

July 2021



# Cushon Master Trust Implementation Statement

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# Background and Implementation Statement

## Background

The Department for Work and Pensions (DWP) is increasing regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and schemes need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their statement of investment principles (SIP) and demonstrate adherence to these policies in an annual implementation statement.

## Statement of Investment Principles (SIP)

The Cushon Master Trust has updated its SIP (latest dated 11 January 2021) in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments
- an explanation of how the default strategy is in the best interest of members

The SIP can be found online at the web address <https://www.salvustrust.com/scheme-governance-reporting.php>. Changes to the SIP are detailed on the following page.

## Implementation Statement

This implementation statement provides evidence that the Cushon Master Trust continues to follow and act on the principles outlined in the SIP. This report details:

- actions the Master Trust has taken to manage financially material risks and implement the key policies in its SIP
- the steps in place to ensure the default strategy remains in the best interest of its members
- the current approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Master Trust has followed policies on engagement covering engagement actions with its fund managers, and in turn the engagement activity of those fund managers with the companies in the investment funds
- voting behaviour covering the reporting year up to 31 December 2020 for and on behalf of the Master Trust, including the most significant votes cast on behalf of the Master Trust

### Summary of key actions undertaken over the Master Trust's reporting year

- As part of the Scheme's wider investment strategy review, the Trustees agreed a move in investment platform from Aegon to Mobius Life. The Trustees had previously concluded that they wished to move away from the Aegon investment platform and during the year they asked their Investment Adviser, Isio, to formally comment on the suitability of Mobius Life as a platform provider. Thereafter, notice was served to Aegon and work in transitioning from the Aegon to the Mobius Life investment platform is underway and is expected to be completed in 2021.
- During the year, the Trustees introduced a new Scheme default arrangement, which is currently only being used for the Cushon section of the Scheme. The aim is to roll out this new default strategy, the Cushon Flexible Retirement strategy, across the entire Scheme. Work on the transition to the Cushon Flexible Retirement strategy will begin when the investment platform move is completed. This default has a focus on explicit integration of ESG factors.
- During 2020, it was agreed that the Ascot Lloyd Pension Trust would transfer to the Cushon Master Trust. The active Scheme members joined on 1 October 2020, with the transfer of the deferred scheme assets taking place on 29 January 2021. This transfer introduced another default to the Scheme, as determined by the transferring Trustees. Members are provided with a default investment from a range of Retirement Age Funds (RAFs), with the relevant RAF based on members' assumed normal retirement age (Age 65).
- Finally, the Trustees reviewed the investment governance processes during the year to ensure that stewardship was addressed in more detail. Further detail on the engagement and voting activity is detailed later within this report.

### Implementation Statement

This report demonstrates that the Cushon Master Trust has adhered to its investment principles and policies for managing financially material consideration including ESG factors and climate change.



Signed:

Position: Chair of Trustees

Date: 23 July 2021

# Managing risks and policy actions

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Value for members risk	The risk that the Master Trust fails to offer value for members.	The Trustees review 'value for members' at each quarterly Trustee meeting with a formal review taking place on an annual basis, to ensure members continue to get value for money.	<p>There have been no changes to the policy over the reporting year.</p> <p>Details of the 2020 value for members assessment are included in the Chair's Statement.</p> <p>Costs and charges have been a key focus when considering investment strategy and platform changes.</p> <p>The Trustees' default strategies are selected in the best interest of the majority of members and beneficiaries, and the Trustees undertake periodic reviews on the suitability of the strategies.</p> <p>A member survey took place during the year which asked members to provide their views and concerns on investment choices. The responses will be considered as part of the Scheme investment strategy review.</p>
Inflation Risk	The risk that the purchasing power of members' investment account is not maintained.	The Trustees have offered a range of funds reflecting asset classes expected to provide long term returns in excess of price inflation.	<p>There have been no changes to the policy over the reporting year.</p> <p>Details of the range of funds available for members to invest in, including the default fund(s), are contained within the Chair's Statement and Member Portal.</p>
Pension Purchase Risk	The risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained.	This risk cannot easily be mitigated as it depends on market conditions for annuity rates at retirement. However, the default strategies (aside from the default funds used within the legacy Spinnaker Master Trust) gradually de-risk	<p>There have been no changes to the policy over the reporting year.</p> <p>However, the new Scheme default introduced during the year, the Cushon Flexible Retirement strategy, includes</p>



