frequently than triennially, and the Trustee commenced a review subsequent to the Scheme year end, in May 2025.</p> <p><i>DC Section</i></p> <p>The Trustee commenced its triennial investment strategy review during the year covered by this statement, but the overall strategy (investment fund type, management style and asset allocations) used within the DC Section did not change during the year, as the review is ongoing.</p>
Risk and return, including the ways in which risks are to be measured and managed, and the expected return on investments.	Section 4 (risk), Section 5 (relating to expected / target returns with reference to benchmarks and, where relevant, targets), and 6.2 (DC Section default expected returns relative to inflation).	<p>The Trustee maintained a Risk Register during the year which outlines risks by category, and considers the impact, likelihood, controls and mitigations for each risk. The Risk Register at the total Scheme level was maintained by the Governance, Risk and Audit Sub-Committee. The risks from the Risk Register relating specifically to DB and DC investments were then considered at each quarterly ISC and DCSC meeting respectively, with further oversight from the Trustee board.</p> <p>As a risk management tool, the relevant Sub-Committees review, as part of ongoing monitoring, the research ratings assigned by its investment consultant to each fund. This denotes the investment consultant's assessment of the likelihood of the fund's performance objective being achieved, and the extent to which ESG factors are integrated effectively in the investment manager's strategy.</p> <p>A key risk noted in the SIP is the risk that ESG issues, including climate change, could have an impact on the Scheme's assets. To help to assess this risk and develop mitigation strategies, the Trustee completed an extensive review of climate-related risks during the year and reported the outcomes in the annual Climate Change report. This included considering climate-related metrics such as the carbon footprint of the investments.</p> <p><i>DB Section</i></p> <ul style="list-style-type: none"> The ISC has put in place a quarterly risk dashboard, produced by the investment consultant, which reviews the status of a number of the risks listed in the SIP, including funding level volatility and downside risk, expected versus required returns, interest rate and inflation risk, liquidity risk, ESG risks (assessed by monitoring manager engagement activity) and compliance with guidelines. The ISC also met with the two investment managers to the DB Section and the bulk annuity policy provider during the year. In preparation for the manager meetings, the investment consultant

Requirement	Policy/section of SIP	In the year to 31 March 2025
		<p>produced a briefing paper which detailed performance, and any risks to discuss with the manager. The papers helped the ISC in reviewing the managers against the objectives and relevant policies.</p> <ul style="list-style-type: none"> • To assist with managing the risk of a mismatch between the Scheme's assets and its liabilities, in November 2024 the ISC carried out a review of the liability hedging basis and target. The review led to the decision to update the hedging basis to reference the re-investment rate calculated as part of the 2024 actuarial valuation, and to hedge 100% of the liabilities. • In respect of climate change risk, the ISC carried out an assessment of the degree of alignment of the Scheme's assets with the Trustee's net zero target. While the buy and maintain credit manager has a net zero by 2050 target (aligned with the Scheme), this was not formally embedded in the portfolio's investment guidelines. The Trustee took the opportunity to enhance alignment by updating the investment guidelines to incorporate an explicit reference to the Trustee's climate related targets, whilst maintaining the mandate's financial objectives. These guidelines were implemented in July 2024. <p><i>DC Section</i></p> <ul style="list-style-type: none"> • The DCSC reviewed the measurement of a number of the risks noted in the SIP on a quarterly basis during the year as part of the regularly investment monitoring. The reports include information on performance relative to the benchmarks set by the Trustee, to assist with measuring the risk stated in the SIP "that the investment vehicles in which monies are invested under-perform the expectation of the Trustee". • The performance of the default investment strategy is also monitored relative to measures of inflation, to assist with measuring the inflation risk stated in the SIP. • To manage the risk stated in the SIP that the default investment strategy may not be suitable for the Scheme's members, a comprehensive membership analysis was carried out and discussed at the 3 March 2025 DCSC meeting, in order to inform the review of the default investment strategy which has continued subsequent to the Scheme year end.
Realisation of investments	Both Sections: References throughout including 5.6, 6.7-6.11.	<p>The Trustee receives a report each quarter from both the DB and DC administrators, which detail the extent to which benefit payments and other core financial transactions have been processed within service level agreements and regulatory timelines.</p> <p>There were no issues experienced with liquidity or benefit payments during the year.</p>

