

**Cushon Master Trust (the “Scheme”)
Implementation Statement
1 January 2022 to 31 December 2022**

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Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Statement of Investment Principles (SIP)

The Cushon Master Trust SIP (latest dated **9 June 2023**) covers the following areas to comply with the DWP regulations:

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

The SIP can be found online at the web address <https://www.cushon.co.uk/info/terms>. Any changes made to the SIP during and shortly after the year end covered by this Statement are detailed on page 10.

Implementation Statement

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

- actions the Trustees have taken to manage financially material risks and implement the key policies within its SIP;
- the steps in place to ensure the default investment strategy remains in the best interest of its members;
- the current approach with regards to ESG and the actions taken by managers to mitigate ESG risks;
- the extent to which the Trustees have followed policies on engagement covering engagement actions with its fund managers, and in turn the engagement activity of those fund managers with the companies within their investment funds;
- voting behaviour covering the reporting year up to 31 December 2022 for and on behalf of the Scheme, including the most significant votes cast on behalf of the Scheme.

Summary of key actions undertaken over the Scheme reporting year:-

- The Trustees have formulated a set of investment beliefs, which are considered when developing the investment strategy to ensure that all decisions are consistent with these beliefs and are made in the interests of members. These investment beliefs were reviewed and agreed as part of an investment strategy review, completed during the year which resulted in the implementation of a new Scheme default investment strategy, the Cushon Sustainable Investment Strategy. The Trustees rolled out this new default investment strategy during 2022 and contacted all members, providing relevant information. The SIP was updated on 27 September 2022 to reflect this default investment strategy change. Post year end, the default investment strategy has been further developed to allow for the inclusion of a Private Markets and Multi Asset Credit mandate and the SIP has been further amended on 9 June 2023 to reflect this.
- A review of the self-select funds offered to members of the Scheme was completed and implemented. This change ensured that Responsible Investing was integrated as a core element of as many of the self-select funds as possible, subject to the availability of funds within the different asset classes. All members were informed of these changes to the self-select range and the SIP was updated on 27 September 2022 to reflect this.
- The Trustees also updated their policy in relation to engagement and the exercise of voting rights within the SIP. The changes outline how the Trustees expect investment managers to vote on their behalf and how the Trustee will engage with investment managers, direct assets, and others about 'relevant matters'.
- The Trustees had previously agreed a move in investment platform from Aegon to Mobius Life, following advice from their Investment Adviser Isio. This move was completed during 2022, with no further assets remaining on the Aegon investment platform.
- The Trustees reviewed and revised their Responsible Investment Policy, including the Trustees' investment beliefs, during the year. Changes to the Responsible Investment Policy were also made shortly after the Scheme year end date which included documenting the Trustees' stewardship priorities and updating the responsible investment policies for the new funds in the default strategy.
- After the year end covered by this Statement, the Trustees selected stewardship priorities following discussions with key stakeholders of the Scheme and in consultation with their Investment Advisers. The Trustees selected the following stewardship priorities which are aligned to the Trustees' beliefs in relation to climate change and social factors: climate alignment – decarbonising and minimising emissions, climate adaptation, biodiversity risk and management, labour rights (including modern slavery), and diversity and inclusion (on boards in particular). The stewardship priorities were communicated to the Scheme's underlying managers in July 2023, via Voting Preference Letters for equity managers. These priorities will form part of the investment governance reporting framework, which is used to monitor effective implementation and management of the Scheme's investment portfolio on behalf of members. This will include an assessment to the extent which stewardship activities undertaken by the Scheme's investment managers, on behalf of the Scheme, are aligned with the Trustees' stewardship priorities.
- The Trustees also agreed a process to managing the liquidity of the Private Markets mandate shortly after the year end covered by this statement. Regular assessment of the Scheme's inflows and outflows will be completed to ensure sufficient liquidity and mitigate the impact on members.
- The investment strategy and asset allocation for an alternative default, Cushon Core, was included as part of updates to the SIP during the Scheme Year. This strategy has not yet been launched, however, so is not covered in this Statement.

Implementation Statement

This report demonstrates that the Cushon Master Trust has adhered to its investment principles and policies for managing financially material consideration including ESG factors and climate change during the year ending 31 December 2022.

Signed:

A handwritten signature in blue ink, appearing to be 'A. Khan', with a long horizontal flourish extending to the right.

