Implementation Statement

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations ("the Regulations"). The Regulations amongst other things require that the Trustees outline how they have ensured that the policies and objectives set out in the Statement of Investment Principles ("SIP") have been adhered to over the course of the year.

This is the third implementation statement that the Trustees have prepared and covers the period 1 January 2022 to 31 December 2022.

The statement sets out the actions undertaken by the Trustees, the service providers and the investment managers, to implement the policies as set out in the SIP. The statement also includes voting and engagement information that has been gathered from the investment managers.

Changes to the SIP over the year to 31 December 2022

The Trustees, with assistance from its investment advisors, undertook a review of the Plan's investment strategy. The review concluded on the 13th of May 2022 and the Trustees were satisfied that the default arrangement remains appropriate and in line with their investment objectives.

The SIP was updated in June 2022 to reflect the introduction of the HSBC Islamic Global Equity Fund into the scheme's self-select range.

The most recent SIP can be found online at https://www.kraftheinzpension.co.uk/useful-documents.

The Trustees received written advice from Aon, the Trustees' investment advisor, when making these changes. The SIP is reviewed at least every three years or when there have been significant changes to the investment strategy.

Meeting the objectives and policies as set out in the SIP

We have considered the broad themes these objectives and policies fit into and have noted these below together with an explanation of how these objectives have been met and policies adhered to over the course of the year.

Investment strategy and reporting

Policies in relation to investment strategy

The Trustees have continued to provide members with a broad range of investment choices over the year. The members can choose between two broad approaches to invest their pension account: –

- Lifestyle approach via target date funds i.e. the Aon Managed Retirement Pathway Fund series. These are strategies offered to members targeting different benefits at retirement, namely drawdown (the default arrangement), annuity purchase and cash. These funds will automatically adjust their investment strategy as they progress towards a target retirement date.

- Self-select approach – A range of 'objective and asset-based funds' are made available for members to invest in. These are suitable for members who want some control over their investments but also some assistance in terms of the broad objective they aim to achieve.

The Trustees regularly monitored the strategies and funds available to members to ensure they were meeting their objectives and that their inclusion in the fund range continued to be appropriate.

Several changes were made to the investment strategy over 2022.

In February, the UBS Global Equity Climate Transition Fund was introduced into the growth phase of the Aon Managed Retirement Pathway Fund, replacing an existing world equity fund. The new fund aims to protect members' assets from the risks associated with climate change and the transition to a low carbon economy in a just and fair way.

Within the default arrangement, members are invested in the Aon Managed Diversified Asset Fund. Throughout the year, changes were made to the Fund's underlying allocations as a result of market volatility. Following broad equity market falls in early Q1, the allocation to equities was increased in March. The Fund's exposure to gold, emerging markets and high yield bonds was also increased. The allocations to bonds and cash were reduced to reflect changes in the medium-term outlook. In April 2022, the Janus Henderson ABS fund was introduced within the Fund's allocation to asset backed securities. During the second half of 2022 the allocation to equities and corporate bonds was reduced, reflecting the concern that equities and credit could fall further in value given the increased likelihood of a global recession.

Members are also invested in the Aon Managed Diversified Multi Strategy Bond Fund. In March 2022, the Fund's allocation to asset backed securities was increased and a second manager, Janus Henderson, was introduced to help provide additional diversification. Alongside this change, the allocation to absolute return bonds was reduced and the PIMCO Global Libor Fund was removed to help make the Fund more resilient to rising interest rates.

Policies in relation to monitoring the Plan investments

The Trustees receive quarterly investment monitoring reports from Aon. The investment reports include performance reporting on all of the investment funds relative to their respective benchmarks or targets and performance commentary which highlights key factors affecting the performance of the funds over the quarter. Any issues with the managers' investment strategy, including the ESG assessment, are flagged.

The quarterly monitoring reports contain any updates on the changes to the funds made by AIL over the quarter, as well as ESG ratings as detailed under the 'Responsible Investment' section below.

Long term inflation linked return targets for Aon Managed Retirement Pathway Funds (the default fund) were introduced at the start of 2021. The long-term return targets are set with the aim to provide a return in excess of price inflation, as measured by the Consumer Price Index (CPI), to help members achieve an adequate level of income in retirement. These long-term return targets will be reviewed regularly by the investment manager and the Trustees. As part of the change, the investment strategy can be altered to reflect both past performance and changes to the future market outlook.