Requirement	Policy/section of SIP	In the year to 31 March 2025
		<p><i>DB Section</i></p> <p>The Trustee has put in place a cashflow policy with the administrator, whereby the administrator may disinvest up to a certain amount from the Scheme's investments each month to meet benefit payments. The ISC monitors this each quarter to ensure that the process is operating as intended.</p> <p><i>DC Section</i></p> <p>All funds are daily dealt pooled investment vehicles, accessed by an insurance contract. No issues were experienced during the year relating to the realisation of investments.</p>
Financial & non-financial considerations and how those are taken into account in the selection, retention and realisation of investments.	The risks identified in the SIP are considered by the Trustee to be financially material considerations. Paragraphs 4.1.1 and Section 9 also refer.	<p>The financially material risks identified by the Trustee, and how they are measured and managed, formed part of the SIP review during the year, as described in the introduction.</p> <p>The Trustee carried out a beliefs survey in April 2024, which included consideration of emerging themes such as biodiversity. While the survey results did not lead to any changes to the Trustee's broad policy, the review allowed the Trustee to shape the future training plan and ensured that our policies and processes remain up-to-date.</p> <p>As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment consultant incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.</p> <p>Over the year the Trustee took various steps to consider ESG matters, which are detailed later in this Statement in the section headed "Engagement Policy Statement".</p> <p>The Trustee also monitors ESG integration on a regular basis, aided by the provision of reports and updates from its investment managers and investment consultant. In particular, the Trustee has agreed climate metrics and targets, including a commitment to attain a "net zero" emissions target by 2050 for listed equity and credit assets. Metrics are prepared annually and disclosed in our Climate Change report, available at https://www.unitedutilities.com/corporate/careers/pensions/information-library/.</p>
Exercise of rights (including voting rights) attaching to investments and undertaking engagement activities.	Paragraphs 9.4 to 9.7.	<p>To identify and report on "significant votes" and to prioritise engagement activities, the Trustee has agreed three stewardship priorities, which are: climate change, labour practices and standards, and corporate governance (e.g. board quality, independence, and diversity).</p> <p><i>DB Section</i></p> <p>The assets of the DB Section are no longer invested in equities and do not typically have voting rights attached.</p>

Requirement	Policy/section of SIP	In the year to 31 March 2025
		<p>During the year, the ISC met with the two investment managers and the insurer. When each organisation presented to the ISC, the manager / insurer was asked to highlight engagement activity. The Trustee has also arranged for reporting on engagements to be included in the quarterly investment dashboards prepared by the investment consultant.</p> <p><i>DC Section</i></p> <p>The Scheme continues to invest solely in pooled funds, where voting and engagement activities are delegated to the investment managers.</p> <p>However, stewardship monitoring on voting and engagement activity and adherence to the UK Stewardship Code is part of the Trustee's policy, and the DC investment managers are expected to report on stewardship activities to the Trustee annually.</p>
How arrangements incentivise a manager to align its strategy / decisions with Trustee policies.	Section 10.	No changes to policy during the year, which has been followed as outlined in the SIP.
How the arrangement incentivises a manager to make decisions based on medium to long term financial / non-financial performance of an issuer of debt or equity and to engage with issuers to improve performance.	Section 10.	<p>Assessment of the medium to long-term financial and non-financial performance of an issuer are made by the investment managers, with appropriate monitoring by the Trustee.</p> <p>Performance targets for the portfolios in which the Scheme invests are long-term targets (to avoid, for example, a manager taking inappropriate risks to meet a short-term target).</p> <p>The Trustee has communicated its SIP policies on engagement to the investment managers.</p>
How the method & time horizon of evaluation of the manager's performance and the remuneration for asset management services are in line with the trustees' policies.	Section 10.	<p>The Trustee reviewed short-term and long-term investment performance through quarterly investment reports. In respect of remuneration for asset management, we note the following:</p> <p><i>DB Section</i></p> <p>An investment manager fee review report is produced by the investment consultant no less frequently than triennially (last completed in August 2022, the next review commenced subsequent to the Scheme year end in August 2025), which allows the ISC to assess remuneration to the managers for each of the Scheme's mandates.</p> <p>The reviews include benchmarking fees against a universe of comparable managers and mandates.</p>

Requirement	Policy/section of SIP	In the year to 31 March 2025
		<p><i>DC Section</i></p> <p>The Trustee, via the DCSC, conducts an annual assessment of the extent to which the Scheme provides value for members. This includes benchmarking the fees paid by members. During the year, this assessment was undertaken and discussed at the DCSC meeting held on 18 September 2024.</p>
How the Trustees monitor portfolio turnover costs incurred, and how they define and monitor targeted portfolio turnover or turnover range.	Section 10.	<p>The Trustee has not set portfolio turnover targets; the Trustee instead assess performance net of the impact of the costs of such activities.</p> <p><i>DB Section</i></p> <p>Transaction costs are assessed via periodic cost transparency reports (minimum triennially), and as a component of the implicit fees and costs incurred in each of the Scheme's mandates.</p> <p><i>DC Section</i></p> <p>Transaction costs are reviewed and disclosed annually as part of preparation of the annual Chair's Statement which is published on a public website.</p>
The duration of the arrangement with the asset manager	Section 10.	No changes to policy during the year, which has been followed as outlined in the SIP.

Engagement policy statement

Section 9 of the SIP sets out the Trustee's policy on ESG considerations, including stewardship and climate change. The following work was undertaken during the year relating to the Trustee's engagement activity on ESG factors, stewardship and climate change.