Position: Chair of Trustees

Date: **14 July 2023**

Managing Risks and Policy actions

| Risk / Policy | Definition | Policy | Actions and details on changes to policy |
|------------------------|---|---|--|
| Value for members risk | The risk that the Scheme fails to offer value for members. | This is addressed through regular 'value for members' reviews. | <p>The Value for Members framework was refined during 2022 for simplification and to include a greater emphasis on member outcomes.</p> <p>Details of the value for members assessment is detailed within the annual Chair's Statement.</p> <p>Costs and charges are a key focus when the Trustees are considering investment strategy and investment platform changes. The Trustees default investment strategy was selected in the best interest of the majority of members and beneficiaries, and the Trustees undertake periodic reviews on the suitability of the strategy.</p> |
| Inflation Risk | The risk that the purchasing power of members' investment account is not maintained. | To try to manage this risk, the Trustees have offered a range of funds reflecting asset classes expected to provide long term returns more than price inflation. | <p>There have been no changes to the policy over the reporting year.</p> <p>Following review, changes to the range of self-select funds available has been made over the year. Details of the range of funds available for members to invest in, including the default investment strategy, are contained within the Chair's Statement, Member Portal and Cushon App.</p> |
| Pension Purchase Risk | The risk that the value of pension benefits that can be purchased by a given defined contribution amount is not maintained. | <p>This risk cannot easily be mitigated as it depends on market conditions for annuity rates at retirement, and the default strategy targets a flexible-access outcome to reflect that not all members will look to purchase an annuity at retirement. However, the default strategy gradually de-risks as members approach retirement, including an increased allocation to bonds which should provide an extent of annuity price matching. Bond funds are also available within the self-select fund range for those members who would like to hedge annuity price movements more explicitly.</p> | <p>There have been no changes to the policy over the reporting year. However, the new default investment strategy which has a 7-year de-risking period was launched during the year, as was the new self-select investment range.</p> <p>The Trustees define de-risking as when members move to an asset allocation with a lower expected risk (measured by volatility) based on their long-term assumptions, although the Trustees recognise that this may not always be the case in some given market environments.</p> |

| Risk / Policy | Definition | Policy | Actions and details on changes to policy |
|----------------------|---|--|---|
| Capital Risk | The risk that the value of any element used to provide a cash sum at retirement is not maintained. | To try to mitigate this risk the default strategy de-risks as members approach retirement. The self-select fund range includes a cash fund option for members prioritising capital preservation. | There have been no changes to the policy over the reporting year. As part of the Scheme's investment strategy review, the Trustees reviewed the at-retirement options available to members and this will be considered further during 2023. |
| Passive Manager Risk | The risk that passive investments do not track the index effectively. | The Trustees have mitigated this risk by taking advice from their Investment Adviser in relation to passive investments. The Trustees monitor how effectively the Scheme's passive investments track their benchmarks as part of ongoing investment governance. | There have been no changes to the policy over the reporting year with the Trustees continuing to monitor on an ongoing basis how effective the Scheme's passive investments track their benchmark. Detail on investment performance is contained within the annual Chair's Statement. |
| Active Manager Risk | The risk that the active investments underlying the Scheme's investment options underperform due to the underlying investment manager underperformance. | The Trustees have mitigated this risk by taking advice from its Investment Adviser in relation to active asset management. The Investment Adviser considers a wide range of funds; diversified across asset class, sub asset class and investment manager to reduce the active manager risk. | There have been no changes to the policy over the reporting year with the Trustees continuing to monitor on an ongoing basis how effective the Scheme's active investments perform against their benchmark in conjunction with their Investment Adviser. Detail on investment performance is contained within the annual Chair's Statement. |
| Communication Risk | The risk that communication to members is misleading or unclear and leads to inappropriate decisions being made. | This is addressed through the Trustees receiving advice from their advisers and regular monitoring and updates, where appropriate, of member communications. | There have been no changes to the policy over the reporting year. The Trustees have a Communicating with Employers and Members policy, which is referred to on an ongoing basis and is formally reviewed at least annually. Advice is taken, where necessary. |

| Risk / Policy | Definition | Policy | Actions and details on changes to policy |
|-------------------------------|---|---|---|
| Inappropriate Member Decision | The risk that members make inappropriate decisions regarding their investments. | This is addressed where possible through communication to members and the recommendation that members seek independent financial advice. The Trustees also offer a default strategy with a “lifestyling element” designed to phase members into lower risk investments as they approach retirement. | <p>There have been no changes to the policy over the reporting year.</p> <p>The Trustees launched their new default investment strategy with a 7-year de-risking period.</p> <p>The Trustees have a Communicating with Employers and Members policy, which is referred to on an ongoing basis and is formally reviewed at least annually. Advice is taken, where necessary.</p> <p>The full range of investment funds and their factsheets are available on the Scheme website, Member Portal and Cushon App. Additionally, members are encouraged to take financial advice and/or seek guidance from the Government's free service, Moneyhelper.</p> |
| Organisational Risk | The risk of inadequate internal processes leading to problems for the Scheme. | This is addressed through the regular monitoring of the Investment Managers and advisers. | <p>There have been no changes to the policy over the reporting year.</p> <p>The Trustees review the Investment Managers and all advisers at least annually in line with their Managing Service Providers Policy.</p> <p>The Cushon Investment Office (CIO) make “proposals” to the Trustees on the development and implementation of the Trustees’ investment strategy. Any advice is sought from the appointed Investment Adviser, Isio.</p> |
| Liquidity Risk | The risk that members are not able to realise the value of their funds when required. | <p>This is addressed through the Scheme liquidity management process for the private market element of the default investment strategy. This policy is subject to regular review.</p> <p>In addition, the Trustees seek to mitigate the impact on members through regular assessment of the Scheme’s inflows and outflows to ensure sufficient liquidity.</p> | <p>The majority of funds offered are daily dealt, however some of the underlying investments in the new default investment strategy may be less liquid (i.e. the private market investments, which were introduced to the Scheme post year-end).</p> <p>The Trustees have an agreed process to managing the liquidity of the Private Markets mandate that mitigates the impact on members through regular assessment of the Scheme’s inflows and outflows to ensure sufficient liquidity.</p> |

