

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 first implementation statement that the Trustees have prepared and covers the period 1 January 2020 to 31 December 2020.

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 2020

The SIP was updated in September 2020 to take account of new regulations which came into effect from 1 October 2020. The regulations required the Trustees to include policies relating to how they incentivise asset managers to achieve their long-term objectives, their policies on cost transparency and their policies on voting and stewardship.

The most recent SIP includes the changes outlined here and was agreed and approved by the Trustees ahead of the 1 October 2020 deadline. 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.

During the year the Plan's DC investment manager, Aon Investments Limited ("AIL"), made changes to the default strategy to replace two of the passive factor equity funds with a multi-factor fund that also incorporates an Environmental, Social, and Governance ("ESG") overlay. This allocation represents around 50% of the growth phase of the default strategy. The ESG overlay focuses on low carbon, overweighting companies with a lower carbon footprint and underweighting companies with a higher carbon footprint. Additionally, the ESG overlay excludes tobacco companies, thermal coal companies, companies involved with controversial weapons and companies that violate the UN Global Compact. Although outside of the reporting period, AIL has also introduced an allocation to an active impact equity strategy within the growth phase of the default strategy. This new allocation aims to deliver positive financial returns and make a positive impact on both society and the environment through the companies in which it invests. This change was made in January 2021.

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.

Although outside of the period considered, long term inflation linked return targets for Aon Managed Retirement Pathway Funds (the default fund) have been 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

During the year, the Trustees received training on responsible investment (RI). The purpose of the training was to provide the Trustees with updates on the evolving regulatory requirements and the importance of stewardship activity and appropriate consideration of ESG factors in investment decision making.

The Trustees undertook Aon's Responsible Investments survey which facilitated a wider discussion among the Trustees and helped form the collective views and beliefs on responsible investment, stewardship, arrangements with investment managers and cost transparency. The Trustees agreed to create a formal ESG and Stewardship policy for the Plan.

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 during 2019 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

AIL, as the appointed investment manager for the Plan, appoints underlying asset managers to achieve the objective of the default strategy and each self-select fund. The Trustees delegates the monitoring of ESG integration and stewardship quality to AIL and AIL has confirmed that all equity and fixed income managers have been rated 2 or above using its four-tier ESG ratings criteria.¹ This means that all the appointed asset managers are at least aware of potential ESG risks in the investment strategy and have taken some steps to identify, evaluate and potentially mitigate these risks.

AIL have undertaken a considerable amount of engagement activity over 2020, examples of which have been outlined within this statement. AIL held around 21 ESG specific meetings predominantly covering the equity and fixed income managers that are invested in by AIL across all delegated funds in which AIL's clients invest. At these meetings, AIL were able to analyse and discuss the voting and engagement activities undertaken during calendar year 2019 and 2020, highlighting areas of improvement and discussing manager strategy in the area of RI.

Engagement Example: Passive Manager

Over 2020, AIL's Engagement Programme maintained a dialogue with one of its leading global asset managers on behalf of many of Aon's schemes which invest with the manager, including the Plan through the default strategy. This culminated towards the end of the year in a discussion with their Global Head of Stewardship with respect to numerous areas of concern regarding stewardship, in particular the manager's ability to demonstrate commitment to publicly stated climate change goals. Discussions were helpful regarding the following:

- AIL's analysis of the manager's voting actions over 2020 showed that the manager had not been voting in a manner consistent with their public pledges nor rhetoric on the importance of sustainability issues. The manager acknowledged that there was a disconnect between voting decisions made in the first half of 2020, but that they had markedly changed their voting policies in the second half of 2020, and provided reassurance that, moving forward, voting decisions would better align with the manager's stated position on such ESG matters.
- AIL expressed concern that, given the level of potential influence the manager has, the manager was unable to bring shareholder resolutions to those companies with which it had reason to engage. Reasons for this are regulatory and concern regarding its investor classification status. The manager acknowledged AIL's concern and agreed to follow up with further detail. While the manager's situation has not yet changed, it is possible that regulatory restrictions may be eased in the future allowing the manager to use shareholder resolutions as a tool. The manager has since stated its intention to use its vote for shareholder resolutions brought by other organisations to greater effect.