Policies in relation to appointing new managers

AIL will only appoint underlying asset managers who are 'Buy' rated and achieve a minimum standard or rating for ESG from Aon's manager research team. Aon's ESG ratings are designed to assess whether asset managers integrate responsible investment, and more specifically ESG considerations, into their investment decision making process and ongoing stewardship. The ESG ratings are based on a variety of qualitative factors and are updated to reflect any changes or broader responsible investment developments. The ESG ratings of the underlying managers are reported in the quarterly monitoring reports. Additionally, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG. These ESG focused sessions cover both how each manager incorporates ESG considerations into their investment process and their stewardship activity.

As part of Aon's investment manager research process, the governing documentation of investments is reviewed for appropriateness before a ‘Buy’ rating is given.

Policies in relation to engagement with investment managers

AIL considers the suitability of the Plan's underlying investment managers on an ongoing basis, on behalf of the Trustees.

Aon's investment manager research team meets the underlying managers on a regular basis to assess any changes in the investment staff, investment process, risk management and other manager evaluation factors to ascertain whether the overall rating assigned to the fund remains appropriate and the manager remains suitable to manage the assets.

The awareness regarding potential ESG risks in the investment strategy is also considered as part of monitoring and assigning the overall rating to the fund. Specifically, and as noted above, AIL meets with each of the underlying managers on a six-monthly basis to carry out a session focused on ESG.

Responsible investment

Policies relating to Responsible Investment, ESG and Investment Stewardship

The Trustees agreed a formal ESG and Stewardship policy for the Plan in 2021, which will be reviewed at least on a triennial basis.

An ESG rating for each investment manager is reported by Aon in the quarterly monitoring reports. These ratings take into account the fund management team's awareness of all known and potentially financially material ESG risks in the investment strategy, and the steps that have been taken by the manager to identify, evaluate and potentially mitigate these risks across the portfolio.

The Trustees also considered Responsible Investment policies and integration of these policies in the investment processes for all prospective managers over the year.

The Trustees have also collected the voting and engagement records of each of its investment managers over the year. These are reported in detail later in this Statement.

The Trustees reviewed the Heinz UK Limited corporate sustainability policy to ensure that the policies included in the SIP were aligned with the overall policies and beliefs of the company.

To date, no managers have found to be falling significantly short of the standards expected by the Trustees in this area.

Cost and performance

Policies in relation to Plan charges

The Trustees review the cost and charge data on a quarterly basis.

The Trustees receive a quarterly 'Investment Charging Summary' from AIL. These reports are available to view on the Plan's website: https://www.kraftheinzpension.co.uk/useful-documents.

The Trustees, with assistance from Aon, collated all of the member borne cost and charges data for the Plan year and these are published in the Annual Chair's Statement.

Having reviewed the member borne costs, Aon has confirmed that they appear appropriate for each fund.

Summary

The Trustees are of the opinion that they have successfully carried out all of the policies and actions set out in the Plan's SIP. The Trustees are also satisfied that the Plan's investment managers are exercising their voting rights and engaging with investee companies where appropriate (see following sections for detail). The Trustees will continue to monitor the asset managers' activities in these areas.

Investment manager voting and engagement activity

Aon Investments Limited

As the fiduciary investment manager, Aon Investment Limited ('AIL') has collated the required (and relevant) information on voting behaviour and engagement activity from the underlying asset managers. The details are summarised within this note.

Our conclusion

Based on the activity we have undertaken during the year, we believe our policies have been implemented effectively.

In our view, all of AIL's material DC investment managers were able to disclose good evidence of voting and engagement activity. We conclude that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment manager, Aon Investments Limited ('AIL'). AIL invests the Scheme's assets in a range of funds including the default strategy and wider range of self-select funds. AIL selects the underlying asset managers to achieve the objective of each Fund on behalf of the Trustee.

We reviewed the stewardship activity carried out over the year by the material investment managers and, in our view, all were able to disclose adequate evidence of voting and / or engagement activity. More information on the stewardship activity carried out by AIL and the underlying investment managers can be found in the following sections.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment manager. In particular, we received quarterly Environment Social Governance ("ESG") ratings from Aon for the funds the Scheme is invested in (where available).

During the year, we received training on ESG and stewardship topics, and agreed our policies in relation to these.