| Risk / Policy | Definition | Policy | Actions and details on changes to policy |
|---------------|---|--|---|
| ESG Risk | The risk of adverse performance due to ESG related factors including climate change. | This is addressed by carrying out regular reviews of the investment managers' approaches and effectiveness in managing ESG risks. | There have been no changes to the policy over the reporting year. The Trustees have, however, reviewed and revised their Responsible Investing Policy which includes their investment beliefs. This Policy will be reviewed on an annual basis, or earlier, as necessary. More detail of the ESG work and implementation are presented later in this report. |
| Other Risks | The Trustees identify other risks including but not limited to political, regulatory, and market risks which are considered in the Investment Strategy and its execution and on-going monitoring. | Many of these risks are monitored through a Risk Register which is maintained, and actions tracked on a routine basis in the governance of the Scheme. | There have been no changes to the policy over the reporting year. The Trustees continue to review the risk register on a quarterly basis alongside a formal annual review being completed. |

Changes to the Statement of Investment Principles (SIP)

Policies added to the SIP

The following policies were added to the SIP during the Scheme year and shortly after year end.

Date updated:

27 September 2022

The SIP was amended to reflect the introduction of:-

- the new default investment strategy, the Cushon Sustainable Investment Strategy; and
- the new self-select range of funds available to all Scheme members.

The policy in relation to engagement and the exercise of voting rights was added within the SIP. The changes outline how the Trustees expect investment managers to vote on their behalf and how the Trustee will engage with investment managers, direct assets, and others about 'relevant matters'.

At the same time, the Trustees took the opportunity to reformat the SIP, such that a reasonably engaged member could interpret and understand the disclosures.

9 June 2023

The SIP was amended post year end to reflect:-

- introduction of a further default investment strategy, Cushon Core;
- Changes to the bond building block of the Cushon Sustainable Investment Strategy and Cushon Core;
- Highlighting the quarterly dealing of the private market allocation and introduction of the liquidity management process;
- Introduction of Stewardship priorities; and
- Detail on the retirement investment offering was clarified.

Implementing the current Responsible Investing policy and approach

Responsible Investing as a financially material risk

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

- Corporate Governance and Stewardship
- Financially Material Investment Considerations
- Non-Financially Material Investment Considerations

As part of the investment strategy work the Trustees also reviewed and revised their Responsible Investment Policy to take account of the new default investment strategy, the Cushon Sustainable Investment Strategy. This included a review of their investment beliefs.

At the same time the Trustees took the opportunity to draft a voting preference letter, which was shared with Macquarie Asset Management (their Global Equity fund manager) and Schroders (the private market fund provider).

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

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

During 2022, training, both independently and as a Trustee Board, was completed. The Trustee Board training covered many aspects, including climate change mitigation, impacts of inflation, the war in Ukraine and the future of sustainable investing.

Engagement

As the Master Trust invests via fund managers, we have requested details on engagement actions from the managers of all of the default strategies that were in place throughout 2022. This included a summary of the engagements by category for the 12 month period to 31 December 2022. There have been challenges in obtaining the required level of engagement reporting and where data is not available this has been recorded below.

We have reported on the funds which are components of the Scheme's default investment strategies that members were invested in at any point during the Scheme year, which captures the majority of the Scheme's assets.

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

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

The sum of engagements shown in the table below may not sum to the "total engagements" total as some engagements may fall under more than one of the Environmental, Social, Governance and Other categories.