The manager has since provided further information on how they are updating their policies in a manner consistent with their strategy of intensifying engagement on sustainability. For example, in areas such as the transition to the low carbon economy; diversity, equity and inclusion; and voting on shareholders proposals.

AIL welcome the improved stance on ESG issues from the manager and their proactive updating of their policies to more closely align with their responsible investment goals. AIL will continue to monitor and engage with the manager, scrutinising their voting and engagement actions. AIL is encouraged that manager plans to strengthen their influence with invested companies to better effect, especially the changed stance around supporting appropriate shareholder proposals.

¹ More information on the Aon ESG Ratings Process can be found here: <https://www.aon.com/getmedia/0b52d7ec-db77-41bc-bb45-9386034db392/AonCanada-Publication-Investment-GuideESGRatings.aspx>

Voting and Engagement

Equity Funds

Over the year, the Plan was invested in several funds which held equity exposure. AIL appoints a number of underlying asset managers within each fund. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

All equity managers utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research.

Aon Managed Retirement Pathway Funds, Aon Managed Global Equity Fund and Aon Managed Diversified Multi Asset Fund

The Aon Managed Retirement Pathway Funds (the default fund) and Aon Managed Diversified Multi Asset Fund, available as a self-select fund, invested in six underlying passive equity funds over the period. The Aon Managed Global Equity Fund, which is available as a self-select fund invested in five underlying passive equity funds.

The voting activity undertaken over the year for each underlying fund to 31 December is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Global Equity Fund	Aon Managed Diversified Multi Asset Fund
BlackRock MSCI World Index Funds	91.4%	7.0%	0.6%	Yes	Yes	Yes
BlackRock Emerging Market Index Fund*	97.1%	8.7%	3.0%	Yes	Yes	Yes
BlackRock Global Developed Fundamental Weighted Index Fund	91.6%	5.8%	0.7%	Yes	Yes	Yes
BlackRock Global Minimum Volatility Index Fund	96.6%	3.5%	0.5%	Yes	Yes	Yes
BlackRock Currency Hedged MSCI World Index Fund	91.4%	7.0%	0.6%	Yes	No	Yes
LGIM Global Developed Four Factor Scientific Beta Index Fund	99.7%	17.9%	0.1%	Yes	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

*Also available as self-select funds.



Aon Managed Core Initial Growth Phase Fund and Aon Managed Core Diversified Asset Fund

The Aon Managed Core Initial Growth Phase Fund and the Aon Managed Core Diversified Asset Fund, both available as a self-select funds, invested in six underlying passive equity funds over the period.

The voting activity undertaken over the year for each underlying fund to 31 December is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Core Initial Growth Phase Fund	Aon Managed Core Diversified Asset Fund
BlackRock MSCI World Index Funds	91.4%	7.0%	0.6%	Yes	Yes
BlackRock UK Equity Index Fund*	100.0%	4.8%	0.7%	Yes	Yes
BlackRock US Equity Index Fund	100.0%	2.5%	0.1%	Yes	Yes
BlackRock European Equity Index Fund	79.0%	12.3%	0.8%	Yes	Yes
BlackRock Japanese Equity Index Fund	100.0%	2.0%	0.0%	Yes	Yes
BlackRock Pacific Rim Equity Index Fund	99.6%	9.9%	0.1%	Yes	Yes
LGIM Global Developed Four Factor Scientific Beta Index Fund	99.7%	17.9%	0.1%	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

*Also available as a self-select fund

Voting example: Chevron Corporation (May 2020)

An example of a significant vote is when BlackRock voted against the Board's recommendations in May 2020, by voting in support of a shareholder proposal requesting that Chevron report on how the company's lobbying aligns with the goals of the Paris Agreement.

