

Implementation Statement, covering the Plan year from 1 July 2023 to 30 June 2024 (the ‘Plan year’)

The Trustee of the Combined Britons Pension Plan (the ‘Plan’) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles (‘SIP’) during the Plan year. This is provided in Section 2 below.

The Statement is also required to include a description of the voting behaviour during the Plan year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the [guidance](#) on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (‘DWP’s guidance’) in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Plan year to reflect the Trustee’s selection of the stewardship priorities and its net zero ambition.

Further detail and the reasons for these changes are set out in Section 2. As part of these SIP updates, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Plan’s voting and engagement policies during the Plan year.

2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement.

A link to BlackRock’s policies is included here: [Investment Stewardship | BlackRock](#)

However, the Trustee takes ownership of the Plan’s stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to voting and engagement. Additionally, the Trustee receives quarterly updates on environmental, social and governance (‘ESG’) and stewardship related issues from LCP.

Following the introduction of DWP’s guidance, the Trustee agreed to set stewardship priorities to focus engagement with its investment managers on specific ESG factors. The Trustee discussed and agreed the stewardship priorities for the Plan at its meeting in Q1 2023. These priorities were:

- Climate change
- Diversity, equity and inclusion; and
- Business ethics

The Trustee has set a net zero ambition which is to align its assets with net zero greenhouse gas emissions by 2050 through selecting managers, and investing in funds, with credible net zero targets.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with its managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Plan year

All of the Trustee’s holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan year. However, the Trustee monitors managers’

voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- BlackRock ACS World Low Carbon Equity Index Tracker Fund
- BlackRock Aquila Life UK Equity Index Fund
- BlackRock Emerging Markets Equity Fund

We have omitted the following funds on materiality grounds since their physical equity holdings are only a small proportion of the Plan's total equity holdings, or there are no equity holdings at all in the fund:

- Permira Credit Solutions IV & V Funds
- BlackRock UK Strategic Alternative Income Fund
- BlackRock Aquila Life Over 25 Year UK Gilts Index Fund
- BlackRock Aquila Life Over 25 Year Index-linked Gilts Index Fund
- BlackRock Ascent UK All Stocks Corporate Bond Fund
- BlackRock Ascent UK Long Corporate Bond Fund
- BlackRock Sustainable Sterling Short Duration Credit Fund
- BlackRock ICS GBP Liquidity Heritage Fund

3.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The majority of the Plan's assets are held with BlackRock and its voting process is outlined below.

BlackRock's voting guidelines are market-specific to ensure it takes into account a company's unique circumstances by market, where relevant. BlackRock informs its voting decisions through research and engages as necessary. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcomes discussions with its clients on engagement and its voting topics and priorities to get their perspective and better understand which issues are important to them.

As outlined in its Global Principles, BlackRock determines which companies to engage with directly based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs its vote decisions through research and engages as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would need to engage a third-party voting execution platform to cast the votes.

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

While BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into its vote analysis process, and BlackRock does not blindly follow their recommendations on how to vote. BlackRock primarily uses proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that its investment stewardship analysts can readily identify and prioritise those companies where its own additional research and engagement would

be beneficial. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, and the views of BlackRock's active investors, public information and ESG research.

3.2 Summary of voting behaviour

A summary of voting behaviour over the Plan year is provided in the table below.

Voting Behaviour			
Manager name	BlackRock	BlackRock	BlackRock
Fund name	ACS World Low Carbon Equity Index Tracker Fund	Aquila Life UK Equity Index Fund	Emerging Markets Equity Fund
Total size of fund at end of the Plan year	£6.7bn	£2.1bn	£453.7m
Value of Plan's unhedged assets at end of the Plan year	£3.1m	£1.6m	£1.6m
Value of Plan's hedged assets at end of the Plan year	£4.6m	-	-
Number of equity holdings at end of the Plan year	724	560	78
Number of meetings eligible to vote	887	1,063	104
Number of resolutions eligible to vote	12,876	14,576	827
% of resolutions voted	93%	96%	100%
Of the resolutions on which voted, % voted with management	96%	96%	92%
Of the resolutions on which voted, % voted against management	3%	3%	7%
Of the resolutions on which voted, % abstained from voting	0%	1%	3%
Of the meetings in which the manager voted, % with at least one vote against management	20%	19%	31%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0%	0%	0%

Source: BlackRock

Figures may not sum due to rounding. Additionally, voting figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

The Plan's hedged equity funds have the same underlying holdings as their unhedged equivalents, and therefore the same voting data.

3.3 Most significant votes

Commentary on the most significant votes over the Plan year, from the Plan's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting BlackRock to provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested BlackRock could use the [PLSA's criteria](#) for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that:

- align with the Trustee's stewardship priorities;
- might have a material impact on future company performance;
- the investment manager believes to represent a significant escalation in engagement;
- impact a material fund holding, although this would not be considered the only determinant of significance, rather it is an additional factor;
- have a high media profile or are seen as being controversial; or
- the Plan or the sponsoring company may have a particular interest in.

The Trustee has reported on three significant votes only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

BlackRock

BlackRock determines which votes are significant using the following criteria:

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

World Low Carbon Equity Tracker Fund

Tesla, Inc. 13 June 2024

Summary of resolution: Shareholder proposal regarding reporting on harassment and discrimination prevention efforts

Relevant stewardship priority: Diversity, equity and inclusion

Why this vote is considered to be most significant: Relates to a stewardship priority

Company management recommendation: Against **Fund manager vote:** For

Rationale: BlackRock supported the shareholder proposal regarding reporting on harassment and discrimination prevention efforts (Item 8) because, in its view, greater disclosures on this issue, which it deems material to the long-term financial interests of shareholders, would help investors better assess risks at the company.

Outcome of the vote: Not passed

The Boeing Company. 17 May 2024

Summary of resolution: Company proposal to elect director David L. Joyce

Relevant stewardship priority: Business ethics

Why this vote is considered to be most significant: Relates to a stewardship priority

Company management recommendation: For **Fund manager vote:** Against

Rationale: BlackRock did not support the re-election of Director David L. Joyce, who serves as Chair of the Board's Aerospace Safety Committee. While BlackRock notes that Boeing is taking the 2024 Alaska Airlines incident seriously, the National Transportation Safety Board and Federal Aviation Administration's findings highlight the scale of the deficits in Boeing's overarching safety culture.

Outcome of the vote: Passed

UK Equity Index Fund

Shell plc. 21 May 2024

Summary of resolution: Shareholder proposal to advise Shell to align its medium-term emissions reduction targets covering greenhouse gas emissions of the use of its energy products (Scope 3) with the Goal of the Paris Climate Agreement

Relevant stewardship priority: Climate change

Why this vote is considered to be most significant: Relates to a stewardship priority

Company management recommendation: For **Fund manager vote:** Against

Rationale: BlackRock did not support this shareholder proposal, citing the proposal is overly prescriptive. It is the role of company leadership to set and implement the company's strategy. In BlackRock's assessment, support of this proposal would contradict the Energy Transition Strategy 2024 that has been put forward by the board and management team.

Outcome of the vote: Not passed

Emerging Markets Fund

BlackRock stated that there were no significant votes to report on over the Plan year.