Cushon Sustainable Investment Strategy

| Fund name(s) | Underlying name | Fund | Engagement summary | Commentary |
|--|----------------------|------|---|--|
| Cushon Sustainable Investment Strategy | Macquarie True Index | | <p>Total engagements: 241</p> <p>Environmental: 182</p> <p>Social: 118</p> <p>Governance: 140</p> | <p>Macquarie recognise the broad range of ESG issues and opportunities that companies face in today's world. To focus their engagement efforts, they have identified three main focus areas under which they define their engagement priorities, as highlighted below. Each of these pillars may contain sub-themes, which incorporate more specific elements of the broader thematic. Naturally, engagements may not always neatly fall under one of these thematics, particularly when stock specific controversies arise.</p> <ol style="list-style-type: none"> Carbon <ul style="list-style-type: none"> - Transition to net zero - Methane Modern slavery <ul style="list-style-type: none"> - Supply chain management Social <ul style="list-style-type: none"> - Diversity, equity and inclusion - Corporate culture <p>Macquarie seek to increase positive outcomes while reducing negative outcomes in line with the expectations of the UN Principles for Responsible Investment (UN PRI). In doing this, their company interactions should always address at least one of the following:</p> <ul style="list-style-type: none"> • Improve a practice on an ESG issue; • Change a sustainability outcome in the real world; or • Improve public disclosure. |

| Fund name(s) | Underlying Fund name | Engagement summary | Commentary |
|--------------|------------------------------------|--|--|
| | Wellington Global Impact | <p>Investment during 2022; engagement data for the full calendar</p> <p>Total engagements: 39</p> <p>Environmental: 21</p> <p>Social: 14</p> <p>Governance: 32</p> | Wellington cultivates relationships with other asset management firms, academia, and broader industry organisations to share insights on corporate governance trends and local market considerations. As members of the Investor forum, Climate action 100+, UN PRI and Investment Association we engage on individual company level as well as seeking to improve market wide risk through forward thinking discussions and engagements, with their focus split equally to further positive change. |
| | Lombard Odier Target Net Zero | <p>Investment during 2022; engagement data for the full calendar</p> <p>Total engagements: 30</p> <p>Environmental: 14</p> <p>Social: 4</p> <p>Governance: 8</p> | At the firm level, Lombard Odier have highlighted climate as one of the key engagement topics. This fits with their approach to collecting and analysing data on companies in relation to their alignment to target net zero emissions by 2050. Lombard Odier's engagements around net zero involve work relating to increased levels of disclosure, as well as encouraging companies to adopt more science-based targets that align with their business activities to achieve net zero. This engagement activity has two benefits for the Target Net Zero strategies. Firstly, it ensures that they are capturing as much information as possible, quantitatively and qualitatively, around the potential for a company to reach net zero. This is then fed into the Implied Temperature Rise tool to give their asset managers clarity on the alignment. Secondly, it opens up a dialogue with those companies that have not recognised the importance of setting goals and targets to ensure their business models remain relevant in a net-zero world. |
| | LGIM Over 5 Year Index-Linked Gilt | <p>Investment during 2022; engagement data for the full calendar</p> <p>Total engagements: 34</p> <p>Environmental: 16</p> <p>Social: 2</p> <p>Governance: 15</p> | <p>LGIM's Investment Stewardship team manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness.</p> <p>LGIM produce an annual Active Ownership report to summarise how they have worked towards creating sustainable value for clients.</p> |
| | LGIM Cash | <p>Investment during 2022; engagement data for the full calendar</p> <p>Total engagements: 1</p> <p>Environmental: 0</p> <p>Social: 0</p> <p>Governance: 1</p> | See previous commentary on LGIM. |

Further Default Investment Strategies – All assets were disinvested during 2022 – Engagement data covers the full calendar year

| Fund name(s) | Underlying Fund name | Engagement summary | Commentary |
|---|---|--|---|
| Cushon Growth & Retirement Funds | LGIM Future World Developed (ex UK) Equity Index Fund | Total engagements: 419 Environmental: 208 Social: 60 Governance: 122 | See previous commentary on LGIM. |
| | LGIM Future World UK Equity Index Fund | Total engagements: 227 Environmental: 59 Social: 33 Governance: 124 | See previous commentary on LGIM. |
| | LGIM Global Real Estate Equity Fund | Total engagements: 46 Environmental: 10 Social: 4 Governance: 30 | See previous commentary on LGIM. |
| | LGIM Developed Core Infrastructure Index Fund | Total engagements: 14 Environmental: 8 Social: 1 Governance: 4 | See previous commentary on LGIM. |
| | BlackRock Aquila Connect Emerging Markets Equity Fund | Total engagements: 460 Environmental: 327 Social: 184 Governance: 427 | At firm-level, BlackRock engages with many companies and informs clients about its engagement and voting policies through various forms of communication. The Investment Stewardship team is responsible for encouraging sound corporate governance practices and encouraging companies to deliver long-term, sustainable growth and returns for clients through engagement and proxy voting. BlackRock have not provided any specific examples of significant engagement activity. |
| | Vanguard Global Small Cap Index Fund | No data available. | We requested this data from Vanguard, however, they are currently unable to produce this level of reporting. We are working with them to ensure that this data is available in future. Vanguard produce an annual stewardship report that outlines their engagement with companies over the year, but this data is not available at a fund level. |
| | BlackRock Aquila Connect Corporate Bond All Stocks Index Fund | No data available. | We requested this data from BlackRock, however, they are currently unable to provide engagement data for non-equity funds. We are working with them to ensure that this data is available in future. |