		<p>as members approach retirement, including an increased allocation to bonds up to fifteen years (Cautious Lifestyle) and 10 years (Balanced Lifestyle and Cushon Flexible Retirement) from retirement which are designed to provide an extent of annuity price matching. Bond funds are also available within the self-select fund range for those members who would like to hedge annuity price movements more explicitly.</p> <p>For the default funds used within the legacy Spinnaker Master Trust, members joining with greater than two years to expected retirement date were defaulted into an option with a 50% allocation to gilts and corporate bonds and 50% to equities. This allocation would be expected to provide an element of matching versus annuity prices. Members within two years of retirement were placed in cash assets to meet their short term expectations.</p>	<p>a 10 year de-risking period targeting a flexible retirement.</p> <p>In addition, the Ascot Lloyd Retirement Age default fund(s) follows a glide path, based on member's retirement age, designed to allow for continued growth in retirement.</p> <p><b>The Statement of Investment Principles was updated with these changes in December 2020.</b></p>
Capital Risk	<p>The risk that the value of any element used to provide a cash sum at retirement is not maintained.</p>	<p>To mitigate this risk, the default strategies (aside from the default funds used within the legacy Spinnaker Master Trust and Cushon Flexible Retirement) de-risk into cash starting five years from retirement. The self-select fund range includes a cash fund option for members prioritising capital preservation. None of the investment options offered guarantee return of capital or a particular rate of investment return.</p>	<p>There have been no changes to the policy over the reporting year.</p> <p>However, the new Scheme default introduced during the year, the Cushon Flexible Retirement strategy, includes a 10 year de-risking period targeting a flexible retirement.</p> <p>This default is only available to employees in the Cushon section but the intention is that this default will be rolled out across the whole Scheme during 2021.</p> <p>In addition, the Ascot Lloyd Retirement Age default fund(s) follows a glide path, based on the member's retirement age, designed to allow for continued growth in retirement.</p> <p><b>The Statement of Investment Principles was updated with these changes in December 2020.</b></p>

			As part of the Scheme investment strategy review, the Trustees will be reviewing the at-retirement options and will consider the FCA Pathways.
Passive Manager Risk	The risk that passive investments do not track their respective benchmark index effectively.	The Trustees have mitigated this risk by taking advice from their Investment Adviser, Isio, in relation to passive investments. Isio agree with primarily using passive managers in order to keep fund costs competitive. The Trustees monitor how effectively the Scheme passive investments track their benchmarks as part of ongoing investment governance.	There have been no changes to the policy over the reporting year with the Trustees continuing to monitor on an ongoing basis how effectively the Scheme's passive investments track their benchmark. Detail on investment performance is contained within the annual Chair's Statement.
Active Manager Risk	The risk that active investments underperform.	The Trustees have mitigated this risk by taking advice from its Investment Adviser, Isio, in relation to active asset management. Active managers will be used primarily in the self-select investment range. The Investment Adviser considers a wide range of funds, diversified across asset class, sub-asset class and investment manager to reduce the active manager risk.	There have been no changes to the policy over the reporting year with the Trustees continuing to monitor on an ongoing basis how effectively the Scheme's active investments perform against their benchmark in conjunction with their Investment Adviser. Detail on investment performance is contained within the annual Chair's Statement.
Communication Risk	The risk that communication to members is misleading or unclear and leads to inappropriate decisions being made.	This is addressed through the Trustees receiving advice from their advisers and regular monitoring and updates, where appropriate, of member communications. This is reported on a quarterly basis via the administration report.	There have been no changes to the policy over the reporting year.  The Trustees have a Communicating with Employers and Members policy, which is referred to on an ongoing basis and is formally reviewed at least annually. Advice is taken, where necessary.
Inappropriate Member Decision	The risk that members make inappropriate decisions regarding their investments.	This is addressed where possible through communication to members and the recommendation that members seek independent financial advice and/or guidance, including signposting to PensionWise. The Trustees have also offered default strategies (aside from the default funds used within the legacy Spinnaker Master Trust) with a "lifestyling element" designed to phase	There have been no changes to the policy over the reporting year.  The Trustees have a Communicating with Employers and Members policy, which is referred to on an ongoing basis and is formally reviewed at least annually. Advice is taken, where necessary.

