

Morgan Stanley UK Group Pension Plan (the 'Plan') – DC Section

Annual Statement of Investment Principles Implementation Statement – 31 December 2023

Introduction

This statement, written for the benefit of the members of the Morgan Stanley UK Group Pension Plan (the "Plan"), sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed over the 12 months to 31 December 2023. Member AVC benefits invested in AVC policies do not fall within the scope of this Statement.

The SIP is a document drafted by the Trustee in order to help govern the Plan's investment strategy. It details a range of investment-related policies, a summary of which, for the DC Section, is included in the table below, alongside the relevant actions taken by the Trustee in connection with each of these policies.

As required by the legislation, the Trustee has consulted a suitably qualified person and has obtained written advice from its investment consultant, Mercer Limited ("Mercer"). The Trustee believes the investment consultant meets the requirement of Section 35 (5) of the Pensions Act 1995. The Trustee in preparing this Statement has also consulted the sponsoring Company.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Plan Year, which was the SIP dated December 2022.

The first two Sections of this statement sets out the investment objectives of the Plan and changes which have been made to the SIP during the Plan Year, respectively.

The third Section of this statement sets out how, and the extent to which, the policies in the DC Section of the SIP have been followed. The Trustee can confirm that all policies in the SIP have been followed during the Plan Year.

A copy of the SIP is available at <https://www.morganstanley.com/disclosures/the-morgan-stanley-uk-group-pension-plan>.

Sections 3 and 4 include information on the engagement and key voting activities of the underlying investment managers within each Section of the Plan.

Statement of Investment Principles

INVESTMENT OBJECTIVES OF THE PLAN

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

- To make available a range of investment vehicles which serve to adequately meet the varying investment needs and risk tolerances of Plan Members.
- To have the assets managed by investment managers believed to be of high quality, i.e. where there is a suitable level of confidence that the manager/s will achieve their performance objectives.
- To provide a means by which active management can be offered with the flexibility for the Trustee to change managers proactively.
- To monitor the underlying fund range on an ongoing basis and assess whether the Plan's investment options are meeting their objectives.
- To achieve competitive investment management and investment advisor fees.
- To provide a Plan framework which allows the most efficient fund switching possible in order to reduce member's out-of-market risk.

REVIEW OF THE SIP

During 2023 and 2024, the Trustee reviewed the SIP and made some amendments in order to be consistent with Regulations that will be implemented during 2024. These modifications included updates in the SIP with key stewardship priorities chosen by the Trustee as the “most significant votes” and the Trustee’s policy in relation to illiquid assets.

The latest SIP was signed in April 2024, following formal advice from the Trustee’s Investment Consultant (Mercer Limited (“Mercer”)).

ASSESSMENT OF HOW THE POLICIES IN THE SIP HAVE BEEN FOLLOWED FOR THE YEAR TO 31 DECEMBER 2023

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee’s policies in the SIP relating to the DC Section of the Plan.

In summary, it is the Trustee’s view that the policies in the SIP have been followed during the Plan Year.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments.

POLICY

The Diversified Default Option is the default investment option for the Plan. It is a form of lifestyle strategy. Lifestyle strategies are designed to meet the objectives of maximising the value of the member’s assets at retirement and protecting the member’s accumulated assets in the years approaching retirement.

In addition, a range of self-select funds is offered to members within a range of asset classes. It is the policy of the Trustee to offer both actively and passively managed funds depending on the asset class.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

In February 2023, following a review of the main alternative asset classes available in the DC market, the Trustee considered whether adding a Long-Term Assets Fund (LTAF) would enhance the current default investment strategy in terms of risk/return. After careful consideration, the Trustee decided to keep this type of fund under review as the market develops.

In August 2023, a discussion was held in relation to the possibility of reducing the current allocation of cash from 25% to 10% within the Diversified Drawdown Option drawdown glidepath. It was agreed that this topic would be reviewed in more detail as part of the triennial investment strategy review that will be carried out in 2024.

The Trustee monitors the underlying risks by quarterly investment performance reviews. The Trustee formally reviews the Diversified Default Option at least every three years or immediately following any significant change in investment policy or the Plan’s member profile. The last review occurred on September 2021 and encompassed all aspects of the default strategy, in particular, the ongoing appropriateness of the strategy based on member analysis. The conclusions of this review were:

- The Plan is set up to broadly provide a good member outcome for the majority of members, so long as members contribute a sufficient level and the investment returns are in line with or better than the assumptions.
- Drawdown (with a 25% allocation to cash) remained a suitable at-retirement target for the Plan.
- A number of alternative glidepaths were considered, but it was agreed to make no changes to the default glidepath.
- It was agreed to not make available an annuity and cash lifestyles, but to make available a self-select fund which aims to track annuity prices.

The continued suitability of the funds in the self-select fund range was assessed quarterly through performance reporting, once as part of an annual ESG review and through manager meetings (discussed later in this statement).

During 2023, the Trustee considered the following changes to the self-select fund range:

The Trustee considered the addition of a Global Listed Infrastructure fund to the self-select range. The Trustee felt that there was a high degree of commonality between the fund being considered and defensive equities and therefore agreed not to add such a fund at this stage.

The Trustee reviewed whether it was appropriate to replace the current BlackRock regional equity funds with the ESG focused versions. The Trustee reviewed funds available from BlackRock and concluded that the funds on offer were not appropriate for the Plan. The Trustee will continue to review alternative ESG regional funds as they become available.

Taking account of member feedback, the Trustee considered the addition of a new global government bond fund as a new self-select fund. After careful consideration of the universe of funds available, the Trustee decided to add this type of fund and it will be made available to members in July 2024.

Expected return on investments

The investment objectives and expected returns of the individual funds are provided in the Investment Policy Implementation Document (“IPID”). In designing the Diversified Default Option, the Trustee has explicitly considered the trade-off between risk and expected returns.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

A monitoring report is reviewed by the Trustee on a quarterly basis, this includes the performance of the funds that make up the Diversified Default Option and the self-select range. The monitoring report includes how each fund has performed against its specific benchmark and target(s). Monthly performance reports are also provided to the Trustee.

Mercer also provides a Performance Update at each Investment Committee and Trustee meeting with more up to date figures.

Risks, including the ways in which risks are to be measured and managed

POLICY

The Trustee has considered risk from a number of perspectives in relation to the DC Section, including the Diversified Default Option. The Trustee considered both quantitative and qualitative measures as well as how best to manage the various risks facing DC members.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee continues to provide a range of investments which enable members to reflect in their selection of funds the level of risk they wish to take in light of their own individual circumstances. In member facing communications, the Trustee highlights a number of risks that a member may face as a result of investing in any particular funds.

