

Fidelity Master Trust
Implementation Report
2024

Background

The Department for Work and Pensions (DWP) has increased regulation to improve disclosure of financially material risks. This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and trustees need to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that schemes detail their policies in their Statement of Investment Principles (SIP) and demonstrate adherence to these policies in an implementation report.

Statement of Investment Principles (SIP)

In 2020 the Fidelity Master Trust (the Scheme) updated its SIP in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

In 2021 the Trustees made the following changes:

- Made available a range of sustainable and ethical self-select funds. The aim of this range is to provide an offering that will meet the varying needs of members reflecting the breadth of offering in this space.
- Added Climate Risk to the table of risk factors
- Added wording on the Trustees' consideration of climate change, noting the introduction of the Climate Policy and TCFD analysis

In 2022 the Trustees made the following changes:

- Adopted the new FutureWise Target Date Fund strategy which further takes into account sustainability factors as well as having specific goals around carbon reduction

The SIP can be found online on Fidelity's cost and charges webpage <https://retirement.fidelity.co.uk/about-workplace-pensions/investing/costs-and-charges>. Changes to the SIP are detailed on the following pages.

Implementation Report

This Implementation Report is to provide evidence that the Scheme 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
- the current beliefs of the Trustees with regards to sustainability as articulated within the SIP, and how these are being implemented within the Scheme
- the Trustees' engagement with fund managers and in turn the engagement activity of the fund managers with the companies they invest
- voting behaviour covering the reporting year up to 30 June 2022 for and on behalf of the Scheme including significant votes cast by the Scheme or on its behalf where available

Implementation Statement

This report demonstrates that the Scheme has adhered to its investment principles and its policies for managing financially material considerations including ESG factors and climate change.

Signed:

Position:

Date:

Managing Risks and Policy Actions

Risk	Meaning	How it is managed	Activity over the year
Inflation Risk	The risk that investment returns do not keep pace with inflation and hence purchasing power diminishes	The Trustees choose the core fund range with the expectation that the performance of the majority of member funds should protect the value of real savings	Fund performance has been reviewed quarterly
Shortfall Risk	Members could receive a retirement benefit less than they had hoped for	The Trustees inform members annually of the likely value of their potential benefit to help inform their investment and contributions decision making	Annual benefits statements were issued to members over the year
Volatility Risk	Funds which have a higher chance of achieving higher returns for members are likely to see greater volatility over short periods	An appropriate level of risk for a specific default arrangement is considered against the profile of the membership and a range of funds with different levels of risk will be offered as part of the standard section core fund range	The risk levels of the default strategy are reviewed annually by trustees and risk ratings are communicated to members via fund factsheets
Risk of loss	For members approaching retirement, the impact of poor performance is significantly increased as they have less time to make up any lost return	All default arrangements factor in a mechanism such as lifestyling that recognises the changing requirements of members as they approach retirement, for example a greater focus on capital preservation. Funds with a focus on capital preservation will be made available for members in the self-select range	The Trustees reviewed the ongoing suitability and performance of all default strategies during the scheme year.
Manager Risk	Selecting a fund from a manager who generates significantly disappointing returns is a considerable risk	The Trustees monitor the funds and managers available to members	Fund/manager performance has been reviewed quarterly
Diversification Risk	Failure to diversify sufficiently increases the risk of losing money if one particular investment fails	A default arrangement needs to contain an appropriate level of diversification. A range of funds across different asset classes	The Trustees undertook a full triennial review of the strategy over 2021 and reviewed the suitability of the default strategy in August 2022. Changes to the

		and regions will be made available for members in the self-select range	default strategy were implemented over 2023.
Liquidity Risk	Some investments are not easy to sell, so delaying return or transfer of money	The use of investments that may have liquidity issues is restricted unless this risk is specifically managed	Any fund liquidity concerns are reviewed quarterly.
Credit Risk	<p>The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, either directly or indirectly</p> <p>There is also the indirect risk that the issuer of a fixed income instrument defaults on their payments</p>	<p>The Scheme is subject to credit risk through its life insurance policy that it holds with FIL Life. Through this life insurance policy, in the event that FIL Life fails, the Scheme is entitled to protection under the Financial Services Compensation Scheme (FSCS). However, in the event that an underlying fund manager fails, FSCS protection would not apply and any money the scheme receives would be based on what FIL Life is able to recover from the underlying manager</p>	No significant events related to this risk were reported over the year
Market Risks	<p>Currency risk: the risk that the value of a fund will fluctuate because of changes in foreign exchange rates</p> <p>Interest rate risk: the risk that the value of a fund will fluctuate because of changes in the market interest rates</p> <p>Other price risk: the risk that the value of a fund will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk), whether these changes are caused by factors specific to the individual fund assets or their issuers, or factors affecting all similar assets traded in the market</p>	The day-to-day management of the underlying investments is the responsibility of the Fund Managers, including the direct management of credit and market risks. The Trustees monitor the Scheme's investment options and the Fund Managers on a regular basis, with the help from the Platform Provider and its Investment Adviser	Fund performance has been reviewed quarterly
Climate Risk	The impact/risk of climate change on the value of underlying assets	In line with the Master Trust's policies on sustainability and	The Trustees produced their first Taskforce on Climate Related Financial Disclosures

	<p>held by the Master Trust trustees and thus members' pension savings</p>	<p>climate change, the trustees along with their advisors consider the level of exposure to mandates within investments which aim to reduce investment (or exclude) those companies most greatly exposed to the physical and transition risks of climate change and increase their investment in those companies best placed to take advantage of climate change opportunities. The Trustees also engage with asset managers on the consideration of climate-related risks and opportunities in the investment process and running of the funds.</p> <p>The Master Trust have in place a goal for the default strategy aiming to halve emissions by 2030 and reach net-zero by 2050 - a journey that will aim to reduce the impact of climate change on members investments. The Trustees will monitor progress of this on an ongoing basis.</p> <p>The Trustees also engage with asset managers on their stewardship responsibilities in relation to climate-related risks and opportunities and report on their stewardship activities via the implementation statement.</p> <p>For self-select investors the Master Trust offers climate-oriented investments (across multiple risk levels) specifically designed to invest in assets which</p>	<p>(TCFD) report in January 2023. This report details the climate-related risks and opportunities within the Scheme's investments and the way the Trustees are adapting their strategy and risk management processes to deal with these.</p>
--	--	--	--

		aim to mitigate the risks of climate change as well as take advantage of opportunities that it presents	
--	--	---	--

Changes to the Statement of Investment Principles (SIP)

Date updated: November 2024	
Virgin Money (September 2024)	<ul style="list-style-type: none"> Change in underlying funds in fund range Removal of legacy lifestyle strategy
Domino (September 2024)	<ul style="list-style-type: none"> Removal of bespoke appendix for Domino after move to standard section
MyColt (September 2024)	<ul style="list-style-type: none"> Removal of bespoke appendix for MyColt after move to standard
Standard sections (September 2024)	<ul style="list-style-type: none"> Update on wording around fund closures New fund additions added in appendices
RSA (September 2024)	<ul style="list-style-type: none"> New appendix provided
Unilever (September 2024)	<ul style="list-style-type: none"> Changes to fund range
Inmarsat (September 2024)	<ul style="list-style-type: none"> Appendix removed after move to standard section
Unilever (September 2024)	<ul style="list-style-type: none"> Changes to fund range
Standard sections (September 2024)	<ul style="list-style-type: none"> Wording added around policy on illiquid investments

Implementing the current sustainability policy and approach

ESG beliefs and implementation

The Trustees have devised and set out a range of beliefs around sustainability and how it should be incorporated within the Scheme. These were last reviewed in May 2024 and have been detailed below:

Trustee Belief	How it is being implemented in standard sections
<p>vi. Importance: We believe that investing sustainably can reduce exposure to specific risks while also taking advantage of opportunities. As such we believe it can improve long-term risk adjusted returns</p>	<p>In addition to changes made to investments last scheme year, the trustees have continued to integrate sustainability into the Scheme's investments.</p> <p>The Trustees introduced the new range of FutureWise Target Date Funds in December 2023. This new strategy incorporates sustainability throughout principally via exclusions and tilting while also having specific carbon targets as well.</p> <p>The FutureWise TDFs are the new default strategy for the Master Trust and members were moved over to the FutureWise TDFs between June and September 2023.</p>
<p>vii. Flexibility: The Trustees believe a consideration of sustainability should be implemented flexibly across the Scheme. The approach may vary between different investment strategies</p>	<p>While the Trustees continue to implement sustainability-focused changes to FutureWise they have also made available 5 sustainable-focused funds across the standard fund range. These provide members with access to funds which take a variety of approaches towards sustainability, including:</p> <ul style="list-style-type: none"> Tilting: Tilting towards companies with higher ESG ratings and away from companies with lower ESG ratings Best-in-class: Funds which aim to choose the best or improving companies from an ESG perspective within their industry/sector