		members into lower risk investments as they approach retirement.	The full range of investment funds and their factsheets are available on the Scheme website and Member Portal.
Organisational Risk	The risk of inadequate internal processes leading to problems for the Scheme.	This is addressed through a regular monitoring of the Investment Managers and advisers.	There have been no changes to the policy over the reporting year.  The Trustees review the Investment Managers and all advisers at least annually in line with their Managing Service Providers Policy.
Liquidity Risk	The risk that members are not able to realise the value of their funds when required.	The Trustees have addressed this risk by only offering funds which are considered liquid. However, some of the underlying investments in those funds may be less liquid (for example property). In this case whilst the funds offered are usually daily dealing, there is a risk that these funds may suspend investment or redemption requests in periods of extreme market volatility.	On 4 December 2019, dealing on the M&G Property Fund was suspended. The fund is still being actively managed but it means that instructions to buy or sell units in this fund were not being accepted. Since the end of the reporting period M&G announced the reopening of this fund. Advice from Isio was received that they would not recommend this fund. All affected members were contacted and transfers out of this fund have now been completed..
Concentration Risk	The risk that the Scheme's share of a fund becomes too significant.	The Trustees consider concentration risk when setting the default investment strategy, in conjunction with their Investment Adviser.  Concentration risk is routinely monitored as part of the quarterly investment reporting from the Investment Adviser.	There have been no changes to the policy over the reporting year.  The Scheme currently invests in pooled funds alongside other institutional investors.  There were no concerns around concentration risk over the reporting period.
ESG Risk	The risk of adverse performance due to ESG related factors including climate change.	This is addressed by ESG assessment at the initial due diligence and appointment of the Investment Manager where applicable, and by requesting information on the ESG policies adopted by the Investment Manager to ensure they align with Trustee views.	The updated ESG policy was reviewed by the Trustees as part of the SIP and IID update in September 2019 and September 2020. This detailed how the Trustees have considered environmental, social and governance (ESG) factors in making investment decisions and their policy towards stewardship.  More detail of the ESG work and implementation are presented later in this report.

Other Risks	The Trustees do identify other risks including but not limited to political, regulatory, and market risks which are considered in the Investment Strategy and its execution and on-going monitoring.	Many of these risks are monitored through a Risk Register which is maintained and mitigating actions and controls tracked on a quarterly basis with a formal annual Risk Register review taking place to support the governance of the Scheme.	There have been no changes to the policy over the reporting year. The Trustees continue to review the risk register on a quarterly basis with a formal annual review being completed.
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# Changes to the Statement of Investment Principles (SIP)

## Policies added to the SIP

Date updated: December 2020

January 2020	The Trustees had made changes to their SIP prior to 1 October 2019 in order to document how they considered environmental, social and governance (ESG) factors in making their investment decisions and their policy towards stewardship. A further review to enhance the detail provided on ESG within the SIP was then completed.
July 2020	A routine review of the SIP by the Scheme's legal adviser took place to ensure the legislative and the Pensions Regulator requirements had been documented accurately.
September 2020	The Trustees expanded their SIP to address stewardship in more detail and to set out the Trustee policies in relation to investment management arrangements, as required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations.
November 2020	A new default was added to the Scheme for the members within the Cushon section.
December 2020	<p>Enhancements were made to the default for the Cushon section of the Scheme following completion of a full investment strategy review.</p> <p>In addition, a further default strategy was added to the Scheme as a result of the active members of the Ascot Lloyd Pension Trust joining the Scheme.</p>