The risks below are not exhaustive, but cover the main risks considered by the Trustee to be financially material. A table is provided on Section 4.2. of the SIP outlining the risks, how they are managed and how they are measured.

- Market Risk

- Interest Rate Risk
- Inflation Risk
- Manager Risk
- Mismatch Risk
- Liquidity Risk
- Concentration Risk
- Sponsor Risk
- Exchange Rate Risk
- Environmental, Social and Governance Risk

The Trustee regularly monitors these risks and the appropriateness of the investment in light of the risks described above.

The Trustee is aware that members have differing time horizons within the Plan and as such, offers a lifestyle option, the Diversified Default Option, that helps to manage a number of risks for members as they approach retirement.

All the underlying managers remained generally highly rated by the Plan’s Investment Consultants during the year. The Trustee continues to be confident of the fund range’s capability of generating good value for members. There were no significant developments for any managers over the year.

Overall, the Trustee is comfortable with the ratings applied by its Investment Consultant and continues to closely monitor the ratings and any significant developments at each of the underlying investment managers.

Investment Mandates

Securing compliance with the legal requirements about choosing investments

POLICY

As required by the legislation, in considering appropriate investments for the Plan, the Trustee has obtained and considered the written advice of a suitably qualified investment consultant, Mercer Limited (“Mercer”). The advice received and arrangements implemented are, in the Trustee’s opinion, consistent with the requirements of Section 36 of the Pensions Act 1995.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

Over the Plan year to 31 December 2023 there have been discussions about the possibility of changing the benchmarks used by the Plan for some funds. The Trustee agreed changes to the Pre-Annuity Fund and Active UK Property Fund benchmarks and these were implemented to Trustee monitoring and member facing documentation (e.g. factsheets).

Realisation of Investments

POLICY

In general, the Plan's investment managers have discretion in the timing of realisation of investments and in considerations relating to the liquidity of those investments. The pooled funds in which the Trustee allows members to invest provide the required level of liquidity. Units in these pooled funds are believed to be readily realisable.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The funds used by the Plan are white labelled funds, some of which are blended funds, accessed via an Investment Platform and are held through a long-term insurance policy issued by Scottish Widows Limited ("Scottish Widows"). The Trustee has legal and beneficial ownership of this policy. These funds invest in daily traded pooled investment funds which hold liquid assets. The investment funds are commingled investment vehicles which are managed by various investment managers. The selection, retention and realisation of assets within the pooled funds are managed by the respective investment managers in line with the mandates of the funds. There were no liquidity issues over the year.

Monitoring the Investment Managers Incentivising asset managers to align their investment strategies and decisions with the Trustee's policies.

POLICY

The underlying investment managers are appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected. The underlying investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the manager.

If the investment objective for a particular manager's fund changes, the Trustee will review the fund appointment to ensure it remains appropriate and consistent with the Trustee's wider investment objectives.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee reviewed the performance of the Plan's funds quarterly. Over the Plan year, fund performances have been mixed, with notable

negative performances for most funds during Q3 2023, given the adverse impact of interest rate rises on economic growth. Nonetheless, the Trustee generally continues to be confident in the asset managers' abilities but continues to monitor the funds' performance (both short term and long term) closely.

Evaluation of asset managers' performance and remuneration for asset management services

POLICY

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over a variety of time periods. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis. Whilst the Trustee's focus is on long-term performance, they also take shorter-term performance into account.

If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustee may review the suitability of the manager, and change managers where required.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee reviewed investment performance at quarterly meetings and informally intra-meeting through monthly performance updates. Whilst the Trustee's focus has been on long-term performance, they also take shorter-term performance into account. Market conditions improved in 2023 with all but one fund realising positive absolute returns over 1 year to 31 December 2023.

The Trustee meets with the underlying investment managers on a regular basis and investment performance is a key component of these meetings. The Trustee met with 10 of their 13 underlying investment managers between 31 December 2022 and 31 May 2024. When the Trustee's regular performance monitoring or changes at a manager raise concerns about specific fund(s) or manager(s), the Trustee will organise to prioritise meeting with the respective manager(s) on a more frequent basis.

The Trustee reviews the investment manager fees as part of the annual Value for Members assessment.

Incentivising the asset manager to make decisions based on assessments about medium

to long-term financial and non-financial performance of an issuer of debt or equity

POLICY

The Trustee considers the investment consultant's assessment of how each underlying investment manager embeds ESG into its investment process and how the manager's responsible investment philosophy aligns with the Trustee's responsible investment policy. This includes the underlying investment managers' policy on voting and engagement. The Trustee will use this assessment in decisions around selection, retention and realisation of manager appointments.

The Trustee aims to meet with 1-2 of the underlying investment managers at each quarterly Investment Committee meeting and challenges decisions made including voting history and engagement activity, as part of the process to ensure the best performance over the medium to long term.

In addition, on an annual basis, it is the Trustee's policy to review the ESG policies of each of the underlying managers in the DC Section along with their voting and engagement records.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee's Investment Committee met with seven of the Plan's managers (plus additional prospective managers) over the year (BlackRock, Baillie Gifford, Ruffer, Western, HSBC, Morgan Stanley Investment Management and Wellington) and a further four of the Plan's managers in the first half of 2024 (BlackRock, Nordea, Sands Capital and Ninety One).

The Trustee's annual ESG review took place during the 6 November 2023 meeting. As part of this review, the Trustee considers their Investment Advisors' ESG ratings for each fund used by the Plan. It was noted that both Morgan Stanley Investment Management funds' ESG ratings had improved and that the BlackRock Gilt funds had recently been assigned ESG ratings. Threadneedle's ESG rating had been downgraded due to improving standards increasing the requirements to achieve their prior rating. The Trustee concluded there were no areas of significant concern, as most managers were in the top quartile of the comparable universe and that those not in the top quartile are showing improvements in their approach, or were in asset classes where it is harder to incorporate ESG into the investment approach. Voting and engagement records are addressed later in this statement.

Monitoring portfolio turnover costs

POLICY

The Trustee considers the DC Section's portfolio turnover costs as part of the annual Value for Members assessment.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

Over the year, the Trustee considered the DC Section's portfolio turnover costs as part of the annual Value for Members assessment and these are also disclosed in the annual Chair's statement. While the transaction costs provided appear to be reflective of costs expected of the various assets classes and markets that the Plan invests in, there is not as yet any "industry standard" or universe to compare these to. It is worth noting that transaction costs can be negative, thus contributing positively to performance.

The duration of the arrangements with asset managers

POLICY

All the funds are open-ended. The DC Section's funds have no set end date for the arrangement, however, duration is considered as part of regular reviews. The DC Section's Fund Range and Default Diversified Option are reviewed on at least a triennial basis. An underlying manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee reviewed the performance of the Plan's funds quarterly. The Trustee remains generally confident in their ability to provide good value for members.