	<ul style="list-style-type: none"> • Thematic: Following a specific ESG theme such as climate change • Impact: Aiming for a positive impact on society alongside a financial return <p>The Trustees have made available both funds in the equity and bond space across this range.</p> <p>The Trustees also allow employers taking advice to use other ESG funds within their default strategy and self-select fund range, providing they adhere to the Trustees’ beliefs around ESG.</p>
<p>viii. Continuous Evolution: The Trustees’ approach to sustainability is an evolving journey that should be continuously reviewed</p>	<p>The Trustees will regularly review both their beliefs around sustainability as well as how their beliefs are implemented, as the market, regulations and the industry evolves. The last review was conducted in May 2024 and published in the Trustees’ latest sustainability policy here</p> <p>The Trustees will also publish their third TCFD report before the end of January 2024, which continues the focus on how the Scheme identifies and manages climate related risks and opportunities.</p>
<p>ix. Engagement: The Trustees encourage positive engagement on sustainability issues between the managers of funds within the Scheme and the companies in which they invest</p>	<p>The Trustees engage with the key fund managers within the Scheme to understand how they are engaging with the underlying companies in which they invest - especially with regards to sustainability issues and have had conversations with both Fidelity and BlackRock this year around voting and engagement.</p> <p>The Trustees will review the engagement and voting practices of managers (detailed below) on a regular basis, meet with the managers to discuss their approach to sustainability and stewardship, and will challenge managers where they feel that they are not putting their rights to engage and vote to good use.</p>
<p>x. Varies by member: The Trustees believe the needs and aspirations of members are important and will be incorporated into the design of the Scheme. Non-financial factors will be factored into the range of funds available to members</p>	<p>The Scheme will carry out reviews of member attitudes towards sustainability to ensure that members’ needs and aspirations are being adequately addressed within the range of investment options available within the standard range. The last review of these was in 2023.</p> <p>Where members are part of bespoke sections the Trustees will share the results of surveys with employers and consultants so they may also adapt their bespoke fund ranges to cater for member needs.</p> <p>In addition, the Trustees will continue to offer and review funds which take into account non-financial beliefs that members may hold (e.g. ethical views).</p>

Stewardship Priorities

In 2024 the Trustees agreed to adopt a set of Stewardship priorities. These are specific areas which the Trustees believe can have a fundamental impact on the retirement savings of the Scheme’s members and are areas of engagement that the Trustees aim to focus on when engaging with their managers. These are outlined below:

- 1. Climate Change:** Climate change presents a material risk (and opportunity) to the value of members’ pension savings. Transition risks (primarily over the short term) and physical risks (primarily over the long term) are likely to lead to a build-up of stranded assets and supply chain disruptions, impacting the value of members retirement savings, unless companies manage these risks effectively. The Trustees will engage with managers on their interaction companies and the steps that they are taking to address climate-related risks and opportunities. In addition to this, how are they managing and mitigating the risks associated with climate change and supporting the transition to a net-zero economy.
- 2. Nature and biodiversity:** Nature & biodiversity play a fundamental role in global supply chains and our economic infrastructure. Research shows that the vast majority of public companies have a significant dependency on natural capital such as, land, water and natural resources as well as biodiversity such as

pollinators. Nature and biodiversity is being eroded over time and a failure to manage the impact of this will have a material impact on public companies supply chains and thus the value of members retirement savings. The Trustees will engage with their managers on their interaction with companies and the steps they are taking to address nature-related risks and opportunities. This includes how are they managing and mitigating the risks associated with the erosion of nature and biodiversity and the impact this will have on their supply chains.

- 3. Human rights and modern slavery:** Human capital is often the highest cost that a business faces. Companies with poor labour practices in their supply chains face a multitude of risks from instability, poor productivity, legal and regulatory risks as well as reputational risks, all which can significantly harm a companies' value and thus, members' retirement savings. The Trustees will engage with managers on how they are interacting with companies on working with their suppliers to ensure labour standards are being met, employees have safe working conditions and receive fair wages.

From 2024 onwards, the Trustees will aim to use examples of engagements that their managers have had with companies that align to at least one of these priorities (where possible) and report on these within this statement.

ESG Summary and engagement with investment managers - for funds available during the reporting period

As the Scheme invests via fund managers, the below table summarises each manager's approach to ESG and any actions identified. Fidelity and Isio also engage with our managers on the actions identified below.

Manager and Fund	ESG Summary	Actions identified
Fidelity FutureWise Equity Fund (made up of the 3 BlackRock funds below) BlackRock ACS UK Equity BlackRock ACS World ex-UK iShares Emerging Markets	<p>BlackRock have firm-wide ESG policies and a dedicated ESG team known as BlackRock Sustainable Investment Team (BSI). The BSI team seek to apply best practice across all asset classes.</p> <p>BlackRock's approach to ESG in their passive equity range emphasises their investment stewardship activities with a focus on directly engaging with companies.</p> <p>There is a firm-wide sustainability strategy with key focuses on promoting the climate transition and stakeholder capitalism. BlackRock are a UN PRI signatory and their passive equity strategies have an A rating for both Strategy and Governance and in the asset class.</p> <p>BlackRock are active in advancing ESG issues in the community. BlackRock is a signatory to the Net Zero Asset Manager Initiative and a member of the Institutional Investor Group on Climate Change.</p>	<p>BlackRock should provide a clearer link between the stewardship priorities and how these are implemented through engagement with portfolio companies.</p> <p>BlackRock should seek to improve the scope of carbon reporting.</p>
Fidelity Multi Asset Funds Fidelity Diversified Markets Fund Fidelity Diversified Growth Fund	<p>Fidelity Solutions & Multi Asset teams invest in underlying strategies and so the primary responsibility for voting is delegated to the underlying managers.</p> <p>The Fidelity Diversified Markets Fund utilises Fidelity's proprietary ESG methodology in several underlying equity and fixed income strategies. These strategies use their proprietary ESG rating system to identify those companies with poorer or better/improving management of ESG risks and opportunities.</p> <p>Information to inform the voting process is derived from a variety of sources and includes material</p>	<p>Fidelity should continue to see where these funds can be integrated in their multi-asset solutions.</p>

	<p>provided by the company, proxy voting advisory services, internal and external research. Discussions may also be held with investee companies themselves.</p>	
<p>Fidelity Equity Funds</p> <p>Fidelity Emerging Markets Equity Fund</p> <p>Active Sustainable Equity Fund (Fidelity Sustainable Global Equity Income Fund)</p>	<p>Fidelity is a UNPRI signatory and part of the Climate Action 100+ group. It has a dedicated Sustainable Investing Team that works closely with the investment teams and is responsible for consolidating Fidelity’s approach to stewardship, engagement and ESG integration. The sustainability team works with other internal Fidelity teams to engage at issuer level across all asset classes and maximise engagement effectiveness.</p> <p>Fidelity’s equity teams use a bottom-up research approach which is central to their investment process. They align their sustainable investment approach at analyst level to ensure that every team assessing equity investment opportunities is equipped to spot ESG-based issues.</p> <p>For Fidelity’s active funds ESG is factored into stock selection, targeting those companies with higher or improving ESG ratings compared to their peers.</p> <p>Analysts work with the specialist ESG team on complex ESG issues or to offer technical or thematic insights on sustainability matters that are sector or region specific.</p> <p>Fidelity provides engagement and voting data, including examples, as well as an overall ESG score for their equity funds.</p>	<p>Fidelity should continue to provide more information to the Trustees on how their engagement links to the Trustees’ stewardship priorities and how they are measuring the success of these. They should also further evidence this in examples of the engagements taken place on behalf of the funds held within the Scheme.</p> <p>Fidelity should look at assessing and reporting on fund-level transition targets.</p>
<p>Fidelity Fixed Income Funds</p> <p>Fidelity UK Aggregate Bond Fund</p> <p>Fidelity Cash Fund</p> <p>Fidelity UK Corporate Bond Fund</p> <p>Fidelity Pre-Retirement Bond Fund</p>	<p>In addition to the factors mentioned above around Fidelity’s sustainable investing team, the Fidelity Fixed Income team considers ESG factors and sustainability within the investment process and bond selection within the fund. Their research process uses a collaborative and proactive approach. They consider ESG factors carefully when evaluating credit issuers within the fund. Fidelity also has a team of sovereign analysts that actively engage with central banks to influence sustainability factors by engaging with key decision makers.</p> <p>Fidelity provides engagement and voting data, including examples, as well as an overall ESG score for their fixed income funds.</p> <p>Fidelity’s Sustainable UK Aggregate Bond Fund in particular utilises Fidelity’s ESG methodology in ensuring at least 70% of the fund is invested in issuers which Fidelity deems having sustainable characteristics.</p>	<p>Fidelity integrated their proprietary sustainability approach into the UK Aggregate Bond Fund.</p> <p>Fidelity should continue to see where this approach can be integrated into the other fixed income funds offered within the Scheme.</p>