# Implementing the current Responsible Investing policy and approach

## Responsible Investing as a financially material risk

The SIP describes the Master Trust's current policy with regard to Responsible Investing as a financially material risk, broken down into:-

- Corporate Governance and Stewardship
- Financially Material Investment Considerations
- Not Financially Material Investment Considerations

As part of the investment strategy changes and investment platform consolidation taking place over 2021, the Trustees are updating their responsible investing principles, and these will form a key part of their investment beliefs.

Further details of the policy changes implemented as part of the 2021 review will be included in next year's report.

Trustee Training is important to make sure the Trustee Board as a whole has the skills, knowledge and understanding to run the Scheme properly. In January 2021, the Trustee Board was increased to 4 with all Trustees being independent professional Trustees. All of the Trustees have sought and achieved professional pensions accreditation, have completed the Pensions Regulator (TPR) Trustee Toolkit and are subject to ongoing Continued Professional Development requirements.

An exercise is carried out annually to formally assess the Trustees knowledge, understanding and skills and evaluate the decisions they have made over the past year.

During 2020 the Trustees completed training in investments and financial oversight.

# Engagement

As the Master Trust invests via fund managers, we have requested details on engagement actions from the managers of all of the default strategies, including a summary of the engagements by category for the 12 month period to 31 December 2020. There have been challenges in obtaining the required level of engagement reporting and where data is not available this has been recorded below. BlackRock were the only manager who were able to provide engagement information at a fund level and this is defined as a meeting with a company where meaningful dialogue occurred.

Any new fund managers that are added to the Scheme must confirm compliance with these reporting requirements prior to appointment, in line with the Scheme procurement process.

The Trust Deed states that the Trustees have power to delegate their investment powers and may appoint investment managers, custodians or nominees to hold assets on their behalf.

## Cushon Default

Fund name(s)	Underlying Fund name	Engagement summary	Commentary
Cushon Growth & Retirement Funds	L&G Future World Developed (ex UK) Equity Index Fund	No data available.	We requested this data from L&G, however, they are currently unable to produce this level of reporting. We are working with them to ensure that this data is available in future.
	L&G Future World UK Equity Index Fund		
	L&G Global Real Estate Equity Fund		
	L&G Developed Core Infrastructure Index Fund		
	L&G All Stocks Index-Linked Gilts Index Fund		
	BlackRock Aquila Connect Emerging Markets Equity Fund	Total engagements: 397 Environmental: 278 Social: 160 Governance: 371	At firm-level, BlackRock engages with many companies and informs clients about its engagement and voting policies through various forms of communication. The Investment Stewardship team is responsible for encouraging sound corporate governance practices and encouraging companies to deliver long-term, sustainable growth and returns for clients through engagement and proxy voting.  BlackRock have not provided any specific examples of significant engagement activity.
	Vanguard Global Small Cap Index Fund	No data available.	We requested this data from Vanguard, however, they are currently unable to produce this level of reporting. We are working with them to ensure that this data is available in future.

			Vanguard produce an annual stewardship report that outlines their engagement with companies over the year, but this data is not available at a fund level.
	BlackRock Aquila Connect Corporate Bond All Stocks Index Fund	No data available.	We requested this data from BlackRock, however, they are currently unable to provide engagement data for non-equity funds. We are working with them to ensure that this data is available in future.