Activity	Date	Details
Employer engagement	8 April 2024	ESG matters are important in relation to the employer, as they can impact the covenant strength, and may also highlight risks for the Trustee to be aware of. The ESG Sub-Group therefore met a representative of the employer's sustainability team to seek to understand how the company assesses, manages, and mitigates ESG risks and opportunities.
Training	8 April 2024 and 26 July 2024	Part of the role of the ESG Sub-Group is to identify emerging risks and opportunities relating to ESG topics. To assist with this, the ESG Sub-Group received training on: <ul style="list-style-type: none"> - The role of engagement, including the approach taken by the Scheme's investment managers. - Non-investment related areas expected to be impacted by ESG factors (e.g. mortality and sponsor covenant).
Climate change reporting under the Taskforce on Climate Related Financial Disclosures (TCFD) framework	Q2 and Q3 2024	The Trustee reviewed the Scheme's annual Climate Change report under the TCFD framework ¹ . This included reviewing and documenting the following: <ul style="list-style-type: none"> - Trustee governance of climate related issues - The Scheme's strategy around managing climate related risks and opportunities, including scenario analysis - Climate-related risk management practices - Metrics and targets, such as absolute greenhouse gas emissions, carbon footprint, portfolio temperature alignment, and data quality. Further information can be found in the report, available at
Insurer monitoring	26 July 2024 and 22 January 2025	The Trustee purchased a bulk annuity insurance policy in 2023, insuring a portion of the Scheme's liabilities. The insurer's management of ESG risks has remained a focus in the Trustee's continued engagement with the insurer. <p>At the 26 July 2024 ESG Sub-Group meeting, the insurer's climate scenario analysis was reviewed in order to assess the robustness of the insurer in a range of potential future scenarios.</p> <p>The Trustee also met with the insurer on 22 January 2025. Topics of interest included details of direct investments that the insurer has made in clean energy, using the assets backing the Scheme's policy, and the approach taken to achieving net zero emissions by 2050.</p>
Investment manager engagement (DB Section)	8 April 2024, 21 May 2024, 19 November	The Trustee met with the two investment managers appointed to manage the DB Section assets, across four meetings (one ESG Sub-Group meeting, two ISC meetings, and one full Trustee Board meeting).

¹ Available at <https://www.unitedutilities.com/corporate/careers/pensions/information-library/>

Activity	Date	Details
	2024, 22 January 2025	In each of these meetings, engagement policies and activities were discussed. The meeting held on 8 April 2024 was dedicated entirely to engagement.
Investment manager engagement (DC Section)	25 September 2024 and 3 December 2024	<p>The DCSC met one of the managers of the funds available to members, and one potential future manager.</p> <ul style="list-style-type: none"> - HSBC presented on their Islamic Global Equity Index Fund. This Fund has an objective to comply with Islamic finance principles, including exclusions on sectors such as financial services, pork-related products, and tobacco. Discussions included details of the manager's voting and engagement practices. Human capital management, climate change, water, and natural resources were cited as some of the top themes for company engagement. - Partners Group provided training on private markets opportunities for DC schemes. The DCSC considered attractive opportunities in clean power, water sustainability, and social infrastructure. These opportunities are being considered by the DCSC in the triennial investment strategy review that will be completed in 2025.
Training Day	3 October 2024	The Trustee sets aside a full day annually for training. At the 2024 training day the Trustee Directors completed training on ESG issues, which included a focus on fiduciary duty in the context of these matters.
Stewardship related	Q3 2024	<p>The Trustee Board reviewed the annual Implementation Statement covering the period to 31 March 2024 and considered the stewardship (voting and engagement) activities that had been carried out by the investment managers on the Trustee's behalf. The Trustee was satisfied that the stewardship activities were consistent with our policies in this area, and that the significant votes reported aligned with the Trustee's stewardship priorities.</p> <p>As part of this activity, the three stewardship priorities of the Trustee (climate change, labour practices and standards, and corporate governance) were formally reviewed. No changes were considered necessary.</p>
Review of ESG Policy (including engagement)	Q4 2024	The Trustee's ESG Policy was reviewed across a series of meetings during Q4 2024. There were no substantial changes to our overall policy – the main amendment was to add information on how the Trustee monitors the Scheme's bulk annuity provider in relation to ESG issues.
Member infographic	February 2025	The Trustee prepared an "infographic" communication for our members, which summarises the annual TCFD report, and the wider ESG and engagement activity conducted by the Trustee on members' behalf. The Trustee welcomes feedback from members and a number of channels are available for members to get in touch.
ESG and engagement monitoring	Quarterly throughout the year	<p>Investment performance reports are reviewed by the Trustee each quarter. These include research ratings that take into account each investment manager's ESG capabilities, provided by the investment adviser. Any deterioration in ESG views would be considered as a prompt to review a mandate. No such deterioration was experienced.</p> <p>In 2024, the Trustee added further ESG monitoring to the quarterly reporting through the inclusion of significant engagements carried out by the Scheme's investment managers on the Trustee's behalf, aligned to the Trustee's three priority stewardship themes (climate change, labour practices and standards, and corporate governance).</p>

Voting Activity during the Scheme year

The Trustee has delegated investment voting rights to the investment managers and does not use the direct services of a proxy voter. Most voting activity will arise in respect of public equities. The Trustee has received information relating to funds that invest in public equities.