ESG Stewardship and Climate Change Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments.

POLICY

The Trustee believes that environmental social and corporate governance ("ESG") factors may have a material impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognise that long-term sustainability issues, particularly climate change,

present risks and opportunities that increasingly may require explicit consideration.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

With regards to selection and retention, the Trustee receives advice from its investment consultant. In each case, the Trustee received an assessment from its investment consultant in the form of two ratings. These ratings relate to overall belief in the investment fund to achieve its objectives going forward and assessment of the ESG credentials exhibited by both the fund and the fund manager.

With regards to retention, the Trustee reviews annually the ESG policies of each of the underlying managers in the DC Section along with their adherence to the UK Stewardship Code. The Trustee also considers carbon footprint (measured by Weighted Average Carbon Intensity) in regard to the equity allocations of the default strategy.

The latest review took place in Q4 2023 and concluded there were no areas of significant concern, as all funds in which the Plan invests had ESG ratings broadly in line with or better than the peer group considered. All of the Plan's investment managers are now signatories to the UK Stewardship Code. The Weighted Average Carbon Intensity ('WACI') of the Plan's Passive Global Equity Fund (used in both the default and self-select range) had decreased from c.135.6 to c.126.2 since the previous year's review. This reduction supports the Plan's target of a 45% decrease in WACI by 2030.

In addition to the above, during the Plan year, the Trustee approved the Plan's first Task Force on Climate Related Financial Disclosures (TCFD) report in the June meeting and agreed to publish online by 31 July 2023. The report is available at: https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_UK_Group_Pension_Plan_TCFD_Report_2023.pdf. This report represents the culmination of a significant amount of work completed by the Trustee and various other stakeholders to evidence progress the Plan is making with how climate related factors are considered on behalf of members in the Plan.

In July 2023, the Trustee and Investment Committee carried out an ESG Beliefs Survey; the results of which were presented in October 2023. The key highlights from the Survey were as follows:

- All Trustee Directors agreed that the Plan should set clear expectations of its investment managers and advisers in how ESG considerations are incorporated into the

investment activities/advice. These should apply to all asset classes and areas of advice;

- The majority of Trustee Directors believe that their approach to sustainable investing should be best practice;
- More than 50% of Trustee Directors said that assessing companies' preparedness for the transition to a low carbon economy (transition pathway) is more important than focusing on reducing exposure to fossil fuels in the investment portfolio and that they should leave this to the discretion of their asset managers.
- With regards to exclusions, the majority agreed that controversial weapons exclusions should apply to the Plan's investments.

All Trustees agree that good management of ESG issues is a key determinant of long-term shareholder value, and the survey results support the work done through the year, particularly in relation to Task Force on Climate Related Financial Disclosures (TCFD). The Trustee shared the results of the survey with the investment managers and asked for comments on those. This was presented during the ESG Review during the 6 November 2023 meeting. Overall the investment managers' beliefs agreed with the Trustee beliefs.

The Trustee also reviewed the exclusionary screens each investment had in place regarding the Plan's funds. All but one investment manager had excluded controversial weapons which aligned with the views of the Trustee. Outside of controversial weapons, many managers take the approach of individual ESG scoring for companies/issuers rather than blanket screens of a sector.

Member views have not explicitly been taken into account in the selection, retention and realisation of investments, although feedback received from members is welcomed and considered by the Trustee.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).

POLICY

The Trustee expects the underlying managers to evaluate ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to investments, in

accordance with their own corporate governance policies and current best practice, including the UK Corporate Code and UK Stewardship Code.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee has delegated their voting rights to the appointed investment managers. Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. Once appointed, the Trustee gives appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Adherence to the UK Stewardship Code is assessed annually.

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022, updated guidance was produced which is effective for all scheme year ends on or after 1 October 2022.

The updated Guidance requires trustees to include a description of what they believe to be a significant vote within the Implementation Statement. The voting information should also include details explaining why each vote has been categorised as most significant, what the vote was, and why the manager voted in the way it did. The Trustee agreed the below areas of focus for the Plan. For reference, the suggestion is to give more focus to fewer topics with appropriate strength, than to too many topics, which may lead to low impact in the end. Further, all topics are closely linked to UN Sustainable Development Goals ("SGDs"):

- **Environmental:** Climate change: low-carbon transition & physical damages resilience; pollution & natural resource degradation: air, water, land (forests, soils, biodiversity)
- **Social:** Human rights: modern slavery, pay (minimum/living wage etc.) & safety in workforce and supply chains, abuses in conflict zones
- **Governance:** Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making, executive remuneration and board composition

The following funds contain an allocation to equities:

- Active Sustainable Equity
- Active Diversified Growth*
- Active Diversified Retirement*
- Active Absolute Return
- Passive UK Equity
- Passive Global Equity
- Passive US Equity
- Passive Europe (ex-UK) Equity
- Passive Japan Equity
- Passive Pacific Rim (ex-Japan) Equity
- Passive Emerging Markets Equity
- Passive Islamic Global Equity
- Active Global Growth Equity
- Active Global Equity
- Active Emerging Markets Equity
- Passive Global Small Cap Equity
- Standard Life European Equity Pension Fund (AVC)
- Standard Life Far East Equity Pension Fund (AVC)
- Standard Life International Equity Pension Fund (AVC)
- Standard Life Managed Pension Fund (AVC)
- Standard Life North American Equity Pension Fund (AVC)
- Standard Life Stock Exchange Pension Fund (AVC)
- Standard Life UK Equity Pension Fund (AVC)

*Funds are part of the Diversified Default Option.

As the Plan invests in pooled funds, the Trustee requires its underlying investment managers to engage with the investee companies.

Engagement for the DC Section's investment managers are summarised on the next section. Particular focus is placed on the Passive Global Equity Fund, which represented 45.7% of the Plan's assets as at 31 December 2023.

Engagement activity was requested from all AVC providers but has not been received at the completion date of this statement. Voting activity was requested from all AVC providers but only some information was provided by Standard Life for the AVC Funds available.