While BlackRock acknowledged that Chevron has been responsive to investors and transparent in their reporting, they felt that increased transparency around political spending and lobbying relating to climate risk and the low carbon transition would strengthen the company's disclosure. Recent engagements leading up to the annual general meeting have given BlackRock the impression that Chevron is aligned with the spirit of this proposal, as it has articulated a desire to provide more clarity for investors on its internal climate considerations and associated political lobbying. BlackRock believe enhanced disclosure will help investors better understand the company's political activities in the context of policy that supports the transition to a lower carbon economy including the goal of the Paris Agreement to limit global warming to no more than two degrees Celsius, which the company supports.

More information can be found on the voting bulletin here: <https://www.blackrock.com/corporate/literature/press-release/blk-vote-bulletin-chevron-may-2020.pdf>



Engagement example: Proctor and Gamble

An example of engagement carried out by LGIM over 2020 was with Proctor and Gamble (“P&G”). P&G uses both forest pulp and palm oil as raw materials within its household goods products. A key issue identified by LGIM was that the company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Furthermore, two of their Tier 1 suppliers of palm oil were linked to illegal deforestation.

Following a resolution proposed by Green Century that P&G should report on its effort to eliminate deforestation (that was voted on in October 2020), LGIM engaged with P&G, the resolution proponent, and with the Natural Resource Defence Council to fully understand the issues and concerns.

Through this round of engagements, LGIM decided to support this resolution as, although P&G has introduced several objectives and targets to ensure their business does not impact deforestation, LGIM felt it was not doing as much as it could. LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC-certified sources.

More detail on this stewardship example can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/cg-quarterly-report.pdf.

Aon Managed Active Global Equity Fund

The Aon Managed Active Global Equity Fund, available as a self-select fund, invested in four underlying active equity funds and an underlying passive equity fund over the period.

The voting activity undertaken over the year for each underlying fund to 31 December is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained
BNY Mellon Long-Term Global Equity Fund	100.0%	3.0%	1.0%
Baillie Gifford Global Alpha Growth Fund	94.8%	2.4%	0.7%
Harris Associates Global Equity Fund	100.0%	5.2%	1.9%
Investec Global Dynamic Fund	89.8%	10.2%	6.8%
BlackRock MSCI World Index Funds	91.4%	7.0%	0.6%

Source: Aon Investments Limited, Baillie Gifford, BlackRock, Walter Scott (BNY Mellon) & Harris Associates.

Voting example: Liberty Global

One example where Harris voted against management was in relation to executive officers' compensation at Liberty Global plc. Harris, along with c. 35% of shareholders, voted against management regarding its remuneration policy, as it believed the CEO's compensation was excessive and that half of it was time based, rather than performance based.

Engagement example: CLP Holdings

An example of engagement over the period is an ongoing engagement with CLP Holdings regarding the reduction in its carbon footprint and improvement of governance structures around climate change. CLP has a large carbon footprint, due largely to the coal-fired power plants in its portfolio of generation assets. Walter Scott believe that the company will deliver very significant reductions in carbon emissions as it actively manages its portfolio towards zero- or low-carbon technologies. Walter Scott's engagement policy targets regular and constructive interactions with company management. As an example, Walter Scott recently wrote to the company outlining their views, proposals and questions and have since spoken to the management team on this subject several times.

Walter Scott have invested a significant amount of time analysing this portfolio and engaging with management on the company's carbon reduction targets. These have been important factors in Walter Scott's decision to maintain an investment in CLP. Encouraging developments to CLP's coal portfolio have been witnessed, with the CEO indicating that they're looking to exit one large coal plant in India and are in the process of working through the coal portfolio in China. Walter Scott expect this to be a multi-year process given the complexity of what is required and will continue to engage with CLP management going forward to monitor progress towards the objective.

BlackRock World ex-UK Equity Index Fund

The Trustees makes the BlackRock World ex-UK Equity Index Fund available as part of the self-select fund range.