Each year, we review the voting and engagement policies of the Scheme's investment manager to ensure they align with our own policies for the Scheme and help us to achieve them.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our Action Plan

Based on the work we have done; we have decided to continue to engage with AIL as our investment manager. This will focus on:

- Transparency and Reporting: providing detailed reporting on AIL's engagement activities.
- Integration of ESG Factors: consideration of how ESG factors are integrated into AIL's stewardship activities.
- Active Engagement: we look for a continual increase in active engagement with companies. This includes proactively reaching out to company management, discussing concerns, suggesting improvements and holding companies accountable.
- Active collaboration: by joining forces, investors can collectively address systemic issues and encourage positive change across industries.

In 2023, AIL will replace the existing passive emerging market equity fund used within the default strategy, the Aon Managed Retirement Pathway Funds, with a new fund with a strong ESG and climate focus. This change will be made within the fund.

AIL’s engagement activity

Engagement is when an investor communicates with current (or potential) investee companies or asset managers (as owners of companies) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

Over the year, AIL held several engagement meetings with many of the underlying managers in its strategies. AIL discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. AIL provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, AIL engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, AIL committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients’ portfolios and defined contribution default strategies (relative to baseline year of 2019).

AIL also successfully renewed its signatory status to the 2020 UK Stewardship Code.

In February 2022, AIL seeded and launched a new passive UBS Global Equity Climate Transition Fund. This is a new fund that AIL designed, working closely with UBS, and combines low carbon (aligned with achieving net zero by 2050), positive impact and an improvement in ESG scores within a single passive equity fund. AIL introduced a 20% allocation to this new fund within the growth phase of the default strategy, the Aon Managed Retirement Pathway Funds, replacing the previous BlackRock MSCI World Index Fund.

AIL also launched an Impact Research platform in 2022, focusing on integrating ESG risk factors into the manager research process. The Impact research platform aims to help evolve AIL’s view of "impact" to encompass both ethics/values-driven investing and ESG integration.

Furthermore, AIL is developing internal capabilities to integrate ESG data from multiple vendors and platforms through a dashboard that aggregates data and provides in-depth ESG analytics for over 8,000 liquid strategies. AIL intends to expand this analysis in future to include advanced metrics for implied temperature rise, Sustainable Financial Disclosure Regulation’s (SFDR's) Principal Adverse Indicators (PAIs), and Diversity Equity and Inclusion factors.

Looking ahead, AIL will be replacing the existing passive Emerging Market equity fund used within the Aon Managed Retirement Pathway Funds with an alternative with a strong ESG and climate transition focus. This change is expected to take place mid-2023.

Underlying managers’ voting activity – Equity, real asset and multi-asset funds

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company’s stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme’s investments is an important factor in deciding whether a manager remains the right choice for the arrangement.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme’s equity-owning investment managers to responsibly exercise their voting rights. Over the year, the material equity, real asset and multi-asset investments held by the Scheme within the default strategies and wider self-select fund range were:

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Aon Managed Retirement Pathway Funds (default strategy)

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Initial Growth Phase Fund	Equities: BlackRock, LGIM, UBS Listed real assets: BlackRock, LGIM
Aon Managed Diversified Asset Fund	BlackRock, LGIM

Source: Aon Investments Limited

Self-select fund range

Aon Managed Fund	Underlying managers (equity-owning only)
Aon Managed Global Equity Fund	BlackRock, LGIM, UBS
Aon Managed Global Impact Fund	Baillie Gifford, Mirova, Nordea
Aon Managed Property and Infrastructure	BlackRock, LGIM (listed real assets)
Aon Managed Diversified Multi Asset Fund	BlackRock, LGIM
BlackRock UK Equity Index Fund	BlackRock
BlackRock World (ex UK) Equity Index Fund	BlackRock
BlackRock Emerging Market Equity Index Fund	BlackRock
HSBC Islamic Equity Index Fund	HSBC

Source: Aon Investments Limited

Voting statistics: Aon Managed Retirement Pathway Funds

The table below shows the voting statistics for each of the material funds held within the default strategy, the Aon Managed Retirement Pathway Funds, for the year to 31 December 2022. We also provide a combined view for a member 30 years from retirement and at retirement, invested in the Aon Managed Retirement Pathway Funds.