Examples of Engagement Activity by the Plan's Equity Investment Managers

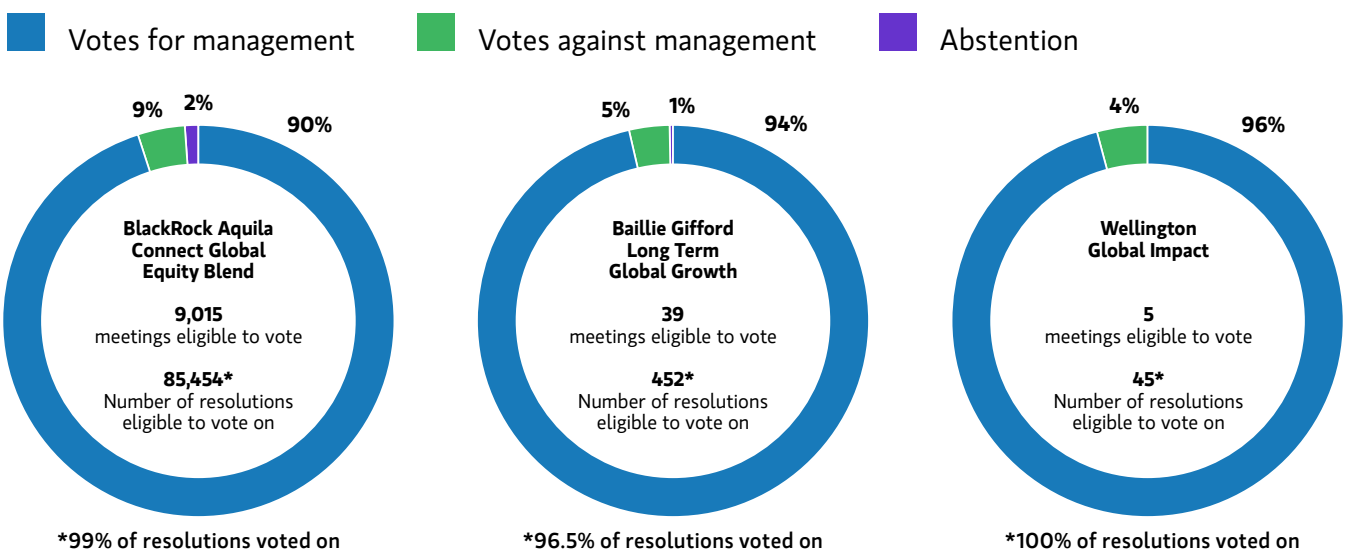
The following are examples of engagement activity undertaken by the Plan's Equity investment managers.

FUND	NUMBER OF ENGAGEMENTS UNDERTAKEN AT A FIRM LEVEL IN THE YEAR	SPLIT BETWEEN E, S AND G OF ENGAGEMENTS	% OF ENGAGEMENTS PERTAINING TO CLIMATE ISSUES	% OF ENGAGEMENTS PERTAINING TO BOARD DIVERSITY
ACS UK Equity Tracker Fund	3,118 company engagements	E = 41% S = 38% G = 93%	Climate Risk Management: 38%	Board Composition & Effectiveness: 44%
Aquila Connect Global Equity Blend	1,779 company engagements	E = 37% S = 33% G = 92%	Climate Risk Management: 35%	Board Composition & Effectiveness: 42%
Aquila Connect Global Small Cap Equity	922 company engagements	E = 30% S = 29% G = 95%	Climate Risk Management: 26%	Board Composition & Effectiveness: 44%
Aquila Connect Emerging Markets	396 company engagements	E = 53% S = 36% G = 89%	Climate Risk Management: 51%	Board Composition & Effectiveness: 46%
ACS US Equity Tracker Fund	452 company engagements	E = 44% S = 42% G = 91%	Climate Risk Management: 40% / Environmental Impact Management: 10%	Board Composition & Effectiveness: 31%
KEY THEMES FOR ENGAGEMENT, AS APPLICABLE	Biodiversity; Climate Risk Management; Land Use/Deforestation; Environmental Impact Management; Operational Sustainability; Other company impacts on the environment; Water and Waste; Business Ethics and Integrity; Community relations; Diversity and Inclusion, Health and Safety; Human Capital Management; Indigenous Peoples Rights, Other Human Capital Management issues; Other company impacts on people/human rights; Privacy and Data Security; Social Risks and Opportunities; Supply Chain Labour Management; Board Composition & Effectiveness; Board Gender Diversity; Business Oversight/Risk Management; Corporate Strategy; Executive Management; Governance Structure; Other; Remuneration; Sustainability Reporting.			
Baillie Gifford Long Term Global Growth	55 company engagements	E = 33% S = 38% G = 65%	Climate = 25% / Environmental = 15%	Board Composition & Effectiveness: 22% DE&I: 7%
KEY THEMES FOR ENGAGEMENT, AS APPLICABLE	Environmental dependencies, Environmental impacts, Corporate culture, Remuneration, Community relations, Employee rights, supply chain.			
HSBC Islamic Global Equity	415 engagements	E = 33% S = 45% G = 23%	Climate = 14% / Natural resource use/impact = 10%, Pollution, Waste = 8%	Board effectiveness Diversity: N/A
KEY THEMES FOR ENGAGEMENT, AS APPLICABLE	Climate Change; Natural resource use/impact; Pollution, Waste, Conduct, culture and ethics, Human and labour rights, Human capital management, Inequality, Public health, Board effectiveness – Diversity, Board effectiveness – Independence or Oversight, Board effectiveness – Other, Leadership – Chair/CEO, Remuneration, Shareholder rights.			
Wellington Global Impact	242 engagements	E = 22%; S = 19%; G = 29%	Impact related = 30%	N/A
KEY THEMES FOR ENGAGEMENT, AS APPLICABLE	Life essentials; Human Empowerment; Alternative energy; Resource efficiency; Resource stewardship			
Nordea Alpha 15 MA Fund	110 engagements	E = 53% S = 31% G = 7%	Climate Change = 17% / Environmental = 37%	Board effectiveness – Diversity = 7%
KEY THEMES FOR ENGAGEMENT, AS APPLICABLE	Climate change; Natural resource use/impact; Pollution, Waste; Conduct, culture and ethics; Human and labour rights; Human capital management; Inequality; Public health; Board effectiveness – Diversity; Board effectiveness - Independence or Oversight; Remuneration; Shareholder rights.			

FUND	NUMBER OF ENGAGEMENTS UNDERTAKEN AT A FIRM LEVEL IN THE YEAR	SPLIT BETWEEN E, S AND G OF ENGAGEMENTS	% OF ENGAGEMENTS PERTAINING TO CLIMATE ISSUES	% OF ENGAGEMENTS PERTAINING TO BOARD DIVERSITY
Aquila Connect Pacific Rim Equity	198 company engagements	E = 55% S = 63% G = 91%	Climate Risk Management: 54%	Board Composition & Effectiveness: 63%
ACS Japan Equity Tracker	256 company engagements	E = 29% S = 41% G = 97%	Climate Risk Management: 27%	Board Composition & Effectiveness: 31%
Aquila Connect European Equity	415 company engagements	E = 33% S = 29% G = 94%	Climate Risk Management: 30%	Board Composition & Effectiveness: 54%
KEY THEMES FOR ENGAGEMENT, AS APPLICABLE	Climate Risk Management; Environmental Impact Management; Operational Sustainability; Human Capital Management; Social Risks and Opportunities; Board Composition & Effectiveness; Business Oversight/Risk Management; Corporate Strategy; Executive Management; Governance Structure; Remuneration.			
Ruffer Total Return	29 company engagements	E = 26% S = 11% G = 47%	Climate = 18% / Environmental = 8%	Social matters = 11%
KEY THEMES FOR ENGAGEMENT, AS APPLICABLE	Climate change; Natural resource use/impact; Pollution/Waste; Conduct/Culture/ETHICS; Human/ Labor rights; Human capital management; Inequality; Board effectiveness – Diversity; Board effectiveness – Independence or Oversight; Leadership – Chair/CEO; Remuneration; Shareholders rights; Financial and Reporting – Capital allocation; Financial and Reporting – Reporting; Financial and Reporting – Financial performance; Financial and Reporting – Strategy/purpose; Financial and Reporting – Risk Management.			