#### Salvus Cautious and Balanced Lifestyle Defaults

Fund name(s)	Underlying Fund name	Engagement summary	Commentary
Scottish Equitable BlackRock Aquila UK Equity Index	BlackRock ACS UK Equity Tracker Fund	Total engagements: 2,749  Environmental: 1,610  Social: 1,171  Governance: 2,555	See previous commentary on BlackRock.
Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	BlackRock ACS World ex UK Equity Tracker Fund	Total engagements: 1,502  Environmental: 937  Social: 692  Governance: 1,377	
Scottish Equitable BlackRock Aquila Over 5 Years UK Index-Linked Gilt Index	BlackRock iShares Index Linked Gilt Index Fund (UK)	No data available.	We requested this data from BlackRock, however, they are currently unable to provide engagement data for non-equity funds. We are working with them to ensure that this data is available in future.
Scottish Equitable BlackRock Aquila Corporate Bond Index All Stocks	BlackRock iShares Corporate Bond Index Fund (UK)		
BlackRock UK Gilts All Stocks Tracker	BlackRock iShares UK Gilts All Stocks Index Fund (UK)		
Aegon Cash	Aegon Scottish Equitable Pension Cash Fund	No data available.	We requested this data from Aegon, however, they are currently unable to provide engagement data for non-equity funds. We are working with them to ensure that this data is available in future.

#### Former Spinnaker Default

Fund name(s)	Underlying Fund name	Engagement summary	Commentary
Aegon BlackRock 50/50 Bond & Equity Fund	BlackRock ACS 50/50 Global Equity Tracker Fund	Total engagements: 1,848  Environmental: 1,086	See previous commentary on BlackRock.

		Social: 807	
		Governance: 1,694	
	BlackRock iShares Over 15 Years Corporate Bond Tracker Fund	No data available.	We requested this data from BlackRock, however, they are currently unable to provide engagement data for non-equity funds. We are working with them to ensure that this data is available in future.
	BlackRock iShares Over 15 Years UK Gilt Tracker Fund		

#### Former Ascot Lloyd Default

Fund name(s)	Underlying Fund name	Engagement summary	Commentary
Mobius Life Equity Accumulation Fund & Retirement Age Funds	BlackRock Aquila Connect Emerging Markets Equity Fund	Total engagements: 397  Environmental: 278  Social: 160  Governance: 371	See previous commentary on BlackRock.
	L&G UK Equity Index Fund	No data available.	We requested this data from L&G, however, they are currently unable to produce this level of reporting. We are working with them to ensure that this data is available in future.
	L&G Europe (ex UK) Equity Index Fund		
	L&G North America Equity Index Fund		
	L&G Japan Equity Index Fund		
	L&G Asia Pacific (ex Japan) Developed Equity Index Fund		
	L&G Over 5 Year Index-Linked Gilts Index Fund		
	L&G All Stocks Gilts Index Fund		
	L&G AAA-AA-A Corporate Bond All Stocks Index Fund		
	L&G Over 15 Year Gilts Index Fund		
	L&G AAA-AA-A Corporate Bond Over 15 Year Index Fund		
	L&G Cash Fund		

#### Former HS Admin Default

Fund name(s)	Underlying Fund name	Engagement summary	Commentary
Aegon Balanced Passive Fund	BlackRock Consensus 85 Fund	<p>Total engagements: 2,827</p> <p>Environmental: 1,652</p> <p>Social: 1,203</p> <p>Governance: 2,630</p>	See previous commentary on BlackRock.



# Voting (for equity/multi asset funds only)

As the Master Trust invests via fund managers, we have requested details of voting actions from the managers of all equity and multi-asset funds within the default strategies, including a summary of the activity for the 12 month period to the end of 2020. We also requested examples of most significant votes. Generally, holders of debt instruments have no voting rights.