<p>BlackRock Passive Funds</p> <p>Aquila MSCI World Global Equity Index</p> <p>ACS UK Equity</p> <p>ACS 50:50 Global Equity</p> <p>ACS 30:70 Currency Hedged Global Equity</p> <p>ACS World ex-UK Equity</p> <p>Aquila Connect Emerging Markets</p> <p>Over 15 Year Gilt Tracker</p> <p>Index Linked Gilt Tracker</p> <p>Corporate Bond Tracker</p>	<p>See above comments on BlackRock.</p> <p>Within the credit selection process, analysts incorporate ESG risks alongside a number of other risks within a Fundamental Credit View (FCV). BlackRock form a FCV on every company they analyse and invest in. Portfolio managers will consider the FCV view of a company in the investment process.</p>	<p>See above comments on BlackRock.</p> <p>BlackRock form a Fundamental Credit View on each company which they use to help them make investment decisions. However, ESG risks are considered alongside other risks relevant to the company and therefore the extent of ESG's influence is undetermined. Forming an ESG view alongside the FCV could allow these to be compared and considered in isolation.</p>
<p>BlackRock Aquila Life Market Advantage Fund</p>	<p>It is clearly evident that BlackRock thoroughly consider ESG factors as part of their investment process and are able to demonstrate how ESG impacts investment decisions.</p> <p>BlackRock are targeting 'Paris-alignment' across the Fund, utilising a combination of screens and tilts to achieve this while still accessing a broad market exposure in line with the Fund's philosophy.</p> <p>BlackRock are committed to reaching Net Zero emissions by 2050. The Fund has a specific aim to become fully 'Paris Aligned' across all asset classes.</p>	<p>BlackRock should consider producing regular diversity reports which clearly show BlackRock's and the Fund's diversity metrics and the progress made towards any targets, which should align with the firm-wide diversity policies.</p> <p>BlackRock to consider running climate change scenario analysis on the portfolio. This can be via an external provider or through Aladdin Climate once available.</p>
<p>LGIM Passive Funds</p> <p>UK Equity</p> <p>Global Equity 50:50</p> <p>Global Equity Market Weighted 30:70 (75% hedged)</p> <p>World ex-UK Developed Equity Index</p> <p>World Emerging Markets</p> <p>Ethical Global Equity Index</p> <p>Over 15 Years Gilts</p> <p>Over 5 Year Index Linked Gilts</p> <p>Corporate Bond All Stocks Fund</p>	<p>LGIM's Investment Stewardship team are responsible for the development and implementation of the firm's extensive ESG policies.</p> <p>LGIM has initiatives and targets in place to increase gender and ethnic diversity at the board level.</p> <p>LGIM has developed a proprietary, rules based approach to scoring companies from an ESG perspective. LGIM has identified 28 ESG indicators that are used to establish an ESG score for each underlying portfolio company. These scores are aligned with how LGIM engages with and votes on the companies in which it invests. LGIM publishes these scores and explains the metrics on which they are based, to help facilitate the engagement process.</p> <p>LGIM has been a signatory of the UNPRI since 2010 and endorses the six PRI principles to incorporate and report on ESG activities. LGIM has an UNPRI score of A+.</p>	<p>LGIM should consider breaking down portfolio level ESG scores by E, S and G.</p> <p>LGIM should provide fund level voting data on a quarterly basis and in line with implementation statement requirements.</p>

<p>LGIM 70:30 Hybrid Property Fund</p>	<p>LGIM Investment Management Real Assets (“LGIMRA”) has an established framework to monitor ESG and Climate Change issues and has a dedicated ESG team. All assets within the Managed Property Fund undergo a review of ESG issues in the due diligence phase and the Investment Committee must sign off an ESG assessment before completing a transaction.</p> <p>The Global REITs component is index tracking, therefore does not make active decisions based on ESG issues. However, LGIM have initiatives to promote best practice in ESG across all asset classes and REITs are included in their broader engagement activities, focussing on themes including pay, diversity and climate risk.</p>	<p>Provide more granular information/data on the diversity metrics in place at portfolio level, including ethnicity, gender and social mobility stats.</p> <p>LGIM Real Assets are currently working on producing a fund level report which will include ESG metrics and engagement progress across their portfolios.</p>
<p>HSBC Islamic Pension Fund</p>	<p>The Fund is passively managed and aims to replicate the Dow Jones Islamic Market Titans 100 Index. The index, which the Fund aims to replicate, uses a rules-based screening approach based on Shariah principles for inclusion. The Fund therefore indirectly adopts these principles by replicating the Index’s constituents.</p> <p>The Shariah Committee monitors the Fund throughout the year and issues an annual Shariah Certificate on the Fund’s compliance with Shariah principles.</p> <p>HSBC have a large internal, specialist Responsible Investment (RI) committee who oversee RI policy, strategy and engagement decisions. The committee works closely with client teams to develop RI solutions for client portfolios and monitor RI implementation across the wider fund range.</p> <p>HSBC are members of the UNPRI’s Engagements’ Advisory Committee and have led, or engaged with, collaborative engagements on ESG issues within the financial services industry.</p>	<p>HSBC should develop an ESG scorecard for their portfolio companies, highlighting the key ESG related risks at the individual stock level.</p> <p>HSBC should establish key performance indicators to enable them to measure the effectiveness of their engagements with portfolio companies.</p>
<p>Schroder Sustainable Future Multi-Asset Fund</p>	<p>Schroders are a signatory of a wide range of key organisations linked to ESG and climate change initiatives and collaborate with other asset managers on ESG and stewardship policy via roundtables and company engagement.</p> <p>Schroders have a firm wide ESG policy in place on their engagement with companies. The Fund is top-down in approach and invests in a number of underlying funds, including some ESG-tilted funds.</p> <p>ESG risks are taken into account at portfolio level, however there is little evidence of reported risk metrics and these being linked to strategic priorities. The fund itself does not have any specific ESG objectives.</p> <p>For long-term asset class expected returns, Schroders incorporate assumptions related to the costs</p>	<p>ESG risks are quantified as part of the investment approach and are monitored at portfolio level however Schroders should look to develop quantifiable objectives as part of reporting. Schroders are to look to provide more reporting against these risks as a way for investors to see what they are exposed to and how these risks are being managed.</p> <p>ESG-specific objective to be considered as part of a more active investment approach.</p> <p>Include more detailed ESG and climate metrics in regular reporting, e.g. TCFD-aligned additional metric and ESG ratings.</p>

	<p>associated with climate change and the potential impact on both productivity and GDP growth.</p>	
<p>Sustainable Positive Change Fund - Baillie Gifford Positive Change Fund</p>	<p>Baillie Gifford have a firm-wide Stewardship policy in place which cover the firm’s approach to governance and sustainability matters, but this does not include specific ESG objectives, while the Philosophy & Process document details the strategies approach.</p> <p>Baillie Gifford have a dedicated ESG team who are responsible for market research, engagement, risk analysis, proxy voting and training. The ESG team work closely with the portfolio management team, with 3 members dedicated to the Positive Change team as full-time impact analysts.</p> <p>The Positive Change team lead engagement with underlying holdings and take the voting decisions for companies in the portfolio, while the voting decisions are implemented by the central Governance & Sustainability team</p> <p>Baillie Gifford have been a UN PRI signatory since 2007 and received A+ for Governance & Strategy and listed equity.</p>	<p>Baillie Gifford should develop a net zero carbon emissions framework for the Fund and formerly align the portfolio to a temperature pathway (ie. in line with the Paris agreement).</p>
<p>Sustainable Climate Equity Fund - Nordea Global Climate and Environment Fund</p>	<p>Nordea has developed policies and procedures to ensure that the companies they invest in meet their expectations of ESG performance and that ESG risk/sustainability risk is managed in all our investment processes.</p> <p>Every team at Nordea has access to firm’s proprietary ESG Model and ESG analysis from the responsible investment (RI) team, as well as ESG data from external data providers. RI team conducts workshops on ESG topics and provides walkthroughs of new developments to the ESG Model, in which different use-case-scenarios of the data are presented. Nordea’s Risk & Performance team has also integrated portfolio ESG risks in their daily report to the analysts and portfolio managers.</p>	<p>As part of their ESG report Nordea should report the progress they are making towards diversity at a firm level and within the portfolio management team.</p>
<p>Sustainable Active Bond Fund - Fidelity Climate Bond Fund</p>	<p>Fidelity integrates ESG considerations through active issuer selection in its bond funds. Fidelity focuses on issuers with an improving carbon transition path. Fidelity also aims to be proactive in dealing with climate change through continual engagement with global corporate bond issuers.</p>	<p>See above comments on Fidelity. Fidelity should continue to evidence to the Trustees the progress and outcomes of their engagement with issuers with an improving carbon transition path.</p> <p>Fidelity should also continue to evolve and develop their transition plan for their funds.</p>

Manager Engagement - For funds available for the reporting period

As the Scheme invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12 months to 30 June 2024.