DB Section

Since the Scheme's investment strategy includes investment in only liability driven investments and fixed income, with no equity exposure, it is extremely rare for voting rights to be held in respect of these assets. As such there is no voting activity to report here.

DC Section

The Scheme makes available to members the following pooled funds. A number of these funds are blended into a single fund, but the investments are spread across a range of underlying funds, as shown. The funds highlighted in blue rows in the table hold equities.

Blended Funds (with more than one underlying fund) – strategic allocations as at 31 March 2025

Fund	Underlying Manager and Fund	Asset Allocation %
UUPS Higher Growth	LGIM Future World Global Equity Fund (GBP Hedged)	23.0
	LGIM Future World Global Equity Fund	23.0
	BlackRock Global Minimum Volatility Index	21.0
	BlackRock Emerging Markets Equity Index	3.0
	UUPS Diversified Growth	30.0
UUPS Medium Growth*	LGIM Future World Global Equity Fund (GBP Hedged)	16.0
	LGIM Future World Global Equity Fund	16.0
	BlackRock Global Minimum Volatility Index	16.0
	BlackRock Emerging Markets Equity Index	2.0
	UUPS Diversified Growth	50.0
UUPS Lower Growth	LGIM Future World Global Equity Fund (GBP Hedged)	10.0
	LGIM Future World Global Equity Fund	10.0
	BlackRock Global Minimum Volatility Index	9.0
	BlackRock Emerging Markets Equity Index	1.0
	UUPS Diversified Growth	30.0
	BlackRock Corporate Bond All-Stocks Index	20.0
	BlackRock Up To 5 Year Index-Linked Gilt Index	20.0
UUPS Diversified Growth	LGIM Diversified	33.3
	BlackRock ESG Strategic Growth Fund	33.4
	Schroders Sustainable Future Multi-Asset	33.3

* Fund used in default strategy.

Fund	Underlying Manager and Fund	Asset Allocation %
UUPS Defensive	BlackRock Corporate Bond All-Stocks Index	37.5
	BlackRock Up To 5 Year Index-Linked Gilt Index	37.5
	BlackRock Cash	25.0
UUPS Blended Bond	BlackRock Corporate Bond All-Stocks Index	50.0
	BlackRock Up To 5 Year Index-Linked Gilt Index	50.0

Other Funds (including underlying investment manager / fund)

Again, the funds highlighted in blue rows in the table hold equities.

Asset Class	Fund	Manager
Global Equities	BlackRock (30/70) Currency Hedged Global Equity Index	BlackRock
	BlackRock (50/50) Global Equity Index	BlackRock
	UUPS Sustainable Global Equities	LGIM
	UUPS Shariah Global Equity	HSBC
Regional Equities	BlackRock UK Equity Index	BlackRock
	BlackRock US Equity Index	BlackRock
	BlackRock European Equity Index	BlackRock
	BlackRock Japanese Equity Index	BlackRock
	BlackRock Pacific Rim Equity Index	BlackRock
	BlackRock Emerging Markets Equity Index	BlackRock
	UUPS Ethical UK Equity	LGIM
	UUPS Global Emerging Market Equity	Schroders
Bonds and Cash	BlackRock Corporate Bond All Stocks Index*	BlackRock
	BlackRock Up to 5 years Index Linked Gilt Index*	BlackRock
	BlackRock Over 15 Year Gilt Index	BlackRock
	BlackRock Over 5 Year Index-Linked Gilt Index	BlackRock
	BlackRock Over 15 Years Corporate Bond Index	BlackRock
	UUPS Corporate Bond	M&G
	Pre-Retirement (available within lifestyle only)	LGIM
	DC Cash	BlackRock
Property	UUPS Property Fund	Threadneedle

*Fund used in default strategy.

Investment Manager Voting Disclosures (relevant only for DC Section)

As shown in the previous tables, the DC Section makes available to members funds managed by a number of investment managers. Funds that invested in equities (including as part of a multi-asset investment fund) during the Scheme year are managed by:

- BlackRock, Inc (“BlackRock”)
- HSBC Global Asset Management (“HSBC”)
- Legal & General Investment Management (“LGIM”)
- M&G Investments (“M&G”)
- Schroder Investment Management Limited (“Schroders”)
- Columbia Threadneedle Investments (“Threadneedle”)

The voting policies of the managers have been received and considered by the Trustee and the Trustee deems these policies to be consistent with its investment beliefs.