## Cushon Default

Fund name(s)	Underlying Fund name	Voting summary	Examples of significant votes	Commentary
Cushon Growth & Retirement Funds	L&G Future World Developed (ex UK) Equity Index Fund	<p>Meetings eligible to vote at: 1,647</p> <p>Resolutions eligible to vote on: 20,894</p> <p>Resolutions voted: 99.9%</p> <p>Votes for management: 79.7%</p> <p>Votes against management: 20.1%</p> <p>Abstained from voting: 0.2%</p>	<p>Olympus Corporation – L&amp;G sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that they expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, L&amp;G announced that they would commence voting against the chair of the nomination committee to signal that the company needed to act on this issue.</p> <p>Medtronic plc - following the end of the financial year, executive directors were granted a special, one-off award of stock options to compensate for no bonus being paid out during the financial year. L&amp;G voted against the one-off payment as they are not supportive of one-off awards particularly when performance criterion/criteria have not been met.</p>	<p>L&amp;G's Investment Stewardship team manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness.</p> <p>L&amp;G produce an annual Active Ownership report to summarise how they have worked towards creating sustainable value for clients.</p>
	L&G Future World UK Equity Index Fund	<p>Meetings eligible to vote at: 469</p> <p>Resolutions eligible to vote on: 7,247</p> <p>Resolutions voted: 100.0%</p> <p>Votes for management: 93.8%</p>	<p>International Consolidated Airlines Group – L&amp;G voted against a remuneration report as they were concerned about the level of bonus payments, which are 80% to 90% of current salary for executives and 100% of salary for the departing CEO. L&amp;G would have expected</p>	<p>See previous commentary on L&amp;G.</p>

		<p>Votes against management: 6.2%</p> <p>Abstained from voting: 0.0%</p>	<p>the remuneration committee to exercise greater discretion considering the financial situation of the company, and to reflect the stakeholder experience (employees, customers and shareholders).</p> <p>SIG plc – L&amp;G voted against granting the interim CEO a one-off award of £375,000 for work carried out over a two-month period (February - April). L&amp;G does not generally support one-off payments and believe that the remuneration committee should ensure that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility.</p>	
	L&G Global Real Estate Equity Fund	<p>Meetings eligible to vote at: 395</p> <p>Resolutions eligible to vote on: 4,100</p> <p>Resolutions voted: 99.5%</p> <p>Votes for management: 83.4%</p> <p>Votes against management: 16.5%</p> <p>Abstained from voting: 0.1%</p>	<p>L&amp;G did not provide any examples of significant votes carried out for the fund.</p>	<p>See previous commentary on L&amp;G.</p>
	L&G Developed Core Infrastructure Index Fund	<p>Meetings eligible to vote at: 154</p> <p>Resolutions eligible to vote on: 1,920</p> <p>Resolutions voted: 100.0%</p> <p>Votes for management: 81.8%</p> <p>Votes against management: 18.2%</p> <p>Abstained from voting: 0.1%</p>		
	BlackRock Aquila Connect Emerging Markets Equity Fund	<p>Meetings eligible to vote at: 2,417</p> <p>Resolutions eligible to vote on: 22,849</p> <p>Resolutions voted: 97.1%</p>	<p>Korea Electric Power Corp. ('KEPCO') – BlackRock were disappointed that KEPCO approved the company's investment in a coal-fired power plant project in Indonesia. To reflect this,</p>	<p>BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holdings directors</p>

		<p>Votes for management: 91.3%</p> <p>Votes against management: 8.7%</p> <p>Abstained from voting: 3.0%</p>	<p>they voted against the re-election of three incumbent directors at the company, holding them to account for a decision that contradicts KEPCO's existing climate strategy.</p>	<p>accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.</p>
	Vanguard Global Small Cap Index Fund	<p>Meetings eligible to vote at: 4,651</p> <p>Resolutions eligible to vote on: 46,856</p> <p>Resolutions voted: 100.0%</p> <p>Votes for management: 95.3%</p> <p>Votes against management: 4.7%</p> <p>Abstained from voting: 0.1%</p>	<p>Vanguard did not provide examples most significant votes carried out for the fund.</p>	<p>The Vanguard Investment Stewardship team aims to cast proxy votes at all meetings. Each fund advised by Vanguard has adopted a voting policy, which details the general positions of the funds on recurring proxy proposals at public companies. In some cases, country-specific guidelines for key markets are applied.</p> <p>An experienced team of analysts evaluates each proposal on a case-by-case basis and casts the funds' votes in accordance with their voting guidelines and based on the analysis of the impact of the proposal on long-term value.</p>