| Fund name(s) | Underlying Fund name | Engagement summary | Commentary |
|--|---|--|--|
| Cushon Retirement Fund | LGIM All Stocks Index-Linked Gilts Index Fund | Total engagements: 34 Environmental: 16 Social: 2 Governance: 15 | See previous commentary on LGIM. |
| Fund name(s) | Underlying Fund name | Engagement summary | Commentary |
| Salvus Cautious & Balanced Lifestyle defaults | BlackRock ACS UK Equity Tracker Fund | Total engagements: 2,921 Environmental: 2,528 Social: 1,910 Governance: 6,370 | See previous commentary on BlackRock. |
| | BlackRock ACS World ex UK Equity Tracker Fund | Total engagements: 1,474 Environmental: 1,253 Social: 1,123 Governance: 3,255 | |
| | BlackRock iShares Index Linked Gilt Index Fund (UK) | No data available. | We requested this data from BlackRock, however, they are currently unable to provide engagement data for non-equity funds. We are working with them to ensure that this data is available in future. |
| | BlackRock iShares Corporate Bond Index Fund (UK) | | |
| | BlackRock iShares UK Gilts All Stocks Index Fund (UK) | | |
| | Aegon Scottish Equitable Pension Cash Fund | No data available. | We requested this data from Aegon, however, they are currently unable to provide engagement data for non-equity funds. |
| Fund name(s) | Underlying Fund name | Engagement summary | Commentary |
| Former Spinnaker default | BlackRock ACS 50/50 Global Equity Tracker Fund | Total engagements: 1,919 Environmental: 1,608 Social: 4,165 Governance: 1,351 | See previous commentary on BlackRock. |
| | BlackRock iShares Over 15 Years Corporate Bond Tracker Fund | No data available. | We requested this data from BlackRock, however, they are currently unable to provide engagement data for non-equity funds. We are working with them to ensure that this data is available in future. |
| | BlackRock iShares Over 15 Years UK Gilt Tracker Fund | | |

| Fund name(s) | Underlying Fund name | Engagement summary | Commentary |
|--------------------|--|--|---------------------------------------|
| Former Ascot Lloyd | BlackRock Aquila Connect Emerging Markets Equity Fund | Total engagements: 460 Environmental: 603 Social: 259 Governance: 1,254 | See previous commentary on BlackRock. |
| | LGIM UK Equity Index Fund | Total engagements: 226 Environmental: 68 Social: 36 Governance: 150 | See previous commentary on LGIM. |
| | LGIM Europe (ex UK) Equity Index Fund | Total engagements: 139 Environmental: 71 Social: 19 Governance: 42 | See previous commentary on LGIM. |
| | LGIM North America Equity Index Fund | Total engagements: 252 Environmental: 125 Social: 39 Governance: 81 | See previous commentary on LGIM. |
| | LGIM Japan Equity Index Fund | Total engagements: 100 Environmental: 50 Social: 7 Governance: 30 | See previous commentary on LGIM. |
| | LGIM Asia Pacific (ex-Japan) Developed Equity Index Fund | Total engagements: 108 Environmental: 68 Social: 4 Governance: 24 | See previous commentary on LGIM. |
| | LGIM AAA-AA-A Corporate Bond All Stocks Index Fund | Total engagements: 117 Environmental: 51 Social: 19 Governance: 40 | See previous commentary on LGIM. |
| | LGIM AAA-AA-A Corporate Bond Over 15 Year Index Fund | Total engagements: 59 Environmental: 26 Social: 7 Governance: 21 | See previous commentary on LGIM. |

| Fund name(s) | Underlying Fund name | Engagement summary | Commentary |
|---------------------------------------|--|--|---------------------------------------|
| Former Ascot Lloyd (continued) | LGIM Over 5 Year Index-Linked Gilts Index Fund LGIM All Stocks Gilts Index Fund LGIM Over 15 Year Gilts Index Fund LGIM Cash Fund | Total engagements: 34 Environmental: 16 Social: 2 Governance: 15 | See previous commentary on LGIM. |
| Former HS Admin default | BlackRock Consensus 85 Fund | Total engagements: 3,007 Environmental: 2,600 Social: 1,947 Governance: 6,603 | See previous commentary on BlackRock. |

Voting (for equity/multi asset funds only)

As the Cushon Master Trust invests via fund managers, we have requested details of voting actions from the managers of all equity and multi-asset funds within the default strategies, including a summary of the activity for the 12 month period to the end of 2022. We also requested examples of most significant votes. Generally, holders of debt instruments have no voting rights.