Voting Activity during the Plan year

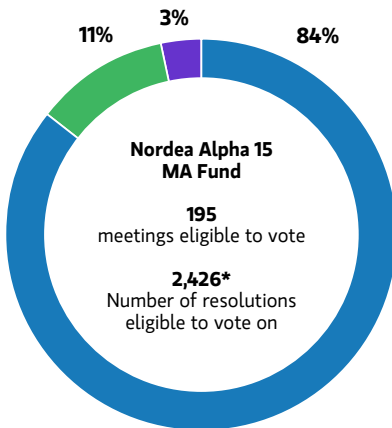
Set out below is a summary of voting activity for this reporting period relating to the relevant strategies in the DC Section of the Plan. Voting activity has been requested from all managers but at the time of writing this report, not all managers have responded. We will continue to chase the managers to receive this information. Votes “for / against management” assess how active managers are in voting for and against management. Purple represents abstention. Pink represents “Other”.



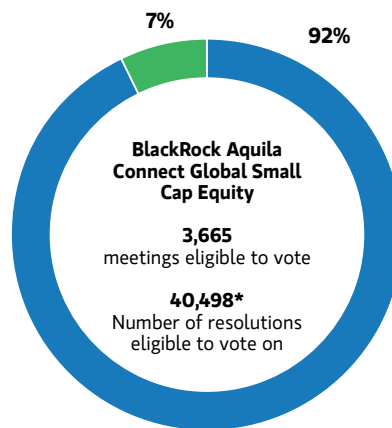
■ Votes for management

■ Votes against management

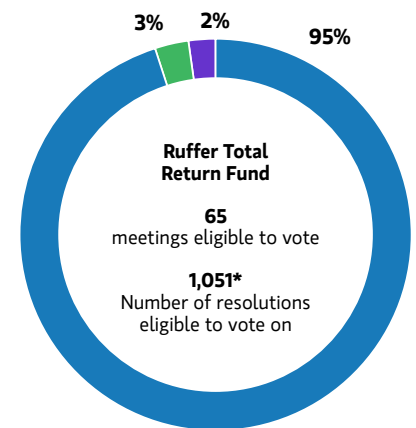
■ Abstention



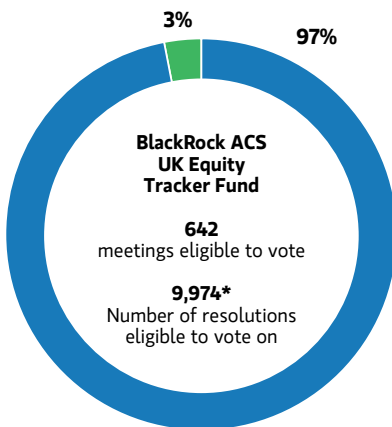
*98.15% of resolutions voted on



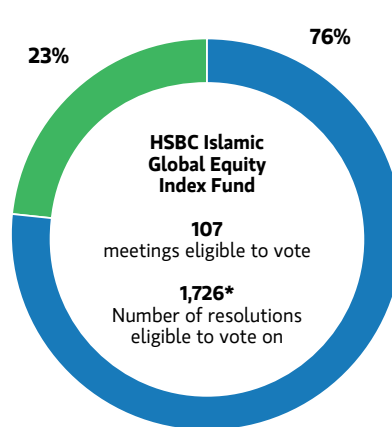
*97% of resolutions voted on



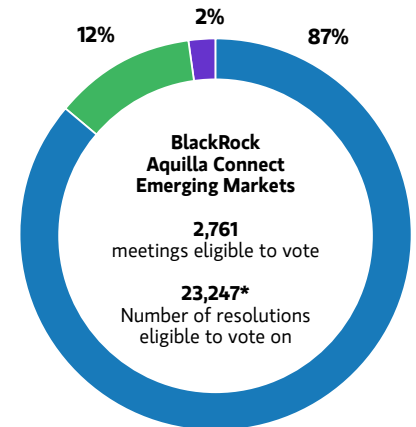
*100% of resolutions voted on



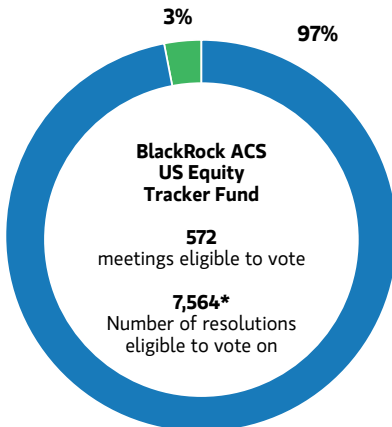
*99.7% of resolutions voted on



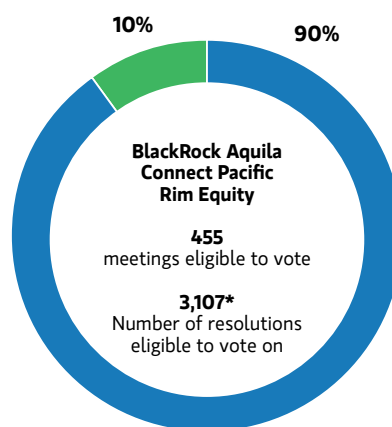
*95% of resolutions voted on



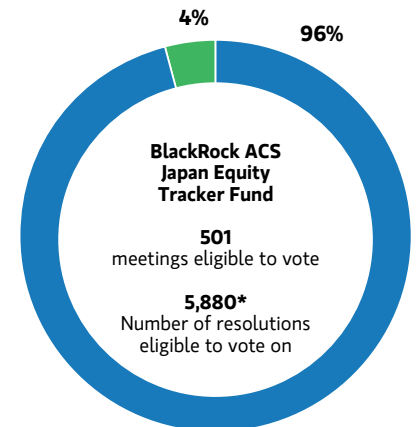
*98% of resolutions voted on



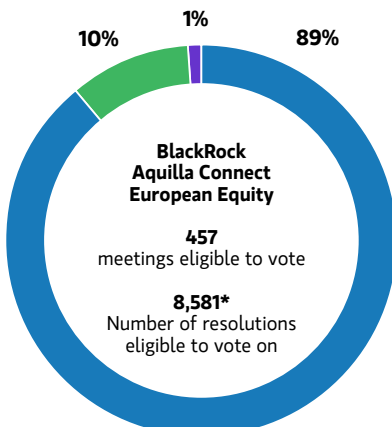
*99.7% of resolutions voted on



*100% of resolutions voted on



*100% of resolutions voted on



*94% of resolutions voted on

Source: HSBC, BlackRock, Wellington, Nordea, Ruffer, Baillie Gifford. Figures may not sum to 100% due to rounding. Standard Life had not provide the requested information at the time of writing.