#### Salvus Cautious and Balanced Lifestyle Defaults

Fund name(s)	Underlying Fund name	Voting summary	Examples of significant votes	Commentary
Scottish Equitable BlackRock Aquila World (Ex-UK) Equity Index	BlackRock ACS World ex UK Equity Tracker Fund	<p>Meetings eligible to vote at: 2,185</p> <p>Resolutions eligible to vote on: 26,839</p> <p>Resolutions Voted: 93.2%</p> <p>Votes for management: 93.9%</p> <p>Votes against management: 6.1%</p> <p>Abstained from voting: 0.3%</p>	<p>Mizuho Financial Group – Mizuho received a shareholder proposal requesting that as part of annual reporting, they disclose how they align investments with the goals of the Paris Agreement. BlackRock voted against this proposal. They felt the additional reporting was not needed as Mizuho are already making good progress with their sustainability integration and recently released a 5 year business plan for strengthening their environmental policies.</p>	<p>See previous commentary on BlackRock.</p>
Scottish Equitable BlackRock	BlackRock ACS UK Equity Tracker Fund	<p>Meetings eligible to vote at: 769</p>	<p>Volkswagen AG – BlackRock have concerns with the insufficient level of independence on the</p>	<p>See previous commentary on BlackRock.</p>

Aquila UK Equity Index		Resolutions eligible to vote on: 11,035	Supervisory Board and its sub-committees. They therefore voted against the discharge of nomination committee members due to the insufficient level of independence.  National Fuel Gas Company - given the significant material climate risks for the company, BlackRock would have expected the company to be farther along in its reporting. In line with BlackRock's approach of holding directors accountable when a company is not effectively addressing a material issue, they voted against the Chair of the Audit Committee and longest tenured director up for election because of the company's lagging disclosure related to the oversight and management of climate-related risks and the materiality of the risk to the company.
		Resolutions Voted: 100.0%	
		Votes for management: 95.2%	
		Votes against management: 4.8%	
		Abstained from voting: 0.7%	

#### Former Spinnaker Default

Fund name(s)	Underlying Fund name	Voting summary	Examples of significant votes	Commentary
Aegon BlackRock 50/50 Bond & Equity Index Fund	BlackRock 50/50 Global Equity Tracker Fund	Meetings eligible to vote at: 2,715	AGL Energy Ltd. – BlackRock voted against an amendment to the Company's constitution. BlackRock are generally not supportive of constitutional amendment resolutions. BlackRock also voted in favour of coal closure dates put forward by the company, as whilst BlackRock recognise the regulatory challenges and energy requirements that AGL faces, their support for this proposal is intended to encourage the company in its efforts to proactively manage the climate risk in its business model.	See previous commentary on BlackRock.
		Resolutions eligible to vote on: 35,222		
		Resolutions voted: 95.1%		
		Votes for management: 94.3%		
		Votes against management: 5.7%		
		Abstained from voting: 0.4%		