Note that engagements are shown on behalf of the fund rather than at a firm-level.

Fidelity FutureWise WLS (Note these were the default funds until October 2023 when these were replaced the FutureWise Target Date Funds)

Fund name	Engagement summary	Engagement example
Fidelity FutureWise Equity Fund		
BlackRock ACS UK Equity	<p>Total engagements: 3,036 Number of entities engaged: 2,178</p> <p>Related engagement topics: Environmental: 1,100 Social: 1,233 Governance: 2,876</p>	<p>The Walt Disney Company - Governance</p> <p>BIS has had extensive, multiyear engagements with Disney where they have discussed concerns about the company's governance as well as the implementation of its long-term strategy, and how these align with financial performance. In particular, they engaged on the issues of board composition and oversight, strategy, executive compensation, and succession planning, among others. BIS engaged extensively with Disney's board and leadership ahead of the 2024 AGM including several joint engagements with BlackRock's active portfolio managers, where they discussed Disney's business transformation strategy; progress against managements' key priorities; financial performance; and succession planning. BIS also engaged with both dissident investors.</p>
BlackRock ACS World ex-UK Fund	<p>Total engagements: 1,380 Number of entities engaged: 910</p> <p>Related engagement topics: Environmental: 517 Social: 629 Governance: 1,310</p>	<p>Tesla Inc. Several matters including governance & climate change</p> <p>Over the past several years, BIS has regularly engaged with members of Tesla's board and management team to discuss the company's governance structure, board independence, compensation practices, executive share pledging, disclosures of climate-related risks and opportunities, and approach to human capital management.</p> <p>While BIS have previously conveyed concerns about Tesla's responsiveness to shareholders, the company has taken steps to enhance its policies and disclosures on several topics. BIS also supported a shareholder proposal regarding reporting on harassment and discrimination prevention efforts because, in their view, greater disclosures on this issue, which they deem material to the long-term financial interests of shareholders, would help investors better assess risks at the company.</p>
iShares Emerging Markets Fund	<p>Total engagements: 311 Number of entities engaged: 213</p> <p>Related engagement topics: Environmental: 167 Social: 119 Governance: 288</p>	<p>Eicher Motors - Governance</p> <p>BIS engage with companies to better understand how corporate leadership identifies and manages the material risks and opportunities in their business model that can impact their ability to deliver durable financial performance for long-term investors like BlackRock's clients. BIS also engage to provide a long-term investor perspective on corporate governance practices.</p>

		BIS has had multiyear engagements with Eicher Motors to better understand the company's governance and strategy, as well as its approach to board composition and refreshment. In 2023, BIS engaged with Eicher Motors on board and committee independence matters in relation to the director election proposals at the August AGM and November EGM.
Fidelity Diversified Markets Fund	Total fund-related engagements: 643 Related engagement topics: Environmental: 167 Social: 129 Governance: 347	China Mengniu Dairy Co - Nature & Biodiversity We have engaged with the company on biodiversity, climate change, and supply chain management. Fidelity, holding the company across various funds and portfolios, is positioned to engage with the company on these issues, especially in relation to the UN SDG of 'No Hunger'. China Mengniu is strengthening standards on animal welfare and antibiotic usage, but there are concerns about enforcement and monitoring in the supply chain. Fidelity participated in a collaborative engagement for Responsible and Sustainable Protein Program, focusing on the company's animal welfare guidance. A collaborative engagement led by Asia Research and Engagement (ARE) will provide feedback on the new animal welfare policy draft and explore opportunities for further discussion with the company's raw milk procurement team. Continued monitoring of progress in animal welfare is planned.
Fidelity UK Aggregate Bond Fund	Total fund-related engagements: 21 Related engagement topics: Environmental: 10 Social: 4 Governance: 7	United Utilities - Nature & Biodiversity Fidelity International had an ESG engagement call with the head of United Utilities Better Rivers Programme Director, as well as Treasurer, Head of Environmental Strategy, and Treasury Dealer. The call was focused on the work that United Utilities is doing on storm overflows, which is an area of key concern to the public and the regulator. Fidelity International has a proactive engagement on the issue of combined sewer overflows (CSOs) and storm overflows, why spills/overflows occur within the network, what the company has done and is planning to do to address this, as well as timelines and costs involved. Fidelity International will continue to engage on progress against DEFRA storm reduction plan targets in future. We have recently published an article which further details our engagement with the UK water sector.
Fidelity Cash Pensions Fund	Fidelity are unable to provide engagement data for the cash fund	
FutureWise Target Date Funds		
FutureWise Early Days ACS	Total fund-related engagements: 8056 Related engagement topics: Environmental: 2088 Social: 2071 Governance: 3896	CHINA MENGNIU DAIRY CO - Biodiversity, climate change & supply chain management China Mengniu is held across several Fidelity funds and segregated client portfolios and given our equity ownership, we are well placed to engage both in our individual capacity as a leading institution as well as in collaboration with other institutional investors. Given the role the company plays as a food producer, our engagement can be aligned with the UN SDG of 'No

		<p>Hunger', while we do not formally issue such an alignment here.</p> <p>The company is strengthening standards on animal welfare and antibiotic usage with a new upcoming animal welfare policy (specifies ban of use of growth promoters in lactating animals and limiting use of antibiotics for disease treatment only not for prophylaxis). However, it is not clear how policies are being enforced and monitored in the supply chain.</p> <p>Fidelity joined the 3rd collaborative engagement led by ARE (Asia Research & Engagement) for the Responsible and Sustainable Protein Program. China Mengniu's Investor Relations team, including the Head of Investor Relations participated in this discussion. We focused on the company's animal welfare guidance. It is drafting a new animal welfare policy with reference to WOA's OIE Terrestrial Animal Health Code and FARM's Responsible Minimum Standards for dairy cattle, aiming for release by end of the year.</p> <p>ARE (Asia Research & Engagement) will provide feedback on the animal welfare policy draft that the company has shared and explore opportunities to meet with their raw milk procurement team to discuss the technical details further. It will also recommend that the ban on growth promoters extends to non-lactating animals, and that the ban on both growth promotion and prophylactic usage is updated in the "Mengniu Commitment for the Use of the Veterinary Anti-Microbial Drugs", then acknowledged by all raw milk suppliers through signing of the commitment.</p> <p>We will continue monitoring of progress made in animal welfare.</p>
<p>FutureWise Target 2035 Fund</p>	<p>Total fund-related engagements: 8056</p> <p>Related engagement topics: Environmental: 2088 Social: 2071 Governance: 3896</p>	<p>RIO TINTO LTD - Strategy, Financial and Reporting - Risk management</p> <p>In Q3, we spoke with Rio Tinto to better understand the company's approach to culture-based financial risks and encourage improved disclosure on these issues.</p> <p>We had several engagement meetings with Rio Tinto's management team on culture-based issues to understand the progress made after the release of their Everyday Respect Report. These interactions followed an initial meeting with the Chairman in February where we voiced our concerns around the management of culture-based issues and the impact on Rio Tinto's, and more broadly the sector's social license to operate.</p> <p>For context, Fidelity International has been leading a collaborative engagement workstream on culture-based financial risks alongside several asset owners and asset managers. The objective of the workstream is to encourage more focus on these culture-based issues and develop improved disclosure and methodologies.</p> <p>During our discussions with Rio Tinto, we touched on the company's risk management process, incentives alignment,</p>

