

Implementation Statement for the year ended 5 April 2023

Purpose

This statement provides information on how, and the extent to which, the Trustee of the Sicame Electrical Developments Limited Pension Scheme (the "Scheme") has followed its policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 5 April 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

The Trustee has received training on Environmental, Social and Governance ("ESG") issues from its Investment Adviser, XPS Investment ("XPS") and discussed its beliefs around those issues. This enabled the Trustee to consider how to update its policy in relation to ESG and voting issues which, up until that point, had simply been a broad reflection of the investment managers' own equivalent policies. The Trustee has also received training on new requirements for the Scheme's SIP, including the need to address stewardship in more detail, and the need to explain the incentives the Trustee uses to encourage its investment managers to align their investment strategy with the Trustee's policies and to ensure that decisions are based on long-term performance. The Trustee's policies were documented in the Statement of Investment Principles ("SIP") dated May 2022 and can be found in the most recent SIP available on the Principal Employer's website.

The Trustee's updated policy

The Trustee believes that there can be financially material risks relating to ESG issues. The Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustee requires the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustee seeks advice from XPS on the extent to which its views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there weren't any new manager selection exercises.

Ongoing governance

The Trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustee's requirements as set out in this statement. Further, the Trustee has set XPS objectives which, among other things, aim to ensure that any selected managers reflect the Trustee's investment beliefs and views, which therefore by nature includes ESG (along with climate change) and stewardship.

During the reporting year, the Trustee commissioned a report from XPS on the extent to which ESG considerations are incorporated into the investment processes of the investment manager organisations appointed to the Scheme. The Trustee recognises that the level of ESG integration within the investment processes is dependent on the asset class in question.

This report was discussed at a meeting with the Trustee on 11 August 2022. One of the areas considered by the report was stewardship, which relates to influencing a company in which the Scheme is ultimately invested via the funds held within the Scheme’s portfolio. Companies can be influenced through meaningful engagement and using voting rights to drive long term positive change in their policies and practices. The report rated each investment manager organisation in this area and on ESG matters overall. The Trustee concluded that the ESG capabilities of the investment managers were satisfactory for the Scheme overall, but noted that there were areas for improvement for some of the funds in which the Scheme invests. ESG issues will be kept under review as part of an annual monitoring process and the Trustee will communicate its concerns with the relevant investment manager organisations when, for example, they present at meetings.

A Responsible Investment Framework paper was also discussed at the 11 August meeting. This paper discussed how the Trustees could refine their current approach to ESG. Beyond the governance work currently undertaken, the Trustee believes its approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually. Stewardship and ESG matters are therefore regularly discussed at Trustee meetings.

Adherence to the Statement of Investment Principles

During the reporting year the Trustee is satisfied that it has followed its policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to public equities, and investments in equities will also form part of the strategy for the diversified growth fund in which

the Scheme invests. In addition, the Scheme invests in equity-linked LDI funds that provide exposure to equities via derivatives rather than via physical equities, and as a result there are no voting rights involved. A summary of the voting behaviour and most significant votes cast by each of the relevant investment managers is shown below.

Despite efforts to obtain data on significant voting behaviour carried out by BlackRock during the period 1 January to 5

April 2023, only data relating to 1 significant vote had been provided at the time of issuing this statement. Voting data has been obtained for the reporting period for abrdn, however the results of the voting activity had not been provided at the time of issuing this statement. XPS will continue to ask for this data and will make it available to the Trustee upon receipt. The Trustee is satisfied with what has been classed as a ‘significant vote’ by each investment manager, at least in the short- to-medium term, knowing that this will be considered further with subsequent statements.

BlackRock Aquila Life Connect Emerging Markets Fund

Voting Information
BlackRock are signatories to the UK Stewardship Code.
The manager voted on 99% of resolutions of which they were eligible out of 37,097 eligible votes.

Investment Manager Client Consultation Policy on Voting

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. They believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, we believe BlackRock has a responsibility to monitor and provide feedback to companies, in our role as stewards of our clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance ("ESG") matters and, for those clients who have given us authority, through voting proxies in the best long-term economic interests of our clients. We also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with our clients' interests as long-term shareholders.

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with our view of what supports sustainable long-term value creation, we will engage with a company and/or use our vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides us with the opportunity to improve our understanding of the business and ESG risks and opportunities that are material to the companies in which our clients invest. As long-term investors on behalf of clients, we seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where we believe they could be enhanced. We primarily engage through direct dialogue but may use other tools such as written correspondence to share our perspectives. Engagement also informs our voting decisions.

BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. These high-level Principles are the framework for our more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe our philosophy on stewardship (including how we monitor and engage with companies), our policy on voting, our integrated approach to stewardship matters and how we deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews our Global Principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

Our Global Principles available on our website at <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

Investment Manager Process to determine how to Vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets. We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy ourselves, but the client would engage a third-party voting execution platform to cast the votes.

How does this manager determine what constitutes a 'Significant' Vote?

BlackRock Investment Stewardship prioritizes its work around themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance. Our year-round engagement with clients to understand their priorities and expectations, as well as our active participation in market-wide policy debates, help inform these themes. The themes we have identified in turn shape our Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which we look at the sustainable long-term financial performance of investee companies.

We periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Does the manager utilise a Proxy Voting System?

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

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those

companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.

In summary, proxy research firms help us deploy our resources to greatest effect in meeting client expectations

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients' assets, using our voice as a shareholder on their behalf to ensure that companies are well led and well managed
- We use proxy research firms in our voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial
- We do not follow any single proxy research firm's voting recommendations and in most markets, we subscribe to two research providers and use several other inputs, including a company's own disclosures, in our voting and engagement analysis
 - We also work with proxy research firms, which apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Grupo Mexico S.A.B. de C.V.	Annual election of board members	Against	Pass

BIS determined that it is in the best interests of clients as long-term shareholders to not support the director bundled ballot election at the 2022 AGM. The company have not updated their sustainability related reporting, and in particular, their climate-related disclosures since the release of their "2020 Sustainable Development Report." In addition, the company have not addressed shareholder concerns, including BlackRock's, regarding the quality and effectiveness of their Board of Directors.

BIS will continue to engage Grupo México to share their concerns and to encourage the company to clearly articulate how the board oversees executive leadership's approach to material risks and opportunities, and the company's strategy overall, in alignment with shareholders' long-term interests. BIS will also aim to gain further insight into the company's plans to update their environmental and social-related disclosures.

Voting Information

abrdn Diversified Growth Fund

abrdn are signatories to the UK Stewardship Code.

The manager voted on 93% of resolutions of which they were eligible out of 9,942 eligible votes.

Investment Manager Client Consultation Policy on Voting

abrdn will consult with clients who have a segregated mandate in place.

Investment Manager Process to determine how to Vote

abrdn's voting policy is on their website.

https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf

How does this manager determine what constitutes a 'Significant' Vote?

abrdn view all votes as significant and vote all shares globally for which they have voting authority, unless there are significant voting obstacles such as shareblocking. In line with PLSA requirements abrdn identify and record what they deem to be the most significant votes across all of their holdings. They have identified five categories of votes they consider as significant and have ordered these based their view of their importance. This enables abrdn to provide a specified number of votes across a client's portfolio upon request. Members of abrdn's Central ESG Investment Function carry out a monthly review to identify and categorise significant votes. These categories and details of the underlying votes captured are as follows:

Significant Vote Category 1 ('SV1'): High Profile Votes

- Focus on votes which received public and press interest with a focus on abrdn's large, active holdings
 - Focus on votes which reflect significant governance concerns regarding the company
 - Resolutions proposed by abrdn

Significant Vote Category 2 ('SV2'): Shareholder and Environmental & Social (E&S) Resolutions

- Votes on shareholder E&S proposals where abrdn have engaged with the proponent or company on the resolution
 - Votes on management-presented E&S proposals
- Focus on shareholder proposals where abrdn have voted contrary to management recommendations

Significant Vote Category 3 ('SV3'): Engagement

- Focus on resolutions where abrdn have engaged with the company on a resolution
- Focus on resolutions where post-engagement abrdn voted contrary to their custom policy

Significant Vote Category 4 ('SV4'): Corporate Transactions

- Focus on selected votes which have a financial impact on the investment with a focus on acquisitions

Significant Vote Category 5 ('SV5'): Votes contrary to custom policy

- Focus on large active holdings where abrdn have voted contrary to custom policy following analysis

In addition, abrdn's voting policy can also be found on their website:

https://vds.issgovernance.com/repo/2024/policies/Listed_Company_Stewardship_Guidelines.pdf

Does the manager utilise a Proxy Voting System? If so, please detail

abrdn utilise the services of ISS for all of their voting requirements.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Berkeley Group Holdings Plc	Approve Remuneration Policy	Against	Not provided by manager
We voted against this resolution as the new remuneration policy would facilitate the generous one-off LTIP award.			
Telecom Plus Plc	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Not provided by manager
We were not supportive of the 2016 LTIP. On this basis it seemed logical to vote against this resolution.			
JD Sports Fashion Plc	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Not provided by manager
There was no commitment to align the pension contribution rate of incumbent executive with the broader workforce consistent with the Investment Association statement.			
The TJX Companies, Inc.	Prepare Report on Health Care Reform	Against	Not provided by manager
While we recognize the potential risks that a change in legislation could pose, the nature of the proposal makes it unclear as to how the company could quantify and report on such risks. The company currently provides a range of health benefits and has stated its commitment to inclusion and diversity. We encourage it to take the steps it deems necessary to uphold this commitment and be prepared for potential legislative change.			
Walmart Inc.	Prepare Report on Health Care Reform	Against	Not provided by manager
While we recognize the potential risks that a change in legislation could pose, the nature of the proposal makes it unclear as to how the company could quantify and report on such risks. The company currently provides access to affordable healthcare coverage options for its salaried, full-time, part-time, and temporary associates, and a number of other benefits. We encourage it to take the steps it deems necessary to uphold this commitment and be prepared for potential legislative change.			

Signed: BESTrustees Limited

For and on behalf of The Trustee of The Sicame Electrical Developments Limited Pension Scheme

Date: 11 September 2023