#### Former Ascot Lloyd Default

Fund name(s)	Underlying Fund name	Voting summary	Examples of significant votes	Commentary
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Mobius Life Equity Accumulation Fund & Retirement Age Funds	L&G UK Equity Index Fund	<p>Meetings eligible to vote at: 894</p> <p>Resolutions eligible to vote on: 12,468</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 93.1%</p> <p>Votes against management: 6.9%</p> <p>Abstained from voting: 0.0%</p>	<p>Pearson - the company put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution was seeking shareholder approval for the grant of a co-investment award, yet if this resolution was not passed the proposed new CEO would not take up the CEO role. This is an unusual approach and many shareholders felt backed into a corner, whereby they were keen for the company to appoint a new CEO but were not happy with the plan being proposed. L&amp;G took the decision to vote against the remuneration policy.</p>	See previous commentary on L&G.
	L&G Europe (ex UK) Equity Index Fund	<p>Meetings eligible to vote at: 635</p> <p>Resolutions eligible to vote on: 10,402</p> <p>Resolutions voted: 99.9%</p> <p>Votes for management: 84.2%</p> <p>Votes against management: 15.5%</p> <p>Abstained from voting: 0.4%</p>	<p>Lagardere – shareholder, Amber Capital, put forward a resolution due to the opinion that the company strategy was not creating value for shareholders, that the board members were not sufficiently challenging management on strategic decisions, and for various governance failures. L&amp;G engaged with both Amber Capital, where they were able to speak to the proposed new Supervisory Board Chair, and Lagardere, where they spoke to the incumbent SB Chair. Following this, L&amp;G voted in favour of Amber's proposed resolution.</p>	See previous commentary on L&G.
	L&G North America Equity Index Fund	<p>Meetings eligible to vote at: 804</p> <p>Resolutions eligible to vote on: 9,634</p> <p>Resolutions voted: 100.0%</p> <p>Votes for management: 72.3%</p> <p>Votes against management: 27.7%</p> <p>Abstained from voting: 0.0%</p>	<p>ExxonMobil – following a ranking of corporate climate leaders and laggards, L&amp;G announced that they would be removing ExxonMobil from the Future World fund range and would be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, L&amp;G also announced that they will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying.</p>	See previous commentary on L&G.

	L&G Japan Equity Index Fund	<p>Meetings eligible to vote at: 547</p> <p>Resolutions eligible to vote on: 6,538</p> <p>Resolutions voted: 100.0%</p> <p>Votes for management: 86.7%</p> <p>Votes against management: 13.3%</p> <p>Abstained from voting: 0.0%</p>	<p>Fast Retailing Co. Limited – L&amp;G opposed the election of a new director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to act on a lack of women on the board.</p>	See previous commentary on L&G.
	L&G Asia Pacific (ex Japan) Developed Equity Index Fund	<p>Meetings eligible to vote at: 515</p> <p>Resolutions eligible to vote on: 3,634</p> <p>Resolutions voted: 100.0%</p> <p>Votes for management: 73.2%</p> <p>Votes against management: 26.8%</p> <p>Abstained from voting: 0.0%</p>	<p>Whitehaven Coal – L&amp;G has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of being spent on diversification and growth projects that risk becoming stranded assets. L&amp;G therefore approved a capital protection resolution asking the company for a report on the potential winding-down of the company's coal operations.</p>	See previous commentary on L&G.
	BlackRock Aquila Connect Emerging Markets Equity Fund	<p>Meetings eligible to vote at: 2,417</p> <p>Resolutions eligible to vote on: 22,849</p> <p>Resolutions voted: 97.0%</p> <p>Votes for management: 91.3%</p> <p>Votes against management: 8.7%</p> <p>Abstained from voting: 3.0%</p>	<p>Korea Electric Power Corp. ('KEPCO') – BlackRock were disappointed that KEPCO approved the company's investment in a coal-fired power plant project in Indonesia. To reflect this, they voted against the re-election of three incumbent directors at the company, holding them to account for a decision that contradicts the KEPCO's existing climate strategy.</p>	See previous commentary on BlackRock.

#### Former HS Admin Default

Fund name(s)	Underlying Fund name	Voting summary	Examples of significant votes	Commentary
Aegon Balanced Passive Fund	BlackRock Consensus 85 Fund	No data available.	BlackRock did not provide any examples of significant votes carried out for the fund.	See previous commentary on BlackRock.