		<p>development of a 'speak-up' culture and Rio Tinto's overall disclosure on their cultural transformation plans. Overall, we left those discussions feeling the company still had work to do in managing culture issues and don't yet have confidence about the company's progress is enough. We also still have questions with regards to the level of oversight the board has on these issues, so this is something that we will follow up in our meeting with the Chair of the Remuneration, People and Culture committee next quarter.</p> <p>Following our meetings with several members of management, Rio Tinto has indicated that they have launched a project to better disclose information about their use of NDAs as they relate to workplace misconduct. They highlighted they are reviewing their approach vs. peers who have already committed to not using NDAs. Management also noted that they have progressed with a better 'culture-based risk metric' which will be incorporated into remuneration and would seek to consult with us on the measure. These initial steps from Rio Tinto are a great sign but we believe they need to step up the pace on these issues. Our collaborative workstream is still at the early stages of finalising the key asks from companies on action and disclosure, but once developed we will share them with Rio Tinto and actively engage with them on potential next steps.</p>
<p>FutureWise Target 2030 Fund</p>	<p>Total fund-related engagements: 8250</p> <p>Related engagement topics: Environmental: 2167 Social: 2100 Governance: 3891</p>	<p>BHP Group LTD – Environmental Climate Change</p> <p>BHP hosted an investor consultation to seed feedback from investors on their upcoming 2024 Climate Transition Action Plan (CTAP). Fidelity scrutinised the contingency plans that they have in place for their operational decarbonisation strategy. An area in focus in-particular was their steel-making business given that this accounts for 95% of their total emissions.</p> <p>Fidelity raised concern that BHP's positioning of its iron ore portfolio from a sustainability and commercial perspective as the world shifts to a green-steel future. It was not clear how BHP was embedding these foundations into their business model to demonstrate ongoing competitiveness in the future.</p> <p>Fidelity acknowledged that setting scope 3 emissions targets are difficult for diversified miners such as BHP. As a result, Fidelity encouraged the firm to be more proactive on the steps that they are taking to be decarbonising the value-chain and that their iron-ore business remains competitive by laying the foundations for future value chain abatement opportunities. Fidelity believes that these actions will position them well in a green steel future and ensure that the firm is competitive for decades to come. BHP responded with high-level strategic work that they are doing.</p> <p>Fidelity will continue to monitor the progress and provide engagement on the tactical decisions that BHP is undertaking to deliver upon these emerging market requirements.</p>

<p>FutureWise Target 2025 Fund</p>	<p>Total fund-related engagements: 4160</p> <p>Related engagement topics: Environmental: 1271 Social: 1105 Governance: 1782</p>	<p>Shell Plc – Climate Change</p> <p>Shell is an energy company headquarter in the UK with operations in more than 70 countries around the world. Fidelity has had multiyear engagements with Shell where discussions around board composition, corporate strategy, board oversight and management to climate-related risks and opportunities are discussion. The engagements were designed to demonstrate stewardship for clients’ assets and help firms become conscious of and navigate through climate-related risks and opportunities presented.</p> <p>Shell has made several adjustments to its climate-related targets due to developments in energy markets and the strategic shift in its power business. For example, Shell retired its 2035 net carbon intensity (NCI) target of 45% because of uncertainty regarding the pace of the global low-carbon transition. Shell also adjusted its 2030 NCI reduction target from 20% to 15-20%, based on lower expected growth in total power sales for the period as it prioritizes value over volume in its power business, focusing on commercial customers more than retail customers. We views these adjustments as reasonable and in the interest of shareholders given that they reflect, and provide transparency into, Shell’s efforts to manage climate-related risks and opportunities in its business model.</p>
<p>FutureWise Retirement Fund</p>	<p>Total fund-related engagements: 4160</p> <p>Related engagement topics: Environmental: 1271 Social: 1105 Governance: 1782</p>	<p>Grupo Mexico SAB DE CV – Climate Change</p> <p>Grupo Mexico is a large emitted both in its own and value-chain activity operations,. The firm is seen as a critical enabler of the decarbonisation for copper production. Fidelity have engaged with Grupo Mexico to encourage the firm to develop a decarbonisation strategy, set associated targets and transparent disclosure requirements.</p> <p>Fidelity has held several meetings with management as lead engagement investor of the Climate Action 100+ initiative. Throughout 2024, Fidelity has focused its engagement on encouraging the firm to improve its disclosures around existing</p>

		<p>targets and has advocated for a scope 3 reduction strategy and associated target to be added.</p> <p>The next steps that Fidelity will monitor are the following. First the firms reporting will be assessed against TCFD requirements. We will monitor whether the firm can improve its CDP (Carbon Disclosure Project) score from a C to a B. We will also track whether the firm releases revised short- and medium-term strategies for Scope 1, 2 & 3 targets respectively. Finally, Fidelity will expect a link to be established around executive remuneration and climate goals, demonstrating board-level expertise and lobbying activity alignment.</p>
--	--	---

Core Fund Range (Self Select Funds)

Fund name	Engagement summary	Engagement example
(Investment Pathway 3) Fidelity Multi Asset Balanced Income Fund	<p>Total fund-related engagements: 250</p> <p>Related engagement topics: Environmental: 83 Social: 153 Governance: 115</p>	<p>Service Corp International (SCI) - Climate Change</p> <p>The company has shown improvement in sustainability reporting disclosure quality, particularly in environmental and social aspects. Efforts are being made to disclose and quantify Scope 1, Scope 2, and Scope 3 emissions, and to enhance employee Diversity Equity Inclusion (DEI) metrics. The company also distributes surveys to customers and monitors feedback. In terms of governance, discussions were held regarding board member tenure and the separation of CEO and Chair of the Board, with SCI receptive to feedback. Fidelity will continue to monitor SCI's progress in sustainability report disclosures.</p>
Fidelity Sustainable Global Equity Fund	<p>Total fund-related engagements: 28</p> <p>Related engagement topics: Environmental: 10 Social: 3 Governance: 15</p>	<p>Air Liquide - Nature & Biodiversity</p> <p>The company projects reaching peak emissions in 2025, with a focus on green hydrogen and carbon capture for net zero goals. The company has set clear goals for GHG emissions, energy efficiency, safety, and Diversity & Inclusion. They aim to achieve a 30% reduction in carbon intensity by 2025 and a 33% reduction in absolute scope 1 & 2 CO2 emissions by 2035. However, there are cost barriers and uncertainty over the potential of these technologies. Air Liquide has been encouraged to disclose a clear roadmap for achieving emissions reduction targets and to provide more transparency regarding the expected contribution of different initiatives. The company is also working on implementing water risk management plans for sites located in water-stressed areas.</p>
Fidelity Emerging Markets Equity Fund	<p>Total fund-related engagements: 88</p> <p>Related engagement topics: Environmental: 21 Social: 21 Governance: 46</p>	<p>Samsung - Modern-slavery</p> <p>On Social and Modern slavery-related issues key milestones we are encouraging the company across the following areas:</p> <ul style="list-style-type: none"> • Disclosure of grievance mechanisms: We were encouraged to see during this reporting period that the company has met one of our milestones and reported the

		<p>percentage of grievances that are closed. We have now encouraged more granularity on this.</p> <ul style="list-style-type: none"> • Recruitment Assessments - Better disclosure of supplier assessments with a focus on human rights: We asked the company to clarify the difference between existing surveys to assess forced labour risk and pre-registration. • Remediation disclosure: we have asked the company to disclose the percentage of workers to whom remedy was provided and cases that have been closed. • Risk assessment and disclosure of exposure to modern slavery risk: While Samsung discloses the percentage of suppliers that are evaluated, we recommended further disclosures that it can include, such as the location and activities of key suppliers (Tier 1, Tier 2), the percentage of operations/supply chain mapped and the percentage of annual sourcing covered by third-party audits.
Fidelity Sterling Corporate Bond Fund	<p>Total fund-related engagements: 42</p> <p>Related engagement topics: Environmental: 19 Social: 7 Governance: 16</p>	<p>Anglian Water - Nature & Biodiversity</p> <p>Recently the UK water sector has come under increasing public scrutiny for its environmental practices. As a large holder of UK water utility debt, we saw it important to engage with the sector on its environmental failings. Our analyst conducted multiple calls with UK water companies. We hosted a call with the company focusing on combined sewer overflows (CSOs) and storm overflows and the work the company is doing in this area. The company's Head of Quality and Environment gave a comprehensive overview of Anglian's work in this area covering why CSOs and overflows exist and occur in the network, what it has done to and is doing to address the issue, and some wider commentary on its environmental approach.</p> <p>Overall, it is clear that Anglian is a sector leader on storm overflow spills, with the lowest spill data in the sector. While that is to a degree a result of a less challenging service areas than some peers, Anglian's corporate approach is proactive and effective, and is the result of planning and implementation of infrastructure spend which pre-dates the current public and political focus on sewage and storm overflows. As a result of the engagement we are confident Anglian can drive a meaningful improvement in environmental performance over the next year, and that it will remain sector leading in the area of spills despite a series of failings in the year.</p>
Fidelity Pre-Retirement Bond Fund	<p>Total fund-related engagements: 32</p> <p>Related engagement topics: Environmental: 19 Social: 7 Governance: 16</p>	<p>NatWest - Climate Change</p> <p>NatWest began its climate journey in 2019, focusing on reducing fossil fuel finance and supporting customer transitions. By 2023, it set 2030 targets for financed emissions with SBTi validation. In Q1 2024, a call with NatWest's Head of Climate & Environment highlighted challenges due to the mixed public policy landscape in the UK. The Conservative government has stepped back from climate commitments, while Labour shows interest but faces financial constraints. NatWest advocates for public policy changes, such as property-linked finance for home improvements and stamp duty rebates for better EPC ratings. They emphasize the need for policy interventions</p>