The Scheme's investments were invested in pooled funds during the Scheme Year. The Investment Manager therefore holds all voting rights for these funds and the Trustees hold no voting rights. The Trustees have asked their Investment Managers to provide an update on progress that has been made with regards to split voting.

As the stewardship priorities were set after the year end reported in this Statement, the Trustees have adopted the managers definition of significant votes below. The managers have provided examples of votes they deem to be significant. After the year end, the Trustees shared the agreed stewardship priorities with managers via Voting Preference Letters.

Cushon Sustainable Investment Strategy

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
|--|----------------------|---|--|---|
| Cushon Sustainable Investment Strategy | Macquarie True Index | <p>Meetings eligible to vote at: 136</p> <p>Resolutions eligible to vote on: 1145</p> <p>Resolutions voted: 93%</p> <p>Votes for management: 92%</p> <p>Votes against management: 5%</p> <p>Abstained from voting: 2%</p> | <p>KLA Corporation - 02/11/2022 - 0.11% of mandate's holding - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal; A vote FOR this proposal is warranted, as additional information on the company's efforts to reduce its carbon footprint and align its operations with Paris Agreement goals would allow investors to better understand how the company is managing its transition to a low carbon economy and climate change related risks. The vote did not pass.</p> <p>Sysco Corporation - 18/11/2022 - 0.1% of mandate's holdings - Report on efforts to reduce plastic use; A vote FOR this proposal is warranted, as shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste. The vote passed.</p> | <p>The Proxy Advisor and/or the client's custodian monitor corporate events in connection with Macquarie Public Markets Division's (MPI) client accounts. After receiving the proxy statements, the proxy advisor (in the case of Cushon's account this is ISS) will review the proxy issues and recommend a vote in accordance with MPI's Guidelines. When the Guidelines state that a proxy issue will be decided on a case-by-case basis, the proxy Adviser's custom research team will look at the relevant facts and circumstances and research the issue to provide MPI with a recommendation as to how the proxy should be voted in accordance with the parameters described in the Guidelines. If the Guidelines do not address a particular proxy issue, the proxy Adviser will similarly look at the relevant facts and circumstances and research the issue to provide a recommendation as to how the proxy should be voted. If a client provides MPI with its own instruction on a given proxy vote for their portfolio, MPI will forward the client's instruction to the proxy Adviser who will vote the</p> |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
|--------------|----------------------|----------------|-------------------------------|---|
| | | | | <p>client's proxy pursuant to the client's instruction.</p> <p>Definition of significant votes: A 'significant' vote would be one which has been identified as a key ESG issue by the firm's ESG proxy alert process. Alerts cover ESG-related issues aligned with priority, including climate action in support of their net zero commitment, issues related to impact and contribution towards the UN Sustainable Development Goals, and votes for additional ESG disclosure as well as major and contentious governance and strategic corporate issues deserving of increased attention.</p> <p>Institutional Shareholder Services "ISS" is the proxy advisory firm for this account. ISS provide research and recommendations on how to vote, based on MPI's guidelines. ISS monitors corporate events in connection with the account and after receiving proxy statements, will review the proxy issues and recommend a vote in accordance with MAM PI's guidelines. ISS also functions at the platform through which votes are submitted.</p> |

Further Default Investment Strategies – All assets were disinvested during 2022 – Voting data is for the full calendar year

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
|---|---|---|---|---|
| Cushon Growth & Retirement Funds | LGIM Future World Developed (ex UK) Equity Index Fund | <p>Meetings eligible to vote at: 1,545</p> <p>Resolutions eligible to vote on: 20,914</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 77%</p> <p>Votes against management: 23%</p> <p>Abstained from voting: 0%</p> | <p>NVIDIA Corporation - Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> | <p>LGIM's Investment Stewardship team manage the voting and engagement across all funds, leveraging all possible capital to maximise effectiveness.</p> <p>LGIM produce an annual Active Ownership report to summarise how they have worked towards creating sustainable value for clients.</p> <p>LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is their policy not to engage with their investee companies in the three weeks prior to an AGM as their engagement is not limited to shareholder meeting topics.</p> <p>LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and do not outsource any part of the strategic decisions. To ensure the proxy provider votes in accordance with LGIM's position on ESG, they have put in place a custom voting policy with specific voting instructions. For more details, please refer to the Voting Policies section of this document.</p> <p>As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help clients in fulfilling their reporting obligations. They also believe public transparency of their vote.</p> |

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| | | | | <p>activity is critical for clients and interested parties to hold LGIM to account. For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide clients with access to 'significant vote' information.</p> <p>In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:</p> <ul style="list-style-type: none"> • High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny; • Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote; • Sanction vote as a result of a direct or collaborative engagement; • Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes. |