Aon Managed Retirement Pathway Funds

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Initial Growth Phase Fund[1,2]	98.2%	16.0%	0.6%
Aon Managed Global Impact Fund	98.8%	18.3%	1.2%
Aon Managed Diversified Asset Fund[1]	99.5%	19.2%	0.5%
Aon Managed Retirement Pathway Funds			
Member 30 years from retirement[1]	**98.3%**	**16.2%**	**0.6%**
Member at retirement[1]	**98.8%**	**17.5%**	**0.6%**

Source: Aon Investments Limited, Underlying investment managers: BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea.

[1]Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

[2]Invests 90% in the Aon Managed Global Equity Fund and 10% in property and infrastructure.

Voting statistics: self-select funds

The table below shows the voting statistics for each of the material funds offered within the wider self-select fund range available for the year to 31 December 2022.

Self-select fund range

Aon Managed Funds	% Proposals Voted	% votes cast against management	% votes abstained
Aon Managed Global Equity Fund	99.5%	17.0%	0.6%
Aon Managed Global Impact Fund	98.8%	18.3%	1.2%
Aon Managed Property and Infrastructure Fund[1]	86.8%	7.5%	0.0%
Aon Managed Diversified Multi Asset Fund[1]	99.5%	19.2%	0.5%
BlackRock UK Equity Index Fund	96.0%	5.0%	1.0%
BlackRock World ex-UK Equity Index Fund	95.0%	6.0%	0.0%
BlackRock Emerging Market Index Fund	98.0%	11.0%	3.0%
HSBC Islamic Global Equity Index Fund	95.8%	17.6%	0.6%

Source: Aon Investments Limited, underlying investment managers (BlackRock, LGIM, UBS, Nordea, Mirova, Baillie Gifford, BNY Mellon, Harris, HSBC).

[1]Please note figures shown only reflect the proportion of the portfolio with equity-voting rights.

Use of proxy voting advisors

Many investment managers use proxy voting advisors to help them fulfil their stewardship duties. Proxy voting advisors provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations. The table below describes how the Scheme's underlying investment managers use proxy voting advisors.

Manager	Description of use of proxy voting
Baillie Gifford	Not applicable – Baillie Gifford do not use a proxy voting advisor.
BlackRock	BlackRock does not use a service provider to vote on its behalf, although it does subscribe to research from proxy advisory firms, which is considered along with the company's policy and past engagements in voting and engagement analysis. In certain markets, BlackRock works with proxy voting providers to filter through proposals and flag any that may require additional research and engagement.
BNY Mellon	Walter Scott (owned by BNY Mellon) receives third party research from Institutional Shareholder Services, Inc. (ISS) for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott votes.
Harris	Harris utilises the services of ISS proxy voting services. ISS implements a bespoke proxy voting policy for Harris and ISS services are otherwise used for information only. Harris state that it will follow its Proxy Voting Policy, except where the analyst covering a stock recommends voting otherwise. In these cases, the final decision rests with Harris' Proxy Voting Committee.
HSBC	HSBC uses the proxy advisory firm ISS to vote on its behalf. HSBC reviews recommendations on all active holdings and its largest holdings by value and provide regular feedback on recommendations on its voting policy. HSBC holds periodic review meetings with ISS.

LGIM	LGIM make use of ISS's proxy voting platform to electronically vote and augment their own research and proprietary ESG assessment tools, but do not outsource any part of the strategic decisions. They have put in place a custom voting policy with specific instructions that apply to all markets globally, which seek to uphold what they consider to be minimum best practice standards all companies should observe. LGIM retain the ability to override any voting decisions based on the voting policy if appropriate, for example of engagements with the company have provided additional information.
Mirova	Mirova utilises ISS as a voting platform for related services such as ballot collecting, vote processing and record keeping. Mirova subscribes to the ISS research, however its recommendation are not prescriptive or determinative to its voting decision. All voting decisions are made pursuant to Mirova's Voting Policy. For votes that do not have pre-determined policy, Mirova's voting and engagement analyst liaises with the relevant internal parties on the sustainability research team and/or financial analyst. Certain votes are reviewed by Mirova's voting committee, as needed or required.
Nordea	Nordea states that every vote it casts is considered individually on the background of its bespoke voting policy, which it has developed in-house based on its own principles. Nordea's proxy voting is supported by ISS who provide analytic input. In general, Nordea relies on its bespoke voting policy at ISS, and/or vote manually for an overwhelming majority of all votes.
UBS	UBS AM retain the services of ISS for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.