		<p>that don't require significant government spending. The bank's environmental leadership is evident, but achieving goals depends on robust government policy. Our environmental rating for NatWest remains high, and the engagement reinforced this view. We'll continue monitoring developments.</p> <p>The focus on engagement was for decarbonisation in the property and agricultural sectors. Innovations have been introduced in property-linked finance which would allow for sustainable home improvements to be linked to the property and not the owner. For example, a household could invest in a sustainable heat-pump which is levied against the home itself ensuring continuity of investment into the long-run. Remaining debt would then be passed onto the next home-owner. Other proposals include stamp-duty relief for homes with improving EPC ratings. Analysis revealed that there was significant scope for banks to provide such financing solutions in the agricultural sector which has had a lack of investment in the green-energy transition.</p>
Sustainable Climate Bond Fund (Fidelity Sustainable Climate Bond Fund)	<p>Total fund-related engagements: 77</p> <p>Related engagement topics: Environmental: 35 Social: 9 Governance: 32</p>	<p>Barclays - Climate change</p> <p>Barclays PLC has shown progress in its climate policies and targets, with increased transparency in engaging clients on climate and efforts to integrate climate into risk assessments to optimize client return and emissions perspective. However, there is room for improvement in public policy engagement, particularly oversight of advocacy by third parties. The bank has outlined key public policy 'asks' and is collaborating with the Net-Zero Banking Alliance on developing standard policy 'asks' aligned with bank financing targets.</p>
BlackRock Aquila MSCI World Global Equity Index Fund	<p>Total engagements: 1,409 Number of entities engaged: 887</p> <p>Related engagement topics: Environmental: 567 Social: 635 Governance: 1,319</p>	<p>Shell PLC - Several topics including governance and climate change</p> <p>BIS has had extensive, multiyear engagements with Shell where they have discussed, among other topics, board composition, corporate strategy, and the board's oversight of, and management's approach to, climate-related risks and opportunities.</p> <p>An example of engagement within climate is BIS supported the management proposal to approve the Shell energy transition strategy, because in their view Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities and continues to demonstrate progress against its energy transition strategy. This engagement aligns with Fidelity's "Climate Change" stewardship priority.</p>
BlackRock ACS UK Equity Fund	<p>Total engagements: 3,036 Number of entities engaged: 2,178</p> <p>Related engagement topics: Environmental: 1,100 Social: 1,233 Governance: 2,876</p>	<p>The Walt Disney Company - Several topics including governance and board structure</p> <p>BIS has had extensive, multiyear engagements with Disney where they have discussed concerns about the company's governance as well as the implementation of its long-term strategy, and how these align with financial performance. In particular, they engaged on the issues of board composition and oversight, strategy, executive compensation, and succession planning, among others. BIS</p>

		<p>engaged extensively with Disney’s board and leadership ahead of the 2024 AGM, including several joint engagements with BlackRock’s active portfolio managers, where they discussed Disney’s business transformation strategy; progress against managements’ key priorities; financial performance; and succession planning. BIS also engaged with both dissident investors.</p>
<p>BlackRock ACS 50:50 Global Equity Fund</p>	<p>Total engagements: 3,036 Number of entities engaged: 2,178</p> <p>Related engagement topics: Environmental: 1,100 Social: 1,233 Governance: 2,876</p>	<p>Vale S.A.- Risk Management</p> <p>BIS has held multiyear engagements with Vale’s directors and management on a range of issues. Following the Brumadinho disaster, BIS engaged to understand the steps taken by Vale to strengthen governance and risk management policies and processes to ensure the safety of people and operations. BIS also encouraged the company to enhance their disclosures to inform shareholders about these measures and provide more clarity regarding the board’s role in overseeing management in the identification and mitigation of future potential risks through clear, enhanced, and reliable disclosures. As a result of extensive engagement with shareholders and other key stakeholders, Vale has demonstrated encouraging progress to improve their governance practices and disclosures. Vale has provided updates on the remediation measures being adopted regarding the environmental damages and socio-economic impacts to the local community caused by the dam collapse. BIS continues to monitor the company’s progress, given the materiality of the issue and Vale’s public commitments to regain their stakeholders’ trust. This aligns with Fidelity’s “human rights and modern slavery” stewardship priorities.</p>
<p>BlackRock ACS 30:70 Currency Hedged Global Equity Fund</p>	<p>Total engagements: 3,036 Number of entities engaged: 2,178</p> <p>Related engagement topics: Environmental: 1,100 Social: 1,233 Governance: 2,876</p>	<p>Zhejiang Expressway Co., Ltd. - Governance</p> <p>BIS has had multiyear engagements with Zhejiang Expressway to better understand the company’s governance and strategy and how these align with the financial interests of their clients as long-term, minority investors. Ahead of the 2023 AGM, BIS engaged with the company to communicate concerns that the amended AOA could risk removing an important mechanism to protect minority shareholder interests. Prior to the AGM, the company released a statement announcing that the board had decided to withdraw the AOA amendments from consideration by shareholders at the AGM, citing “a number of concerns raised by the Shareholders in relation to the Proposed Amendments, in particular those relating to the cancellation of class meetings.”</p> <p>BIS maintains it would be in their clients’ best long-term economic interests as minority shareholders to have separate class meetings, both as a mechanism to protect minority shareholder interests, as well as an important channel for shareholder feedback.</p>
<p>BlackRock ACS World ex-UK Fund</p>	<p>Total engagements: 1,380 Number of entities engaged: 910</p> <p>Related engagement topics:</p>	<p>Tesla Inc. - Several matters including Governance and climate change</p> <p>Over the past several years, BIS has regularly engaged with members of Tesla’s board and management team to</p>

	<p>Environmental: 517 Social: 629 Governance: 1,310</p>	<p>discuss the company’s governance structure, board independence, compensation practices, executive share pledging, disclosures of climate-related risks and opportunities, and approach to human capital management.</p> <p>While BIS have previously conveyed concerns about Tesla’s responsiveness to shareholders, the company has taken steps to enhance its policies and disclosures on several topics. BIS also supported a shareholder proposal regarding reporting on harassment and discrimination prevention efforts because, in their view, greater disclosures on this issue, which they deem material to the long-term financial interests of shareholders, would help investors better assess risks at the company.</p>
BlackRock Europe ex UK Equity Index Fund	<p>Total engagements: 363 Number of entities engaged: 210</p> <p>Related engagement topics: Environmental: 110 Social: 105 Governance: 343</p>	<p>Amplifon SpA - Shareholder rights</p> <p>Amplifon called an extraordinary general meeting (EGM) in 2024 to propose amendments to its AOA in accordance with the new provisions contained in the Law Capitali. The company is one of the first in the Italian market to propose such changes. In advance of the EGM, BIS engaged with Amplifon’s corporate leadership to better understand its approach to the new regulation, and how the proposed AOA amendments may impact the rights of BlackRock’s clients as long-term, minority shareholders.</p> <p>BIS did not support management’s recommendation on amending Amplifon’s AOA to further increase voting rights for certain shareholders. In BlackRock’s view, the proposed share structure would significantly impact the fundamental rights of minority shareholders, including BlackRock’s clients, to signal support for or concerns about a company’s approach to delivering long-term financial returns.</p>
BlackRock Pacific Rim Equity Index Fund	<p>Total engagements: 162 Number of entities engaged: 111</p> <p>Related engagement topics: Environmental: 93 Social: 111 Governance: 148</p>	<p>POSCO International Corporation - Climate change</p> <p>As part of BlackRock’s multi-year engagements with POSCO Intl on behalf of their clients and in line with their approach to engagement with palm oil companies, they have sought to better understand and assess the company’s strategy and processes to manage the environmental and social-related risks and opportunities associated with the palm oil industry, disclosures, as well the steps taken by the company to address and remediate grievances raised by stakeholders. . This aligns with Fidelity’s “climate change” stewardship priorities.</p>
BlackRock Japan Equity Index Fund	<p>Total engagements: 305 Number of entities engaged: 217</p> <p>Related engagement topics: Environmental: 78 Social: 148 Governance: 293</p>	<p>Canon Inc. - Board Diversity</p> <p>BIS has had multiyear engagements with Canon during which they have discussed a range of corporate governance topics that they believe are important for long-term financial value creation, including board diversity and long-term executive leadership planning. Since 2021, BIS has looked to companies in the TOPIX 100 index to have at least one female director. As of 2023, BlackRock now look for these larger Japanese companies to have at least two female directors to achieve more meaningful diversity of thought on the board. When companies have not appointed two female directors to their board, BlackRock look to them to provide a reasonable explanation to</p>