Voting policy

BlackRock does not use a service provider to vote on its behalf, although it does subscribe to research from the proxy advisory firms Institutional Shareholder Services Inc. ("ISS") and Glass Lewis ("GL"), which is considered along with the company's policy and past engagements in voting and engagement analysis. BlackRock use the electronic voting platform provided by the ISS to execute voting instructions, manage client accounts and report on voting. In certain markets, BlackRock works with proxy voting providers to filter through proposals and flag any that may require additional research and engagement. BlackRock uses several other inputs, including a company's own disclosures and BlackRock's record of past engagement in its voting and engagement analyses

The voting activity undertaken over the year to 31 December is shown below:

Voting information

Fund	% proposals voted	% votes cast against management	% votes abstained
BlackRock World ex-UK Equity Index Fund	93.2%	6.1%	0.3%

Source: Aon Investments Limited, BlackRock.

Voting and engagement - Property and Infrastructure

Over the year, the Plan was invested in several funds which held exposure to property and infrastructure assets. All appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the strategies that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds, Aon Managed Property and Infrastructure Fund

The Aon Managed Retirement Pathway Funds (the default fund) and Aon Managed Property and Infrastructure Fund, available as a self-select fund, invested in three underlying property / infrastructure funds over the period. The BlackRock Global Property Securities Index Fund invests in listed property investments, the Legal & General Infrastructure Index Fund invests in listed infrastructure and the Threadneedle Pensions Property Fund invests directly in UK commercial property.

Both BlackRock and LGIM utilise third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

The voting activity undertaken by BlackRock and LGIM in relation to the listed investments over the year to 31 December is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Property and Infrastructure Fund
BlackRock Global Property Securities Index Fund	91.4%	7.0%	0.6%	Yes	Yes
LGIM Infrastructure Index Fund	99.7%	17.9%	0.1%	Yes	Yes

Source: Aon Investments Limited, BlackRock, LGIM.

Direct property investments

The Trustees appreciate 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 Trustees expect 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.

A key topic of engagement continues to be the significant impact of Covid-19 on companies' ability to operate. Threadneedle's approach to active stewardship remains unchanged: Threadneedle continues to engage with companies to better understand their management of financial and non-financial risks and how they generate sustainable long-term returns. Companies' response to and management of Covid-19 will be a core part of this analysis going forward.

Engagement - Fixed Income

Over the year, the Plan invested in six funds, including the default strategy, which held exposure to fixed income. ALL appoints a number of underlying asset managers to provide this exposure.

Aon Managed Retirement Pathway Funds, Aon Managed Diversified Multi Asset Fund, Aon Managed Bond Phase Fund and Aon Managed Liquidity Fund

The Aon Managed Retirement Pathway Funds (the default fund) invested in six underlying actively managed fixed income funds over the period. The Aon Managed Retirement Pathway Funds also invested in several passively managed fixed income strategies, including both corporate bonds and government bonds, and a fund that provides exposure to short dated money market assets.

The Aon Managed Bond Phase Fund, available as a self-select fund, invested in six underlying actively managed fixed income funds over the period. The Aon Managed Bond Phase Fund also invested in a passively managed fixed income strategy.

The Aon Managed Diversified Multi Asset Fund, available as a self-select fund, invested in five underlying actively managed fixed income funds. This fund also invested in several passively managed fixed income strategies and a fund that provides exposure to short dated money market assets.

The Aon Managed Liquidity Fund (available as a self-select option) invested in a single underlying fund that provided exposure to short dated money market assets.

Further detail is provided in the table below.

Underlying manager information

Underlying manager	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Multi Asset Fund	Aon Managed Bond Phase Fund	Aon Managed Liquidity Fund
BlackRock (two active strategies)	Yes	Yes	Yes	No
BlackRock (passive corporate bonds)	Yes	Yes	Yes	No
BlackRock (passive government bonds)	Yes	Yes	No	No
BlackRock (cash)	Yes	Yes	No	Yes
Insight (active strategy)	Yes	No	Yes	No
LGIM (annuity matching bonds)	Yes	No	No	No
Ninety One (active strategy)	Yes	Yes	Yes	No
PIMCO (active strategy)	Yes	Yes	Yes	No
T-Rowe Price (active strategy)	Yes	Yes	Yes	No

Source: Aon Investments Limited.