Overview of voting activity carried out on behalf of the Trustee

The Trustee has been provided with the voting disclosures relating to the funds listed in the previous table. These are summarised overleaf, taking the funds that invest in public equities from the tables on the previous pages and splitting the blended funds into their component parts, as voting is undertaken at the underlying fund level.

Voting information is sourced from the investment managers.

Underlying Manager / Funds	12 Months to 31 March 2025 unless otherwise stated					
	No. meetings eligible to vote	No. resolutions eligible to vote	% resolutions voted on where eligible	Of resolutions voted, % voted with management	Of resolutions voted, % voted against management	Of resolutions voted, % abstained
Funds used in blends (where not covered below)						
LGIM Future World Global Equity (hedged & unhedged)	5,515	55,096	100%	81%	18%	1%
BlackRock Global Minimum Volatility Index	352	5,149	99%	97%	3%	0%
LGIM Diversified	10,796	107,020	100%	77%	22%	1%
Schroders Sustainable Future Multi-Asset	727	8,959	96%	89%	11%	0%
BlackRock ESG Strategic Growth	910	11,563	96%	94%	5%	1%
Global Equity Funds						
BlackRock (30/70) Currency Hedged Global Equity Index	2,608	22,300	98%	85%	11%	4%
BlackRock (50/50) Global Equity Index	2,443	32,896	95%	96%	4%	0%
UUPS Sustainable Global Equities	See LGIM Future World Global Equity Fund above – this is the same fund.					
UUPS Shariah Global Equity	105	1,719	96%	78%	21%	0%
Regional Equity Funds						
BlackRock UK Equity Index	698	9,896	99%	97%	2%	0%
BlackRock US Equity Index	583	7,593	98%	98%	2%	0%
BlackRock European Equity Index	610	10,066	83%	88%	11%	1%
BlackRock Japanese Equity Index	489	5,918	100%	97%	3%	0%
BlackRock Pacific Rim Equity Index	636	4,903	100%	90%	10%	0%
BlackRock Emerging Markets Equity Index	4,229	32,126	98%	88%	11%	2%
UUPS Ethical UK Equity	257	4,434	100%	94%	6%	0%
UUPS Global Emerging Market Equity	180	2,028	90%	91%	8%	1%

Totals may not sum due to rounding.

Significant votes (relevant only for DC Section)

During the year, the Scheme continued to invest in pooled funds, rather than investing in companies directly. As such, the investment managers exercise voting rights at the pooled fund level.

Given the large number of votes that are considered by investment managers at every Annual General Meeting, for every company in every fund, along with the timescales over which voting takes place and the resource and expertise required, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has (with the support of its adviser) retrospectively reviewed the voting records of the relevant investment managers, in order to identify significant votes in the context of the Trustee's stewardship priorities, which are:

- Climate change
- Labour practices and standards
- Corporate governance, including board diversity, shareholder rights, and executive remuneration.

As voting rights only apply to equity investments, these significant votes are provided only for the funds used by the Fund during the year that invested in equities.

Funds used in blends (where not covered elsewhere)

Fund	LGIM Future World Global Equity (hedged & unhedged) and UUPS Sustainable Global Equities (this is the same fund)				
Company	Shell				
Item	Approval of Shell Energy Transition Strategy				
Stewardship priority	Climate change				
Rationale	<p>LGIM voted against management on its proposed Energy Transition Strategy. LGIM also voted against management on this topic in the prior year, and we highlight this vote as an example of how an investment manager will be persistent in raising concerns over time.</p> <p>LGIM acknowledge the progress Shell has made in respect of climate disclosures in recent years, and views positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, and a pledge to not pursue frontier exploration activities beyond 2025.</p> <p>However, in light of revisions made to Shell's climate-related targets, and taking into account the company's ambition to grow its gas and liquefied natural gas business, LGIM expect Shell to better demonstrate how these plans are consistent with a transition to net-zero emissions by 2050. LGIM would like to see more clarity on the expected lifespan of the assets that Shell is looking to develop, the level of flexibility in revising its production levels against a range of different scenarios, and tangible actions to deliver decarbonisation. Additionally, LGIM want to see a greater level of transparency around Shell's lobbying activities, among other disclosures.</p>				
Date of Vote	21 May 2024	Voting Decision	Against	Outcome	Passed