		<p>investors as to why their current board structure is optimal for delivering long-term financial performance.</p> <p>On the agenda of Canon’s 2023 annual general meeting (AGM) was a proposal for the election of the company’s five-member board of directors, all male, including the board’s chair who concurrently serves as Canon’s CEO. In BlackRock’s experience, boards comprised of directors who bring a diversity of perspectives minimize the risk of group think and contribute to more robust discussions, more innovative decisions, and better long-term economic outcomes for companies. Similarly, in the context of sound corporate governance practices, they believe it is beneficial for new directors to be brought onto the board periodically to refresh the group’s thinking and in a manner that supports both continuity and long-term leadership.</p>
BlackRock US Equity Index	<p>Total engagements: 532 Number of entities engaged: 360</p> <p>Related engagement topics: Environmental: 225 Social: 252 Governance: 507</p>	<p>Chevron Corporation - Several matters including governance and climate change</p> <p>BIS has had multiyear engagements with Chevron during which they have discussed a range of corporate governance topics that are important for long-term financial value creation, including board composition, corporate strategy, human capital management as well as the board’s oversight of and management’s approach to climate-related risk and opportunities Many of these engagements align with Fidelity’s three stewardship priorities.</p>
BlackRock Aquila Connect Emerging Markets Fund	<p>Total engagements: 317 Number of entities engaged: 217</p> <p>Related engagement topics: Environmental: 173 Social: 123 Governance: 294</p>	<p>CSPC Pharmaceutical Group Limited - Compensation</p> <p>Over the past several years, BIS has engaged with CSPC on a range of business-relevant risks and opportunities. These have included its capital management, and how its compensation practices are aligned with long-term financial value creation for shareholders. The latter was a key topic at the May 2024 AGM.</p>
BlackRock ACS World ESG Equity Tracker Fund	<p>Total engagements: 554 Number of entities engaged: 318</p> <p>Related engagement topics: Environmental: 225 Social: 264 Governance: 517</p>	<p>Shell PLC - Climate change</p> <p>BIS has had extensive, multiyear engagements with Shell where we have discussed, among other topics, board composition, corporate strategy, and the board’s oversight of, and management’s approach to, climate-related risks and opportunities.</p> <p>An example of engagement within climate is BIS supported the management proposal to approve the Shell energy transition strategy, because in their view Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risks and opportunities and continues to demonstrate progress against its energy transition strategy. This engagement aligns with Fidelity’s “Climate Change” stewardship priority.</p>
BlackRock Aquila Life Market Advantage Fund	<p>Total engagements: 950 Number of entities engaged: 644</p> <p>Related engagement topics: Environmental: 363</p>	<p>Dassault Systèmes SE - Board structure</p> <p>Dassault Systèmes is currently undergoing a leadership transition. On January 9, 2023, the Chairman of the Board of Directors stepped down as Chairman but remained a Director of the company’s board. The Vice Chairman of the</p>

	<p>Social: 413 Governance: 901</p>	<p>Board of Directors, who is also the Chief Executive Officer, assumed the role of Chairman of the Board in addition to his CEO responsibilities. 3 On January 1, 2024, the current Deputy CEO will transition to the CEO role, while the current Chairman of the Board will remain in that position.</p> <p>BIS has a multi-year engagement history with Dassault Systèmes, over which they have discussed the company's approach to executive remuneration and other material governance-related issues. In particular, BIS has had concerns with the structure of the long-term incentive plan (LTIP) for the company's executives as, in their assessment, the LTIP is not aligned with the financial interests of long-term shareholders like BlackRock's clients.</p>
LGIM UK Equity Fund	<p>Total engagements: 566 Number of entities engaged: 264</p> <p>Related engagement topics: Environmental: 263 Social: 103 Governance: 230 Other: 125</p>	
LGIM Global Equity 50:50 Fund	<p>Total engagements: 2,016 Number of entities engaged: 1,166</p> <p>Related engagement topics: Environmental: 1,337 Social: 261 Governance: 549 Other: 262</p>	
LGIM Global Equity Market Weighted 30:70 (75% hedged)	<p>Total engagements: 2,628 Number of entities engaged: 1,615</p> <p>Related engagement topics: Environmental: 1,915 Social: 276 Governance: 580 Other: 269</p>	<p>LGIM's approach to stewardship is delegated to their third-party proxy-voting provider Institutional Shareholder Services' (ISS), an electronic voting platform used to vote its clients' shares.</p> <p>LGIM have provided summary of engagement activity by fund but have not been able to give example of significant engagements. Details of significant votes are included in the following section.</p>
LGIM World ex-UK Developed Equity Index Fund	<p>Total engagements: 1,045 Number of entities engaged: 610</p> <p>Related engagement topics: Environmental: 722 Social: 136 Governance: 261 Other: 119</p>	
LGIM World Emerging Markets Fund	<p>Total engagements: 761 Number of entities engaged: 537</p> <p>Related engagement topics: Environmental: 697 Social: 23 Governance: 56</p>	

	Other: 23	
BlackRock Index Linked Gilt Tracker Fund BlackRock Corporate Bond Fund BlackRock Over 15 Year Gilt Tracker Index Linked Gilt Tracker	BlackRock are currently unable to provide engagement data for these funds but are considering how such information can be provided going forward.	
LGIM Over 15 Years Gilt Fund	LGIM are currently unable to provide engagement data for these funds but are considering how such information can be provided going forward.	
LGIM Over 5 Year Index Linked Gilts		
LGIM AAA-AA-A Corporate Bond All Stocks Fund	Total engagements: 268 Number of entities engaged: 97 Related engagement topics: Environmental: 160 Social: 49 Governance: 76 Other: 67	LGIM have provided summary of engagement activity by fund but have not been able to give examples of significant engagements.
HSBC Islamic Pension Fund	Total engagements: 87 Number of entities engaged: 36 Related engagement topics: Environmental: 41 Social: 69 Governance: 36	US Ecommerce Large Cap - Human Rights & Climate Change HSBC have outlined an engagement with a large US Ecommerce company, inline with their stewardship asks, as well as to address ad hoc concerns. An example of an engagement throughout the year was a concern about ongoing reported incidents around human rights violation, these issues could pose significant risks to the company. They have engaged with the IR representative of the company on numerous occasions over the past couple of years so as to continue to share their views on what they believe to be important issues, and to learn about updates from the company. They have discussed AGM matters with the company to share their views. As part of a collaborative initiative, they wrote to the company requesting additional reporting on key environmental areas such as water. The company puts out examples of progress around climate every year. The company continues to address e-waste, by promoting trade in opportunities, options to repair, building products for longevity as examples. They continue to work on solutions for this challenging area. The company continues to investigate allegations when they arise and assess their auditing of supply chains and transparency around that. They have also conducted independent unannounced audits and assessments as part of a scaled-up

		<p>programme. HSBC believe that the company must enhance their transparency in reporting and during engagements and will continue to push on these and other issues. These engagements align to more than one of Fidelity's stewardship priorities.</p>
<p>Schroder Sustainable Future Multi-Asset</p>	<p>Total engagements: 1,075</p> <p>Topics discussed: 320</p> <p>Related engagement topics: Environmental: 668 Social: 185 Governance: 121 Strategy: 73 Other: 28</p> <p>Please note Schroders only produce calendar year annual reports, so this data is based off the calendar year 2023.</p>	<p>Tenaris SA - Climate Change</p> <p>The purpose of the engagement was to seek confirmation that the company has developed, or intends to develop, a net zero transition plan consistent with the net zero investment framework alignment.</p> <p>Schroders initially cosigned a letter sent in 2023 which sought confirmation had developed such a framework. Following an initial response Schroders sent a follow up email to investor relations, as lead engagers, to Tenaris to schedule a conversation with the company to introduce there aims and discuss the company's climate ambitions in more detail. The areas they wished to discuss include Tenaris' approach to securing scrap metal supply, electric arc furnaces, long term targets, climate lobbying, and oil and gas clients. Regarding the oil and gas clients in particular they sought to discuss the risks that clients are facing in the context of the energy transition, and how this impacts Tenaris' preparedness and resilience in a rapidly changing market. This aligns well with Fidelity's climate change stewardship priority.</p>
<p>LGIM 70:30 Hybrid Property Fund</p>	<p>Total engagements: 358 Number of entities engaged: 235</p> <p>Related engagement topics: Environmental: 305 Social: 18 Governance: 34 Other: 12</p>	<p>LGIM have provided a summary of engagement activity for this fund but have not been able to give any examples of significant engagements. Details of significant votes are included in the following section.</p>
<p>Baillie Gifford Positive Change Fund</p>	<p>Total engagements: 53 Number of entities engaged: 24</p> <p>Related engagement topics: Environmental: 5 Social: 14 Governance: 23 Strategy, Financial & Reporting: 19</p>	<p>Dexcom - Climate Change</p> <p>Baillie Gifford engaged with Dexcom to discuss their approach to circularity and push for improvements in the three R's (reduce, reuse, recycle).</p> <p>Dexcom has a return policy for defective supplies and maintains full clarity of its supply chain. However, it does not have a return policy for used products due to challenges with retractable needles and hazardous medical waste classification. Dexcom has increased wear time for the G7, which could reduce annual consumption for high-utilization patients by around 30%. There is still room for improvement in the other two R's (reuse and recycle). Reuse could significantly reduce plastic consumption, embedded energy, and carbon emissions, but product design challenges and usability for older patients need to be addressed. As shareholders, it is essential to continue pushing Dexcom to improve on all 3 R's and strive for</p>