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| | LGIM Future World UK Equity Index Fund | <p>Meetings eligible to vote at: 488</p> <p>Resolutions eligible to vote on: 7,258</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 95%</p> <p>Votes against management: 5%</p> <p>Abstained from voting: 0%</p> | <p>Royal Dutch Shell Plc - 2022-05-24 – 6.7% of mandate's holding - Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production and would benefit from further disclosure of targets associated with the upstream and downstream businesses. The vote passed. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p> | See previous commentary on LGIM. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
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| | LGIM Global Real Estate Equity Fund | <p>Meetings eligible to vote at: 411</p> <p>Resolutions eligible to vote on: 4,314</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 80%</p> <p>Votes against management: 20%</p> <p>Abstained from voting: 0%</p> | <p>Extra Space Storage Inc. - 2022-05-25 – 1.3% of mandate's holding - Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.</p> <p>Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. The vote passed. LGIM will continue to engage with the company and monitor progress. LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.</p> | See previous commentary on LGIM. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
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| | LGIM Developed Core Infrastructure Index Fund | <p>Meetings eligible to vote at: 149</p> <p>Resolutions eligible to vote on: 1,830</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 76%</p> <p>Votes against management: 24%</p> <p>Abstained from voting: 0%</p> | <p>SBA Communications Corporation - 2022-05-12 – 1.5% of mandate's holding - Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Diversity: A vote against is applied as LGIM expects a company to have at least 25% women on the board with the expectation of reaching a minimum of 30% of women on the board by 2023. LGIM are targeting the largest companies as they believe that these should demonstrate leadership on this critical issue. Independence: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Classified Board: A vote against is applied as LGIM supports a declassified board as directors should stand for re-election on an annual basis. The vote passed. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, their flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change. LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their behalf.</p> | See previous commentary on LGIM. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
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| | BlackRock Aquila Connect Emerging Markets Equity Fund | <p>Meetings eligible to vote at: 2,607</p> <p>Resolutions eligible to vote on: 34,537</p> <p>Resolutions voted: 96%</p> <p>Votes for management: 94%</p> <p>Votes against management: 5%</p> <p>Abstained from voting: 0%</p> | BlackRock did not provide examples of most significant votes carried out for the fund. | <p>BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holdings directors accountable and supporting shareholder proposals.</p> <p>Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.</p> |
| | Vanguard Global Small Cap Index Fund | <p>Meetings eligible to vote at: 4,920</p> <p>Resolutions eligible to vote on: 51,390</p> <p>Resolutions voted: 97%</p> <p>Votes for management: 94%</p> <p>Votes against management: 5%</p> <p>Abstained from voting: 0%</p> | Vanguard did not provide examples of most significant votes carried out for the fund. | <p>The Vanguard Investment Stewardship team aims to cast proxy votes at all meetings. Each fund advised by Vanguard has adopted a voting policy, which details the general positions of the funds on recurring proxy proposals at public companies. In some cases, country-specific guidelines for key markets are applied.</p> <p>An experienced team of analysts evaluates each proposal on a case-by-case basis and casts the funds' votes in accordance with their voting guidelines and based on the analysis of the impact of the proposal on long-term value.</p> |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
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| Salvus Cautious & Balanced Lifestyle Default | BlackRock ACS World ex UK Equity Tracker Fund | <p>Meetings eligible to vote at: 1,983</p> <p>Resolutions eligible to vote on: 25,148</p> <p>Resolutions voted: 95%</p> <p>Votes for management: 93%</p> <p>Votes against management: 6%</p> <p>Abstained from voting: 0%</p> | BlackRock did not provide examples of most significant votes carried out for the fund. | See previous commentary on BlackRock. |
| | BlackRock ACS UK Equity Tracker Fund | <p>Meetings eligible to vote at: 715</p> <p>Resolutions eligible to vote on: 10,301</p> <p>Resolutions voted: 99%</p> <p>Votes for management: 96%</p> <p>Votes against management: 3%</p> <p>Abstained from voting: 0%</p> | BlackRock did not provide examples of most significant votes carried out for the fund. | See previous commentary on BlackRock. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
|--------------------------|--|---|--|---------------------------------------|
| Former Spinnaker Default | BlackRock 50/50 Global Equity Tracker Fund | <p>Meetings eligible to vote at: 2,607</p> <p>Resolutions eligible to vote on: 34,537</p> <p>Resolutions voted: 96%</p> <p>Votes for management: 94%</p> <p>Votes against management: 5%</p> <p>Abstained from voting: 0%</p> | BlackRock did not provide examples of most significant votes carried out for the fund. | See previous commentary on BlackRock. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
|----------------------------|---|---|---|---------------------------------------|
| Former Ascot Lloyd Default | BlackRock Aquila Connect Emerging Markets Equity Fund | <p>Meetings eligible to vote at: 2,607</p> <p>Resolutions eligible to vote on: 34,537</p> <p>Resolutions voted: 96%</p> <p>Votes for management: 94%</p> <p>Votes against management: 5%</p> <p>Abstained from voting: 0%</p> | BlackRock did not provide examples of most significant votes carried out for the fund. | See previous commentary on BlackRock. |
| | LGIM UK Equity Index Fund | <p>Meetings eligible to vote at: 488</p> <p>Resolutions eligible to vote on: 7,258</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 95%</p> <p>Votes against management: 5%</p> <p>Abstained from voting: 0%</p> | <p>Rio Tinto Plc - 2022-04-08 – 5.0% of mandate's holding - Climate change: LGIM recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while they acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, they remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner. The vote passed. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p> | See previous commentary on LGIM. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
|--------------|---------------------------------------|---|---|----------------------------------|
| | LGIM Europe (ex UK) Equity Index Fund | <p>Meetings eligible to vote at: 605</p> <p>Resolutions eligible to vote on: 10,296</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 81%</p> <p>Votes against management: 18%</p> <p>Abstained from voting: 0%</p> | <p>TotalEnergies SE - 2022-05-25 – 1.6% of mandate's holding - Climate change: A vote against is applied. LGIM recognise the progress the company has made with respect to its net zero commitment, specifically around the level of investments in low carbon solutions and by strengthening its disclosure. However, they remain concerned of the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5C trajectory. The vote passed. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.</p> | See previous commentary on LGIM. |
| | LGIM North America Equity Index Fund | <p>Meetings eligible to vote at: 668</p> <p>Resolutions eligible to vote on: 8,416</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 65%</p> <p>Votes against management: 35%</p> <p>Abstained from voting: 0%</p> | <p>Amazon.com, Inc. - 2022-05-25 – 2.8% of mandate's holding - Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings. The vote passed. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. LGIM pre-declared its vote intention for this resolution, demonstrating its significance.</p> | See previous commentary on LGIM. |