Fund	BlackRock Global Minimum Volatility Index				
Company	Berkshire Hathaway Inc.				
Item	Shareholder proposal to request that the company should disclose the emissions and progress towards its climate-related goal of Berkshire Hathaway Energy in the company's consolidated report				
Stewardship priority	Climate change				
Rationale	<p>Berkshire Hathaway is an American multinational conglomerate holding company.</p> <p>Shareholders of Berkshire Hathaway requested that its Board of Directors should disclose, in a consolidated annual report (at reasonable expense and omitting proprietary information) greenhouse gas emissions data by scope, as well as progress towards its net-zero decarbonization goal, for Berkshire Hathaway Energy. This proposal was put forward with the accompanying note that "Given that Berkshire Hathaway Energy is one of [Berkshire Hathaway's] largest emitters, and that it is among the top 10 largest owners of US coal power capacity in the country, we are calling on Berkshire Hathaway Energy to enhance its sustainability reporting practices".</p> <p>BlackRock voted for this proposal as they believed that additional information regarding the company's plan to manage their strategy in the context of a transition to a low-carbon economy will help investors assess long-term risks and opportunities on this economically material issue.</p>				
Date of Vote	4 May 2024	Voting Decision	For	Outcome	Fail

Fund	LGIM Diversified				
Company	Meta				
Item	Election of a Director				
Stewardship priority	Corporate governance, specifically gender diversity and equality				
Rationale	<p>Meta is an American multinational technology company which owns and operates technology platforms including Facebook, Instagram, and WhatsApp.</p> <p>LGIM voted against the election of a director of Meta on the grounds that LGIM expects a company to have at least one-third women on the board, which was not the case here.</p> <p>There were also concerns around the combined Board Chair and CEO and executive remuneration, meaning that LGIM wished to signal their concerns by choosing not to support the director who acts as Chair of Meta's Compensation, Nominating, and Governance Committee.</p>				
Date of Vote	29 May 2024	Voting Decision	Against	Outcome	Passed

Fund	Schroders Sustainable Future Multi-Asset				
Company	Advanced Micro Devices, Inc.				
Item	Advisory vote on executive remuneration				
Stewardship priority	Corporate governance				
Rationale	<p>Advanced Micro Devices, Inc. (“AMD”) is an American multinational corporation and technology company.</p> <p>Schroders believe that fair and balanced executive compensation which drives long-term value creation and the desired corporate culture is important. In respect of AMD, Schroders voted against the proposed remuneration of company executives. This decision was driven by their view that excessive one-time sign-on and retention awards were being proposed. In addition, there was a lack of sufficient disclosure to investors for long-term incentive plan objectives, and the proposed executive bonus was not measured on full year performance.</p>				
Date of Vote	8 May 2024	Voting Decision	Against	Outcome	Passed

Fund	BlackRock ESG Strategic Growth				
Company	Tesla				
Item	Shareholder proposal for Report on Harassment and Discrimination Prevention Efforts				
Stewardship priority	Labour practices and standards				
Rationale	<p>Tesla is the US-headquartered electric vehicle manufacturer led by Elon Musk.</p> <p>A shareholder resolution filed by the comptroller of the State of New York and trustee of the New York State Common Retirement Fund requested that Tesla’s Board of Directors oversee the preparation of an annual public report detailing the effectiveness and outcomes of its efforts to prevent harassment and discrimination against employees. The proposer noted in a supporting statement that, despite a Tesla statement that the company has a zero-tolerance policy for harassment, “There have been numerous serious allegations of racial or sexual harassment and discrimination at Tesla”.</p> <p>BlackRock voted in support of this proposal, on the grounds that greater disclosure on this issue, which BlackRock deem material to the long-term economic interests of shareholders, would help investors better assess risks at the company.</p> <p>While the proposal failed to get majority support, c32% of shareholders voted in favour, which helps to signal the significant level of shareholder concern on this issue.</p>				
Date of Vote	13 June 2024	Voting Decision	For	Outcome	Failed

Global Equity Funds

Fund	BlackRock (30/70) Currency Hedged Global Equity Index				
Company	CSPC Pharmaceutical Group				
Item	Vote on executive compensation, and director election				
Stewardship priority	Corporate governance				
Rationale	<p>CSPC Pharmaceutical Group (CSPC) researches, develops, manufactures and sells pharmaceutical products, and is headquartered in China. BlackRock voted against both the approval of a grant of share options to certain executives, and the election of one of the company's directors.</p> <p>In respect of remuneration, BlackRock considered that the proposed incentive arrangements do not support the long-term economic interests of shareholders.</p> <p>In relation to the director election, BlackRock voted against the election of the Chair of the Nomination Committee on the grounds that the individual is not independent. It is considered that a Nomination Committee Chair should be independent of the day-to-day leadership of the business to ensure objectivity in board appointments and maintain effective governance.</p>				
Date of Vote	28 May 2024	Voting Decision	Against	Outcome	Passed