Most significant votes

A “Significant Vote” is defined, by the Trustees as one that relates to the Trustee’s following key stewardship priorities:

- Environmental: Climate change: low-carbon transition & physical damages resilience; pollution & natural resource degradation: air, water, land (forests, soils, biodiversity)
- Social: Human rights: modern slavery, pay (minimum/living wage etc.) & safety in workforce and supply chains, abuses in conflict zones
- Governance: Diversity, Equity and Inclusion (DEI) - inclusive & diverse decision making, executive remuneration and board composition

Managers have provided examples of significant votes across the funds previously noted as containing equity. Trustees are required to report on all votes they believe are the ‘most significant’. It is not possible to disclose all the information on all of the significant votes in this statement, so the most significant votes, detailed below, are determined by the Trustee to be three votes from the BlackRock Aquila Connect Global Equity Blend with largest amount of member’s funds invested, and one vote for the remaining funds.

In terms of criteria for significance, votes were considered to be significant if they aligned with the Trustee’s stewardship priorities above. The final outcome column below represents the result of the Resolution after all the votings: Passed (✓) or Not-Passed (✗). Further engagement information, including whether votes against management were communicated to the company ahead of the vote and company level holdings information is not available at this time, but the Trustee is working with the investment managers to try and obtain this information for future years.

The column “Holdings in Fund” of the table on the next pages shows the asset values for the quarter ending of the vote date.

FUND	HOLDINGS IN FUND	COMPANY	DATE	HOW THE MANAGER VOTED	SIGNIFICANT VOTE THEME	WHY THE VOTE IS SIGNIFICANT	SUMMARY OF THE RESOLUTION	RATIONALE FOR THE MANAGER VOTE	FINAL OUTCOME
ACS UK Equity Tracker Fund	c.£32.0m (as at 30/06/23)	Shell Plc	23/05/23	Against	Environmental (Climate Change)	The Trustee has deemed votes related to climate change to be a significant vote	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	BlackRock believes that the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company	✘
Aquila Connect Global Equity Blend	c.£665.0m (as at 30/06/23)	Amazon.com, Inc.	24/05/23	Against	Environmental (Climate Change)	The Trustee has deemed votes related to climate change to be a significant vote	Report on Efforts to Reduce Plastic Use	BlackRock believes that the company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.	✘
Aquila Connect Global Equity Blend	c.£665.0m (as at 30/06/23)	Chevron Corporation	31/05/23	Against	Environmental	The Trustee has deemed votes related to climate change to be a significant vote	Adopt Medium-Term Scope 3 GHG Reduction Target	BlackRock believes the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	✘
Aquila Connect Global Equity Blend	c.£665.0m (as at 30/06/23)	The Goldman Sachs Group, Inc.	26/04/23	Against	Environmental	The Trustee has deemed votes related to climate change to be a significant vote	Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development	BlackRock believes that the request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	✘
BlackRock Aquila Connect Global Small Cap Equity Blend	c.£2.8m (as at 31/03/23)	FLSmith & Co. A/S	29/03/23	For	Social	The Trustee has deemed votes related to human rights to be a significant vote	Report on Efforts and Risks Related to Human and Labor Rights	BlackRock agrees with the Board's recommendation to vote FOR this proposal.	✓
HSBC Islamic Global Equity Index Fund	c.£0.6m (as at 30/06/23)	Microsoft Corporation	12/07/23	For	Governance	The Trustee has deemed votes related to compensation to be a significant vote	Advisory Vote to Ratify Named Executive Officers' Compensation	BlackRock considers the quantum of the total pay excessive. The vesting period is not sufficiently long. The performance measurement period is not sufficiently long.	✓
Aquila Connect Emerging Markets Fund	c.£3.2m (as at 31/03/23)	Banco de Chile	23/03/23	Against	Governance	The Trustee has deemed votes related to governance to be a significant vote	Elect Andronico Luskic Craig as Director	Nominee serves on an excessive number of public company boards, which BlackRock believes raises substantial concerns about the director's ability to exercise sufficient oversight on this board.	✓
BlackRock ACS US Equity Tracker	c.£42.5m (as at 30/06/23)	Broadcom Inc.	03/04/23	Against	Governance	The Trustee has deemed votes related to compensation to be a significant vote	Advisory Vote to Ratify Named Executive Officers' Compensation	BlackRock thinks that pay is not aligned with performance and peers.	✘
BlackRock Aquila Connect Pac Rim Equity Fund	c.£6.4m (as at 31/12/23)	Whitehaven Coal Limited	26/10/23	Against	Governance	The Trustee has deemed votes related to governance to be a significant vote	Approve the Amendments to the Company's Constitution	BlackRock thinks shareholder proposals best facilitated through regulatory changes.	✘
ACS Japan Equity Tracker	c.£7.1m (as at 30/06/23)	Toyota Motor Corp.	14/06/23	Against	Environmental	The Trustee has deemed votes related to climate change to be a significant vote	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	BlackRock thinks that the proposal will not serve shareholder's interest.	✘
BlackRock ACS Continental European Equity	c.£13.3m (as at 31/03/23)	Danske Bank A/S	16/03/23	Against	Environmental	The Trustee has deemed votes related to climate change to be a significant vote	Climate Action Plan: Asset Management Policy	BlackRock believes this proposal is not in the best interest of shareholders.	✘
Baillie Gifford Long Term Global Growth	c.£103.9m (as at 30/06/23)	DEXCOM, INC.	18/05/23	Against	Social	The Trustee has deemed votes related to social to be a significant vote	Shareholder Resolution - Social	BlackRock took the decision to oppose this proposal as it is satisfied that the company committed to provide this reporting and is currently working with consultants on this.	✓