Aon Managed Core Diversified Asset Fund and Aon Managed Passive Corporate Bond Phase Fund

The Aon Managed Core Diversified Asset Fund and Aon Managed Passive Corporate Bond Phase Fund (both available as self-select funds) invested in a single passively managed fixed income strategy.

Further detail is provided in the table below.

Underlying manager information

Underlying manager	Aon Managed Core Diversified Asset Fund	Aon Managed Passive Corporate Bond Fund
BlackRock (passive corporate bonds)	Yes	Yes

Source: Aon Investments Limited.

Aon Managed Long Term Inflation Linked Fund, Aon Managed Short Term Inflation Linked Fund and Aon Managed Pre-Retirement Bond Fund

The Aon Managed Long Term Inflation Linked Fund and Aon Managed Short Term Inflation Linked Fund each invested in an underlying passively managed government bond fund over the period. The underlying funds invested solely in government bonds. The Aon Managed Pre-Retirement Bond Fund invested in an underlying fund that aims to match changes in the cost of purchase a level annuity at retirement. To achieve this, the underlying fund invests in a mixture of government and corporate bonds. As noted above, the concept of stewardship may be less applicable with respect to investments in government bonds.

While equity managers may have more direct influence on the companies they invest in, fixed income managers are also increasingly influential in their ability to encourage positive change. The Trustees also acknowledge that the concept of stewardship may be less applicable with respect to some of its fixed income investments, particularly for government bonds.

Engagement example: Exxon

An example of an engagement by BlackRock was that with Exxon, a multi-national oil and gas company. In BlackRock's discussion with the company, they discussed several engagement topics including governance structure, corporate strategy, environmental risks and opportunities. Discussions also covered Exxon's approach to the European regulatory environment, their views on electric vehicle penetration as a risk to their business, and their risk management in relation to physical climate change risks.

BlackRock have stated that their ongoing dialogue with Exxon has been largely constructive and effective, however, there have also been areas where the company wasn't adequately responsive to shareholder feedback. As a result, BlackRock voted against the re-election of the lead independent director; this was due to the company's lack of progress on climate-related disclosures. Furthermore, BlackRock supported a shareholder proposal seeking a report on the extreme weather resilience of certain operations. This is consistent with BlackRock's view to first engage with companies on their concerns and to subsequently hold directors accountable if those concerns are not sufficiently addressed.

BlackRock anticipate further dialogue with the board and management of Exxon and remain optimistic that their recommendations to enhance governance and transparency will lead to additional positive future outcomes.

Voting and engagement - Multi-Asset

Over the year, the Plan was invested in a fund which held exposure to multiple asset classes including equities and fixed income, including the default strategy. AIL appoints a number of underlying asset managers to provide this exposure. The following section describes the voting behaviour, including examples of significant votes and engagement activity for the funds that were in place for the majority of the reporting year.

Aon Managed Retirement Pathway Funds (the default fund) and Aon Managed Diversified Multi Asset Fund

The Aon Managed Retirement Pathway Funds (the default fund) and Aon Managed Diversified Multi Asset Fund, both available as self-select funds, invested in an actively managed multi-asset fund over the period. The BlackRock Market Advantage Fund invests in equities alongside a range of other asset classes including fixed income, property and commodities.

BlackRock uses third party proxy voting service providers (typically Institutional Shareholder Services ("ISS") and Glass Lewis) for various services such as providing vote recommendations or research in relation to the listed investments held.

The voting activity undertaken by BlackRock over the year to 31 December 2020 is shown below:

Voting information

Underlying fund	% proposals voted	% votes cast against management	% votes abstained	Aon Managed Retirement Pathway Funds	Aon Managed Diversified Asset Fund	Aon Managed Diversified Multi Asset Fund
BlackRock Market Advantage Fund	96.5%	8.6%	2.8%	Yes	Yes	Yes

Source: Aon Investments Limited, BlackRock.



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, ALL, 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.