Fund	BlackRock (50/50) Global Equity Index				
Company	Amplifon SpA				
Items	Proposals to enhance the increased voting rights mechanism currently in place, and to introduce the possibility to hold shareholders' meetings exclusively by appointing a so-called proxy agent				
Stewardship priority	Corporate governance				
Rationale	<p>Amplifon SpA (Amplifon) is a large Italian hearing care solutions company with retail operations in 26 countries.</p> <p>In 2024, the Italian government enacted significant changes to regulation with the goal of positioning the Italian capital market as a more attractive listing option for companies. This "Law Capitali" allows Italian-listed companies to amend their articles of association to significantly increase the voting rights of certain shareholders, and to alter the format of shareholder meetings, including providing the option to hold meetings with the exclusive participation of a sole representative appointed by the company.</p> <p>BlackRock did not support management's recommendation on amending Amplifon's articles of association to further increase voting rights for certain shareholders. In BlackRock's view, the proposed share structure would significantly impact the fundamental rights of minority shareholders, including BlackRock's clients.</p> <p>Further, BlackRock did not support the proposal to introduce the possibility to hold shareholders' meetings exclusively by appointing a so-called proxy agent because they felt that such changes would remove the option for shareholders to directly participate in shareholder meetings should they wish to do so, and limit the facilitation of open, meaningful and two-way dialogues between the company and its shareholders.</p>				
Date of Vote	30 April 2024	Voting Decision	Against	Outcome	Pass

Fund	UUPS Sustainable Global Equities – see LGIM Future World Global Equity Fund vote information earlier in this statement (the two funds are the same).
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Fund	UUPS Sharia Global Equity (managed by HSBC)				
Company	Amazon				
Item	Report on Impact of Climate Change Strategy Consistent with Just Transition Guidelines				
Stewardship priority	Climate change				
Rationale	<p>At Amazon's annual general meeting, shareholders filed a resolution requesting that Amazon should prepare a report disclosing how the company is addressing the impact of its climate change strategy on stakeholders, including employees, workers in its supply chain, and communities in which it operates.</p> <p>The request was for this report to be consistent with the "Just Transition" guidelines of the International Labor Organization and indicators of the World Benchmarking Alliance. A "Just Transition" refers to a process of shifting to a low-carbon, environmentally sustainable economy while ensuring that workers and communities are supported and not left behind.</p> <p>HSBC voted for the proposal as they believe that such a report would contribute to the better management of climate issues.</p>				
Date of Vote	22 May 2024	Voting Decision	For	Outcome	Failed

Regional Equity Funds

Fund	BlackRock UK Equity Index				
Company	ExxonMobil				
Item	Report on Reduced Plastics Demand Impact on Financial Assumptions				
Stewardship priority	Climate change				
Rationale	<p>A group of shareholders, led by United Church Funds, request that ExxonMobil should issue a report, at reasonable cost and omitting proprietary information, addressing whether and how a significant reduction in virgin plastic demand, as set forth in the "Breaking the Plastic Wave" System Change Scenario, would affect the Company's financial position and the assumptions underlying its financial statements.</p> <p>BlackRock believes that in general, ExxonMobil has enhanced their disclosures and actions around managing climate-related risks and opportunities. In the case of this shareholder proposal, BlackRock considered that the company already provides sufficient disclosure and/or reporting regarding plastics (or is already enhancing its relevant disclosures). They therefore voted against the proposal but will continue to engage with ExxonMobil on climate change issues.</p>				
Date of Vote	29 May 2024	Voting Decision	Against	Outcome	Failed

Fund	BlackRock US Equity Index				
Company	The Walt Disney Company				
Item	Shareholder proposal requesting a Report on Gender-Based Compensation and Benefits Inequities				
Stewardship priority	Labour practices and standards				
Rationale	<p>The Walt Disney Company (Disney) is a global entertainment company with operations in three business segments: Entertainment, Sports and Experiences.</p> <p>A shareholder proposal requested that Disney should issue a report regarding compensation and health benefit gaps for its workforce, including how they address dysphoria and de-transitioning care across gender classifications. The proposal noted the reputational, competitive, operational and litigative risks in this regard, and risks related to recruiting and retaining diverse talent.</p> <p>BlackRock has had extensive, multi-year engagements with Disney where BlackRock discussed concerns about the company's governance and strategy. However, they decided to vote against this shareholder proposal because they saw little likelihood that the proposal would promote incremental long-term economic performance. BlackRock also noted that Disney already provides thorough reporting related to people management and consider that it is not the role of investors to intervene in the benefits offerings companies make to their employees.</p>				
Date of Vote	3 April 2024	Voting Decision	Against	Outcome	Failed

Fund	BlackRock European Equity Index				
Company	Temenos AG				
Item	Consultative vote on the Compensation Report				
Stewardship priority	Corporate governance				
Rationale	<p>Temenos AG (Temenos) is a Swiss company that provides banking software to financial institutions. BlackRock has a long history of engaging with Temenos on corporate strategy and governance. Since 2022, this engagement has focused on remuneration following the introduction of new features to its executive remuneration policy, reportedly to enhance "alignment of its long-term incentive program with the competitive market" and "to bolster retention efforts while maintaining accountability among executives for their performance".</p> <p>In BlackRock's view, the company's proposed executive remuneration policy lacked sufficient detail as to how it aligns with the long-term financial of interests of minority shareholders. Given the poor structure of the remuneration policy, Temenos' continued unresponsiveness to shareholder feedback, and a reward system that does not align with the financial outcomes for shareholders, BlackRock did not support the management proposal. The proposal did not pass at the May 2024 AGM, receiving only 33% shareholder support.</p>				
Date of Vote	7 May 2024	Voting Decision	Against	Outcome	Failed