Source: Aon Investments Limited. Underlying managers

Significant voting activity

To illustrate the voting activity being carried out on our behalf, we asked AIL to provide a selection of what they and the underlying investment managers consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix for the main funds used within the default strategy.

Engagement

Engagement is when an investor communicates with current (or potential) investee companies or asset managers (as owners of companies) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

Engagement Activity - Aon Managed Retirement Pathway Funds

Below we provide examples of some of the engagement activity carried out by the underlying investment managers for the default strategy and the most material self-select funds. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund invested in by the Aon Managed Retirement Pathway Funds.

All managers engaged across all key themes. We would expect this to be the case, as all underlying managers meet AIL's required standards for consideration of ESG factors / risks.

Themes engaged on at a firm level

Underlying manager	Environment - Climate Risk Management	Environment - Biodiversity	Governance Remuneration	Governance Board Effectiveness	Governance Corporate Strategy	Social Human Capital	Social Risks & Opportunities
BlackRock							
LGIM							
UBS							
Baillie Gifford							
Mirova							
Nordea							

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS, Baillie Gifford, Mirova, Nordea).

Engagement Activity – Wider fund range

Below we provide examples of some of the engagement activity carried out by the underlying investment managers for the most material self-select funds. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e., is not necessarily specific to the underlying fund.

Themes engaged on at a firm level

Underlying manager	Environment - Climate Risk Management	Environment - Biodiversity	Governance Remuneration	Governance Board Effectiveness	Governance Corporate Strategy	Social Human Capital	Social Risks & Opportunities
BNY Mellon							
Harris							
HSBC							
LGIM							

Source: Aon Investment Limited, Underlying managers (BlackRock, LGIM, UBS).

We also provide examples of specific engagement activity carried out by the most material underlying investment managers below.

BlackRock engaged with **Home Depot** regarding corporate governance & sustainable business matters, as well as environmental matters. On the former, BlackRock did not support the re-election of Director Albert P. Carey due to concerns about his overcommitment to serving on three public company boards. BlackRock believes that directors should limit their commitments to effectively fulfil their responsibilities. BlackRock also voted against a proposal to require an independent board chair and a proposal to report on gender and racial equity on the board, as they did not currently have concerns about Home Depot's board leadership structure and diversity. On the environment, BlackRock supported a proposal for Home Depot to report on efforts to eliminate deforestation in its supply chain and a proposal for an independent racial equity audit to assess the company's diversity, equity, and inclusion practices.

UBS engaged with **Teleperformance** over 2022 following a sharp decline in the Company’s share price of over 30% in November, following the announcement of a government investigation in Colombia regarding its content moderation service and operations.

Press reports had surfaced, alleging poor working conditions and lack of support for workers engaged in social media content moderation. These reports claimed that employees were regularly exposed to disturbing content without adequate psychological assistance. Additionally, allegations of anti-union behaviour were raised by UNI Global Union. In response, Teleperformance held conference calls with investors, vehemently denying the allegations and defending their practices. UNI Global Union presented a contrasting view, accusing the Company of anti-union conduct and insufficient worker support.

Consequently, investors (including UBS) decided to challenge Teleperformance on these matters. During a call with the CFO and the President of Group Transformation, investors pressed for accurate responses to the media and UNI allegations. Management assured investors that they were taking the accusations seriously, conducting internal and external audits to investigate the issues raised. They also announced an agreement with UNI Global Union regarding labour relations and employment standards oversight. Furthermore, Teleperformance decided to allow inspections of its sites by various stakeholders in January 2023. UBS expressed satisfaction with the company's efforts to address concerns and urged them to maintain their commitment to social responsibility and ethical practices as outlined in their Code of Ethics and Human Rights Statement.

LGIM engaged with **BP** over 2022. As one of the world's largest oil and gas companies, BP has a significant role to play in the energy transition.

LGIM have been engaging with BP for many years, co-leading efforts with the Company as part of the CA100+ initiative. In their 2022 AGM, LGIM supported management's 'Net Zero – from ambition to action' report.

Having strengthened its ambition to achieve net-zero emissions by 2050 and to halve operational emissions by 2030, BP committed to a substantial decline in oil and gas production and announced an increase in capital expenditure to low-carbon growth segments. LGIM remain committed to continuing their constructive engagements with the Company.

Engagement Activity - Non-equities

While equity managers may have more direct influence on the companies they invest in, managers investing in asset classes such as fixed income and alternatives are also increasingly influential in their ability to encourage positive change.