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| | LGIM Japan Equity Index Fund | <p>Meetings eligible to vote at: 503</p> <p>Resolutions eligible to vote on: 6,255</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 88%</p> <p>Votes against management: 11%</p> <p>Abstained from voting: 0%</p> | <p>Sumitomo Mitsui Financial Group, Inc. - 2022-06-29 – 1.0% of mandate's holdings - Resolution 5 - Amend articles to disclose measures to be taken to make sure that the Company's lending and underwriting are not used for expansion of fossil fuel supply or associated infrastructure. A vote in support of this proposal is warranted as LGIM expects company boards to devise a strategy and 1.5C-aligned pathway in line with the company's commitments and recent global energy scenarios. This includes but is not limited to, stopping investments towards the exploration of new greenfield sites for new oil and gas supply. The vote did not pass. LGIM have had positive engagement with the Company. Despite this, they felt support of the shareholder proposal was appropriate to provide further directional push. LGIM will continue to engage with the Company to provide their opinion and assistance in formulating the Company's approach. Significant shareholder support for a Climate Shareholder Resolution in the Japan market. Support of shareholder proposal not in line with management recommendation despite positive engagement with the Company.</p> | See previous commentary on LGIM. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
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| | LGIM Asia Pacific (ex-Japan) Developed Equity Index Fund | <p>Meetings eligible to vote at: 503</p> <p>Resolutions eligible to vote on: 3,592</p> <p>Resolutions voted: 100%</p> <p>Votes for management: 72%</p> <p>Votes against management: 28%</p> <p>Abstained from voting: 0%</p> | <p>Oversea-Chinese Banking Corporation Limited - 2022-04-22 – 0.9% of mandate's holding - Climate change: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Audit Committee: A vote against is applied as LGIM expects the Committee to be comprised of independent directors. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. Lead Independent Director: A vote AGAINST the elections of Sang Kuang Ooi, Kwee Fong Hon (Christina Ong), and Joo Yeow Wee is warranted given that they serve on the nominating committee and the company, under the leadership of a non-independent chairman, is not considered to have appointed an independent lead director (LID). Beng Seng Koh, the company's lead independent director, is not considered independent. The vote passed. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress. LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and a public call for high quality and credible transition plans to be subject to a shareholder vote.</p> | See previous commentary on LGIM. |

| Fund name(s) | Underlying Fund name | Voting summary | Examples of significant votes | Commentary |
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| Former HS Admin Default | BlackRock Consensus 85 Fund | <p>Meetings eligible to vote at: 7,111</p> <p>Resolutions eligible to vote on: 74,480</p> <p>Resolutions voted: 94%</p> <p>Votes for management: 91%</p> <p>Votes against management: 8%</p> <p>Abstained from voting: 2%</p> | BlackRock did not provide examples most significant votes carried out for the fund. | See previous commentary on BlackRock. |