Fund	BlackRock Japanese Equity Index				
Company	Toyota				
Item	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement				
Stewardship priority	Climate change				
Rationale	<p>AkademikerPension, a pension fund for academics, filed a shareholder proposal requesting that a provision be added to Toyota's Articles of Incorporation. The provision was worded as "The Company shall issue a comprehensive and objective report annually (at reasonable cost, omitting proprietary information) describing if, and how, the Company's climate-related lobbying activities (own direct and indirect through industry associations both in key markets) align, overall, with the goals of the Paris Agreement. The report should disclose any instances of misalignment with those goals, along with the planned actions to address these."</p> <p>After careful consideration, BlackRock decided not to support the proposal as they felt that mandating such an extensive annual review and report was not in the interests of shareholders. BlackRock will however continue to engage with Toyota's management on climate related issues.</p>				
Date of Vote	18 June 2024	Voting Decision	Against	Outcome	Shareholder proposal failed

Fund	BlackRock Pacific Rim Equity Index				
Company	Catcher Technology Co, Ltd				
Item	Amend Articles of Incorporation (shareholder proposal)				
Stewardship priority	Corporate governance				
Rationale	<p>Catcher Technology Co., Ltd. (Catcher) manufactures computer, communications, and consumer electronics components and is based in Taiwan.</p> <p>Ahead of Catcher's 2024 annual general meeting, two shareholders proposed to amend the dividend-related language in Catcher's Articles of Incorporation to seek to restore shareholders' voting rights on cash dividend distribution. The same two shareholders had brought this proposal forward in the prior year (2023), but Catcher's board rejected it on grounds of legal technicalities. Soon after, Catcher's chairman was fined by the local regulator for harming shareholders' rights to raise proposals.</p> <p>BlackRock determined that supporting this shareholder proposal could help establish a mechanism for management to provide greater transparency regarding capital allocation decisions, which would be aligned with the long-term financial interests of independent minority shareholders such as BlackRock's clients. They therefore voted in favour, and the shareholders' proposal was successful, resulting in the amendment of the Articles of Association.</p>				
Date of Vote	30 May 2024	Voting Decision	For	Outcome	Passed

Fund	BlackRock Emerging Markets Equity Index
Comment	There were no votes detailed by BlackRock that were deemed significant, taking into account the Trustee's stewardship priorities.

Fund	UUPS Ethical UK Equity (managed by LGIM)				
Company	Mitchells & Butlers				
Item	Election of a director (who is the board chair)				
Stewardship priority	Climate change and corporate governance				
Rationale	<p>There were several reasons why LGIM chose to vote against the election of this director:</p> <ul style="list-style-type: none"> • Deforestation: The company was deemed to not meet minimum standards with regard to LGIM's deforestation policy. Specifically, LGIM expect this company to have both a public deforestation policy and a programme of actions to support it. • Chair tenure: LGIM believe the role of Chair should be refreshed regularly in line with best practice. • Chair independence: Concerns over the lack of independence on the board. • Committee independence: The director was not independent and sits on a Board Committee that LGIM believe should be comprised only of independent directors. • Diversity: A vote against is applied because of a lack of progress on gender diversity on the board. LGIM expects boards of the largest UK companies to have at least 40% female representation, and at least one ethnically diverse director. 				
Date of Vote	23 January 2025	Voting Decision	Against	Outcome	Passed

Fund	UUPS Global Emerging Market Equity (managed by Schroders)				
Company	China Petroleum & Chemical Corporation				
Item	Election of a director, three supervisors, and the authority to issue shares without preemptive rights.				
Stewardship priority	Corporate governance				
Rationale	<p>China Petroleum & Chemical Corporation a Chinese oil and gas enterprise.</p> <p>In China's "two-tiered" corporate governance system, both company directors and supervisors are subject to an election by shareholders. The supervisor's role is intended to oversee the board of directors and senior management to protect shareholder and company interests, not to make business decisions or vote in shareholder meetings.</p> <p>Schroders voted against the election of a director and three supervisors. The reason for not approving the director was due to concerns around insufficient independence of the board, and insufficient gender diversity. As regards the supervisors, Schroders chose not to vote for their election on the grounds that none of the individuals were independent, and the board of supervisors represented less than one third of the Board.</p> <p>In relation to a management proposal to issue shares without preemptive rights (offering new shares without the existing shareholders' legal right to first refusal on those shares), Schroders voted against this as such an action risked diluting existing shareholders' percentage of the company ownership.</p>				
Date of Vote	28 June 2024	Voting Decision	Against	Outcome	Pass