The Aon Managed Retirement Pathway Funds, Aon Managed Core Retirement Pathway Funds and several of the wider self-select fund options include investment in non-equity assets. This might include fixed income, cash, direct property and alternatives such as gold, depending on the fund. Below we describe examples of engagement.

Fixed Income

The Aon Managed Retirement Pathway Funds, Aon Managed Core Retirement Pathway Funds and several of the wider self-select fund options invested in fixed income and cash over the year.

(i) Direct Property

The Aon Managed Retirement Pathway Funds, Aon Managed Initial Growth Phase Fund and the Aon Managed Property and Infrastructure Fund invested in direct property over the year.

The Trustee appreciates that engagement activities within the direct property fund may be limited in comparison to other asset classes, such as equity and fixed income. Nonetheless, the Trustee expects ESG engagement to be integrated in its managers' investment approaches.

The direct property manager (Threadneedle) is a signatory of the UN PRI and has adopted ESG policies across its investments. Threadneedle takes an approach to real estate whereby they strive to understand the risks posed within the asset class and focus on mitigating these during the lifecycle of the projects. This can be done through property management, refurbishment, building improvements and strategic asset management.

Key topics of engagement during 2022 include the energy efficiency of assets, low carbon development opportunities, tenant engagement and Net Zero initiatives. During 2022, Threadneedle completed a range of projects designed to improve the energy efficiency of the underlying assets.

(ii) Commodities

The Aon Managed Retirement Pathway Funds, Aon Managed Diversified Asset Fund and Aon Managed Diversified Multi Asset Fund invested in commodities over the year.

The Invesco Physical Gold Exchange-Traded Commodities Fund provides exposure to physical gold. Invesco incorporates ESG considerations within the Fund, as it follows the London Bullion Market Association (LBMA) Responsible Gold Guidance that requires strict adherence to rules around the provenance of gold. Additionally, Invesco engage directly with companies in the gold mining space and see engagement as an opportunity to encourage continual ESG improvement.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the underlying investment managers appointed by AIL and used within the default strategy, the Aon Managed (Core) Retirement Pathway Funds.

We consider a significant vote to be one which the manager deems to be significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below.

LGIM	**Company name**	Alphabet Inc.
	Date of vote	6 June 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.1%
	Summary of the resolution	Report on Physical Risks of Climate Change
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	Failed to pass (17.7% support)
	Implications of the outcome	LGIM will continue to engage with the investee companies, publicly advocate their position on this issue and monitor company and market-level progress.
	On which criteria have the vote is considered significant?	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and public call for high quality and credible transition plans to be subject to a shareholder vote.
BlackRock	**Company name**	Costco Wholesale Corporation
	Date of vote	20 January 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not Provided*
	Summary of the resolution	Report on Greenhouse Gas (GHG) Emissions Reduction Targets
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	*Not Provided*
	Rationale for the voting decision	The shareholder proposal requested that at least 180 days prior to the next annual meeting, "Costco adopt short, medium, and long-term science-based greenhouse gas emissions reduction targets, inclusive of emissions from its full value chain, in order to achieve net-zero emissions by 2050 or sooner and to effectuate appropriate emissions reductions prior to 2030." BlackRock did not support this shareholder proposal because the request included reduction targets across the "full value chain" by July 2022. Disclosing emissions across the "full value chain" – which would include Scope 3 emissions – within such a short timeframe is beyond BlackRock's current expectations for this type of disclosure at this company, given Costco's business model and emissions profile. Although Costco initially lagged their peers, the company responded to shareholder feedback and announced, prior to the shareholder meeting, new quantitative targets for GHG emissions reductions for both Scope 1 and 2 and committed to explore targets for further reductions. In addition, the company is already taking steps to address Scope 3 emissions. Within their updated Climate Action Plan, Costco has estimated and disclosed Scope 3 emissions from the Greenhouse Gas Protocol-defined category, "Waste Generated from Operations." The company will estimate Scope 3 emissions from the GHG Protocol "Purchased Goods and Services", which represents the majority of their Scope 3 emissions, and disclose a Scope 3 Action plan by the end of December 2022. BlackRock will continue to engage and monitor progress against these targets and other climate action commitments Costco has made. More information is available here.
	Outcome of the vote	Pass
	Implications of the outcome	*Not Provided*