Source: Underlying fund managers

FUND	HOLDINGS IN FUND	COMPANY	DATE	HOW THE MANAGER VOTED	ENGAGEMENT PRIORITY	WHY THE VOTE IS SIGNIFICANT	SUMMARY OF THE RESOLUTION	RATIONALE FOR THE MANAGER VOTE	FINAL OUTCOME
Wellington Global Impact Fund	c.£8.6m (as at 30/06/23)	Adtalem Global Education Inc	11/08/23	Against	Governance	The Trustee has deemed votes related to governance to be a significant vote	Amendment to Articles Regarding Officer Exculpation	BlackRock took the decision to oppose this proposal as it is not in minority shareholders' interests.	X
Ruffer Absolute Return Fund	c.£105.3m (as at 30/06/23)	BP Plc	27/04/23	Against	Environmental	The Trustee has deemed votes related to climate change to be a significant vote	Approve Shareholder Resolution on Climate Change Targets	<p>BP has outlined a credible transition strategy with appropriate decarbonisation targets, that reflects demand for oil & gas energy whilst allocating capital to the 'transition growth engines'. Whilst BP has tightened & reduced its 2025 and 2030 aims, it has retained its 2050 net zero target. Further, it has committed additional capital to the transition which BP argues is uncertain and therefore, locking into one, fixed strategy (through investing or divesting the wrong asset) is not in the best interests of generating shareholder value. This resolution asks for "BP to align its 2030 Scope 3 aims with Paris".</p> <p>Firstly, this would require a wholesale shift in strategy, which we believe is unnecessary given the Board has opined on net zero and published a strategy. Secondly, BP in isolation has no control over what global scope 3 emissions should be under Paris, given the world continues to emit carbon and one would expect the Scope 3 reduction will have to be steeper the nearer society gets to 2030. This burden is unfair, particularly in the context of BP making long-cycle investment decisions.</p> <p>Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which deem as unnecessary.</p>	X
Nordea Alpha 15 MA	c.£105.3m (as at 30/06/23)	Alphabet	02/06/23	Against	Climate Change	The Trustee has deemed votes related to climate change to be a significant vote	Report on Lobbying Payments and Policy, Report on Framework to Assess Company Lobbying Alignment with Climate Goals etc.	<p>Management voting recommendations was against these proposal. The dominant position of Google, its impact on society and integrity of individuals is very important for Nordea as investors. Nordea will continue to support shareholder proposals on these issues as long as the company is not showing substantial improvements.</p> <p>Significant votes are those that are severely against Nordea's principles, and where they feel a need to enact change in the company.</p>	X

Source: Underlying fund managers

Morgan Stanley UK Group Pension Plan (the 'Plan') – DB Section

Annual Statement of Investment Principles Implementation Statement – 31 December 2023

Introduction

This statement, written for the benefit of the members of the DB Section of the Morgan Stanley UK Group Pension Plan (the "Plan"), sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed over the 12 months to 31 December 2023.

The SIP is a document drafted by the Trustee in order to help govern the Plan's investment strategy. It details a range of investment-related policies, a summary of which, for the DB Section, is included in the table below. The relevant actions taken by the Trustee in connection with each of these policies is also included.

As required by the legislation, the Trustee has consulted a suitably qualified person and has obtained written advice from its investment consultant, Mercer Limited ("Mercer"). The Trustee believes the investment consultant meets the requirement of Section 35 (5) of the Pensions Act 1995. The Trustee in preparing this Statement has also consulted the sponsoring Company.

The statement is based on, and should be read in conjunction with, the relevant version of the SIP that was in place for the Plan Year, which was the SIP dated December 2022.

The first two Sections of this statement sets out the investment objectives of the Plan and changes which have been made to the SIP during the Plan Year, respectively.

The third Section of this statement sets out how, and the extent to which, the policies in the DB Section of the SIP have been followed. The Trustee can confirm that all policies in the SIP have been followed during the Plan Year.

A copy of the SIP is available at <https://www.morganstanley.com/disclosures/the-morgan-stanley-uk-group-pension-plan>.

The final section notes the engagement and key voting activities of the underlying investment managers within DB Section of the Plan.

Statement of Investment Principles

INVESTMENT OBJECTIVES OF THE PLAN

The Trustee believes it is important to consider the policies within the SIP in the context of the investment objectives it has set. The investment objectives for the DB Section are as follows:

- To invest the Plan's assets in the best interest of the members, beneficiaries and the Company and, in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.
- To pay benefits to members from the Plan as they fall due.
- To continue to invest the Plan's assets to minimize the volatility of the Plan's funding position.

The policies set out in the SIP are intended to help meet the overall investment objectives of the Plan.

REVIEW OF THE SIP

During the year to 31 December 2023, the Trustee reviewed the SIP and made amendments to the Risk Section to update the risks related to the GMP Underpin and to update the investable asset classes within the Investment Strategy. Following review of the portfolio, the Trustee agreed to make changes to the allocations of the assets used to hedge the pure DB liabilities and to replace the corporate bonds allocation (used to hedge the underpin liabilities) with an allocation to gilts towards the end of 2023. These changes were implemented following the Plan year end.

The latest SIP was signed in April 2024, following formal advice from the Trustee's Investment Consultant (Mercer Limited ("Mercer")).

The remainder of this document summarises the actions taken by the Trustee over the 12 months to 31 December 2023 in connection with the policies set out in the SIP during that period.

ASSESSMENT OF HOW THE POLICIES IN THE SIP HAVE BEEN FOLLOWED FOR THE YEAR TO 31 DECEMBER 2023

The information provided in this section highlights the work undertaken by the Trustee during the year, and longer term where relevant, and sets out how this work followed the Trustee's policies in the SIP relating to the DB Section of the Plan.

In summary, it is the Trustee's view that the policies in the SIP have been followed during the Plan Year.

Strategic Asset Allocation

Kinds of investments to be held, the balance between different kinds of investments and expected return on investments.

POLICY

In order to minimise deficit volatility in accordance with the Trustee's investment objective, the Trustee invests the Plan's assets in a range of fixed income and inflation-linked instruments.

The specific instruments held and the split among asset classes has been chosen to closely match the profile of the Plan's liabilities, and may change over time to reflect changes in the liability profile.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee currently invests in:

- Fixed interest and index-linked gilts;
- Cash.

During the Plan year, the Trustee reviewed the portfolio against the Plan's liabilities. The Trustee agreed to make changes to the allocations of the assets used to hedge the pure DB liabilities and to replace the corporate bonds allocation (used to hedge the underpin liabilities) with an allocation to gilts towards the end of 2023. These changes were implemented following the Plan year end.

The Trustee monitors the progression of the Plan's financial position given the investment objectives set out above, to assess whether the realised outcome is proving consistent with the level of risk expected, on an ad hoc basis, through the quarterly performance report DB Section. The Trustee also reviews the portfolio annually to check that it continues to provide a suitable match for the DB liabilities.