	On which criteria have the vote is considered significant?	*Not Provided*
UBS	**Company name**	TotalEnergies SE
	Date of vote	25 May 22
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	*Not Provided*
	Summary of the resolution	Approve Company's Sustainability and Climate Transition Plan
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Company stepped up ambition in reduction of Scope 1&2 and Scope 3 emissions, and set strong sub-targets for European business, underpinned by detailed action plans.
	Outcome of the vote	Pass
	Implications of the outcome	UBS voted against the company's say-on-climate vote at 2021 AGM, however, following progress made they supported the company in 2022, which received 88% aggregate support. UBS will continue to engage with the company in regard to their climate transition.
	On which criteria have the vote is considered significant?	Voting action following engagement progress.
Nordea	**Company name**	Republic Services
	Date of vote	16 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.8%
	Summary of the resolution	Report on third-party environmental justice audit (shareholder proposal).
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Given that an independent environmental justice audit would help shareholders to better assess the effectiveness of the company's efforts to address the issue of any environmental injustice within their operation, this merits shareholder approval.
	Outcome of the vote	Against
	Implications of the outcome	Nordea will continue to vote for such proposals in this company as well as in other relevant companies
	On which criteria have the vote is considered significant?	Significant votes are those that are severely against Nordea's principles, and where Nordea feel they need to enact change in the company.
Mirova	**Company name**	Vestas Wind Systems
	Date of vote	April 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.2%
	Summary of the resolution	Remuneration Report (1 resolution)
	How the manager voted	For
	Did the manager communicate its intent to the company ahead of the vote?	*Not provided*
	Rationale for the voting decision	After voting against management in 2021, due to the fact that the compensation plan lacked sustainability criteria, Mirova were pleased to see the incorporation of a CSR metric in the 2022 STIP. Mirova therefore voted with management on the remuneration related items
	Outcome of the vote	Pass

	Implications of the outcome	Mirova have not been able to support past resolutions due to the absence of CSR criteria and were encouraged to find the company responsive to their suggestions to incorporate such criteria going forward.
	On which criteria have the vote is considered significant?	Relevant to engagement strategy
Baillie Gifford	**Company name**	TESLA, INC.
	Date of vote	04 August 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	3.84%
	Summary of the resolution	Shareholder Resolution - Climate
	How the manager voted	Against
	Did the manager communicate its intent to the company ahead of the vote?	No
	Rationale for the voting decision	Baillie Gifford opposed the resolution requesting a report on how the company's corporate lobbying is aligned with the Paris Climate Agreement. Given Tesla's core mission is to accelerate the world's transition to sustainable energy and its entire business strategy is in alignment with the Paris Agreement, Baillie Gifford believe additional disclosures would be burdensome with no real benefit to shareholders.
	Outcome of the vote	*Fail*
	Implications of the outcome	*Not provided*
	On which criteria have the vote is considered significant?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
HSBC	**Company name**	Amazon.com, Inc.
	Date of vote	25 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	4.12%
	Summary of the resolution	Report on Efforts to Reduce Plastic Use (shareholder proposal)
	How the manager voted	For (against management recommendation)
	Did the manager communicate its intent to the company ahead of the vote?	Yes
	Rationale for the voting decision	Shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.
	Outcome of the vote	Fail. The shareholder resolution did not pass, however it received 49% support.
	Implications of the outcome	HSBC plan to raise their concern with the company and will likely vote against such a proposal should there be no improvements.
	On which criteria have the vote is considered significant?	The company is on HSBC's 2022 engagement focus list and HSBC voted against a management proposal.

Source: Aon Investments Limited, Underlying Managers (LGIM, BlackRock, UBS, Baillie Gifford, Mirova, Nordea, HSBC).

Summary

Overall, the Trustees are of the opinion the stewardship carried out on behalf of the Plan is adequate, and in line with the stewardship policy as stated in the SIP. The Trustees note the efforts from their investment manager, AIL, in monitoring the appointed underlying asset managers and encouraging better practices where appropriate. Similarly, the other examples reviewed demonstrate the willingness and ability of the appointed underlying asset managers to take proactive stewardship activity.

The Trustees recognise that it has a responsibility as a large institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Plan invests in. Accordingly, the Trustees continue to expect improvements over time, in line with the increasing expectations on asset managers and their significant influence to generate positive outcomes for the Plan, through considered voting and engagement.