A review of the investment strategy may also result from a material change in risk profile or other observations indicating a review is necessary.

The Trustee continues to comply with this policy by investing in the asset classes described above.

Expected return on investments

The investment objectives and expected returns of the individual funds are provided in the IPID.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

A monitoring report is reviewed by the Trustee on a quarterly basis, this includes the performance of all of the Plan's investments. It includes how each fund is delivering against its specific benchmark and target(s).

The progression of the Plan's funding level (funding monitoring) is reviewed in a quarterly funding update.

Risks, including the ways in which risks are to be measured and managed

POLICY

There are various risks to which the DB Section of the Plan is exposed over its anticipated lifetime, and which may be financially material.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The risks below are not exhaustive, but cover the main risks considered by the Trustee to be financially material. A table is provided on Section 5.3 of the SIP outlining the risks, how they are managed and how they are measured.

- Environmental, Social and Governance Risk
- Asset Volatility
- Interest Rate and Inflation Risk
- Counterparty Credit Risk
- Credit Risk
- Liquidity Risk
- Longevity Risk
- Risks relating to the GMP Underpin
- Custody of Assets

The Trustee regularly monitors these risks and the appropriateness of the investments in light of the risks described above. Further details are included in the Plan's SIP. Disposal of swap-based funds has removed the associated counterparty credit risk, and the risk that they need recapitalisation at short notice which could result in liquidity risk.

Investment Mandates

Securing compliance with the legal requirements about choosing investments.

POLICY

As required by the legislation, the Trustee has consulted a suitably qualified person and has obtained written advice from its investment consultant, Mercer Limited ("Mercer"). The Trustee believes the investment consultant meets the requirement of Section 35 (5) of the Pensions Act 1995. The Trustee in preparing this Statement has also consulted the sponsoring Company.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

During the Plan year, the Trustee reviewed the portfolio against the Plan's liabilities. The Trustee agreed to make changes to the allocations of the assets used to hedge the pure DB liabilities and to replace the corporate bonds allocation (used to hedge the underpin liabilities) with an allocation to gilts towards the end of 2023. These changes were implemented following the Plan year end.

Realisation of Investments

POLICY

Previously the Trustee's policy was for benefits to be bought out with an insurance company on retirement. Following a review, currently the Trustee has updated its policy in the short-term, so as to pay benefits to pensioners from the Plan as they fall due. The Trustee and Company keeps this policy under review.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee maintains sufficient cash holdings in order to pay benefits as and when they fall due, which reduces the need to realise assets at short notice in order to pay those benefits.

Monitoring the Investment Managers

Incentivising the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity .

POLICY

Whilst the Trustee's focus is on long-term performance, they also consider shorter-term performance.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee receives investment manager performance reports on a quarterly basis, which present performance information over three months, one year, three years, five years, and since inception. The Trustee reviews the absolute performance, relative performance against a suitable index used as the benchmark, and against the underlying manager's stated target performance (over the relevant time period) on a net of fees basis.

If an underlying manager is not meeting performance objectives, or their investment objectives for the fund have changed, the Trustee may review the suitability of the manager, and change managers where required.

The monitoring report is reviewed by the Trustee on a quarterly basis, this includes ratings (both general and specific ESG) from the Investment Consultant. Additionally, when implementing a new underlying manager the Trustee considers the ESG rating of the underlying manager.

BlackRock funds remained generally highly rated by the Plan's Investment Consultants during the year for the strategy held with them. The Trustee is comfortable with the ratings applied by its Investment Consultant and continues to closely monitor the ratings and any significant developments at each of the underlying investment managers.

Monitoring portfolio turnover costs

POLICY

Currently the Plan's SIP has no explicit policy as regards monitoring of the DB section's portfolio turnover costs.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee does not explicitly monitor portfolio turnover costs. Investment manager performance was reported and evaluated net of all fees and transaction costs (costs incurred as a result of buying and/or selling assets), and where possible, performance objectives for investment managers were set on a net basis. In this way, managers were incentivised to keep portfolio turnover costs to the minimum required to meet or exceed their objectives. No transition activity was completed during the Plan year, but the costs involved on implementing the changes mentioned previously in 2024 were reported to the Trustee.

The duration of the arrangements with asset managers

POLICY

Some of the DB Section's funds have set end dates, however, duration is considered as part of regular reviews.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The focus of performance assessments is on longer-term outcomes. The Trustee would not ordinarily expect to terminate a manager's appointment based purely on short-term performance. No changes have been made over the year.

ESG Stewardship and Climate Change

Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments.

POLICY

The Trustee considers how ESG, climate change and stewardship is integrated within investment processes in monitoring the DB Section's investment managers. Monitoring is undertaken on a regular basis and is documented at least annually.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

The Trustee included on Section 3.4 of the SIP a table that sets out its approach to implementation and engagement. The list provided on the table is not exhaustive, but covers the main areas considered by the Trustee.

On an annual basis, it is the Trustee's policy to review the ESG policies of each of the underlying managers in the DB Section along with their engagement records.

As the Plan invests in pooled funds, the Trustee requires its underlying investment managers to engage with the investee companies.

Member views are not taken into account in the selection, retention and realisation of investments, but members have a variety of methods by which they can make views known to the Trustee. This position is reviewed periodically.

In addition to the above, during the Plan year, the Trustee approved the Plan's first Task Force on Climate Related Financial Disclosures (TCFD) report in the June meeting and agreed to publish online by 31 July 2023. The report is available at:

https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_UK_Group_Pension_Plan_TCFD_Report_2023.pdf.

Voting and Engagement Disclosures

The exercise of the rights (including voting rights) attaching to the investments and undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).

POLICY

The Trustee expects the underlying managers to evaluate ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

HOW HAS THIS POLICY BEEN MET OVER THE PLAN YEAR?

At least biennially, it is the Trustee's policy to meet with the underlying managers of the DB Section. These meetings will challenge engagement activity to ensure the best performance over the medium to long-term.

Where applicable, the Trustee of the Plan has delegated its voting rights to the investment manager. The SIP states "The Trustee expects the underlying managers to evaluate ESG factors, including climate change considerations, exercising voting rights and stewardship obligations attached to investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code".

In the DB Section, the only holdings are Fixed Income funds and as such, there is no voting activity. However, the Trustee expects the underlying manager, BlackRock, to undertake engagement on corporate bond holdings as appropriate. Information was requested from BlackRock, however, BlackRock have stated that they currently do not produce engagement reporting on corporate bonds. Following the Plan year end, the Trustee replaced the corporate bond allocation with gilts and therefore the only remaining holdings are fixed interest and index-linked gilts and cash.

Voting Activity during the Plan year

As stated above, there was no voting activity to report on.