		<p>increased material circularity, which could lead to potential Scope 3 and financial savings.</p> <p>Dexcom acknowledged the environmental and financial opportunity that exists and ensured Baillie Gifford that its operation and R&D teams are collaborating to work on reusable components as well as robust takeback programmes. This has been a focus for Dexcom.</p>
Nordea Global Climate and Environment Fund	<p>Total engagements: 50 Number of entities engaged: 30</p> <p>Related engagement topics: Environmental: 38 Social: 3 Governance: 4 Strategy, Financial & Reporting: 5</p>	<p>Case Study - Biodiversity</p> <p>Nordea have been actively working with their portfolio companies to address biodiversity risks and seizing opportunities ever since the signing of the UN Principles for Responsible Investment in 2007. During 2023, 13% of their total engagements were on Biodiversity related topics</p> <p>This includes their long-dating Pharma engagement. Started in 2015, the joint Pharmaceutical Supply Chain Initiative (PSCI) engagement campaign addresses India's severe water pollution crisis caused by the waste generated by the manufacturing process of the pharma industry in the Hyderabad area. This initiative also focuses on the ensuing issue of antimicrobial resistance (AMR) caused by this pollution. They participated in several roundtables on AMR: they were invited by the Swedish government to provide input to the Swedish government's report on the use of antibiotics and livestock globally as part of a discussion on AMR and sustainable finance. Through their commitment to the Finance for Biodiversity Pledge, in 2022 they have been actively participating in a range of working groups, such as the Engagement Working group and the group concerning TNFD alignment.</p> <p>The engagement on methane focused on partnering with global asset managers to engage with 15 companies in the oil and gas industry on the disclosure and mitigation or their methane emissions. Nordea's primary engagement ask was for investee companies with methane emissions to join the oil and gas methane partnership framework. From this engagement nine companies joined the framework. This is aligned with Fidelity's "Nature and Biodiversity" stewardship priority.</p>
NinetyOne Total Return Credit Fund	<p>Total engagements: 150-200 Number of entities engaged: 16</p> <p>Related engagement topics: ESG: 19</p>	<p>Volkswagen - Human Rights & Modern Slavery</p> <p>In late 2022, MSCI assigned a red flag for human rights violations (slave labour) and a UNGC violator tag. This related to VW's operation in Xinjiang, China. The company was accused of direct involvement in so called state-sponsored vocational education and training centres, which MSCI regards as forced labour.</p> <p>NinetyOne engaged with the company on multiple occasions on the matter but concluded at the time that it is difficult to independently verify that no violations had taken place given the constraints on press freedom in Xinjiang and China more broadly. In December, VW reported that they've commissioned an audit with Loening (a human rights audit practice), which concluded that there</p>

		<p>is no "indication or evidence of forced labour among the employees". The purpose of our engagement with the company was to determine the scope and quality of the audit. Ninety-ones' concerns have been alleviated with all indications pointing to the Loening audit having been of very high quality. This engagement aligns with Fidelity's "Human Rights and Modern Slavery" stewardship priority.</p> <p>You can find out more about Ninety One's approach to sustainability, including their stewardship priorities, here.</p>
--	--	--

Voting (Equity and Multi Asset Funds)

As the Scheme invests via fund managers, the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 30 June 2024. The managers also provided examples of any significant votes.

There is no universal definition of what constitutes a "significant vote" and, as such, classification is at the discretion of the fund managers - what is considered to be a "significant vote" may vary across managers. For example, Schroders note that they consider any vote against management to be significant, whilst BlackRock consider any vote directly related to the Shareholder Rights Directive II to be significant. The following votes were deemed to be significant based on the overall holdings invested into the funds by the Master Trust.

Note that the Trustees do not use a proxy voter, however some of the Scheme's underlying managers by which the voting rights are delegated to, may do so. Where relevant and information is available, we have included the extent to which the manager has voted in line with the proxy advisors recommendation

Fidelity FutureWise (Default funds)

Fund name	Voting summary	Examples of most significant votes
Fidelity FutureWise Equity Fund		
BlackRock ACS UK Equity	<p>Votable proposals: 14,456 Votes cast: 96% Votes with management: 96% Votes against management: 3% Votes abstained: 1% Voted contrary to recommendation of proxy adviser: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>ChemoMetec A/S Re-elect Niels Thestrup as Director</p> <p>Date of vote: 12 October 2023 Holding Weight: N/A Voted: Abstained From Vote Outcome of vote: Pass</p> <p>BlackRock abstained from voting, believing the Nominee serves as Chairman of the board and bears responsibility for a poorly structured board.</p> <p>The voting decision reflects BlackRock's stewardship priority of promoting sound corporate governance and resilient business models through board quality and effectiveness. With Blackrock's view that Niels Thestrups re-election to the board would threaten the long-term financial success of the company.</p>
BlackRock ACS World ex-UK Fund	<p>Votable proposals: 18,307 Votes cast: 99% Votes with management: 81% Votes against management: 18% Votes abstained: 0% Voted contrary to recommendation of proxy adviser: 0%</p>	<p>Westpac Banking Corp. Item 4: Approve Transition Plan Assessments</p> <p>Date of vote: 14 December 2023 Holding Weight: N/A Voted: In Favour of Management Outcome of vote: Withdrawn</p>

	<p>Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>BIS supported this proposal as additional information on the company's efforts to reduce its carbon footprint and align its operations would allow investors to better understand how the company is addressing new financing with its climate transition plan.</p> <p>BlackRock's decision to vote in favour of the firm's Transition Plan Assessments aligns with Fidelity's own stewardship principle of responsible investing towards tackling climate change, in the context of managing material climate-related risks within business models.</p>
<p>iShares Emerging Markets Fund</p>	<p>Votable proposals: 23,095 Votes cast: 99% Votes with management: 86% Votes against management: 13% Votes abstained: 2% Voted contrary to recommendation of proxy adviser: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>Bharti Airtel Limited Item 2: Approve Revision in Remuneration of Sunil Bharti Mittal as Chairman</p> <p>Date of vote: 24 August 2023 (Against) Holding Weight: N/A Voted: Against Management If against management, was intent communicated ahead of vote: N/A Outcome of vote: Passed</p> <p>BIS voted against this resolution, based on the remuneration arrangements being poorly structured.</p> <p>BlackRock's decision to vote against the remuneration arrangements of Sunil Bharti Mittal as Chairman reflect the firm's stewardship priority of monitoring appropriate executive compensation as a tool in driving long-term financial value creation.</p>
<p>Fidelity Diversified Markets Fund</p>	<p>Votable proposals: 14,981 Votes cast: 97% Votes with management: 92% Votes against management: 8%</p>	<p>Microsoft Corporation</p> <p>Date of Vote: 07/12/2023 Holding Weight: 2% Voted: With Management If against management, was intent communicated ahead of vote: Yes Outcome of vote: Resolution voted down, 66% of votes were against management.</p> <p>Report on Risks of Operating in Countries with Significant Human Rights Concerns</p> <p>Two shareholders submitted a precatory proposal requesting that the company prepare a report on its human rights due diligence process for high-risk countries. Specifically, the resolved clause asked the board to commission a report assessing the implications of siting the company's cloud datacentres in countries of significant human rights concern, and the about the company's strategies for mitigating these impacts.</p>

FutureWise Target Date Funds		We determined that the information request was reasonable and would be of benefit for shareholders seeking to understand the company's management of human rights-related risks, and therefore voted in favour.
FutureWise Early Days ACS	Votable proposals: 23,734 Votes cast: 93.9% Votes with management: 95.3% Votes against management: 3.9%	First Resources Limited (Singapore) Date of vote: 26/04/2024 Holding Weight: n/a Voted: Against Management If against management, was intent communicated ahead of vote: N/A Outcome of vote: All resolutions were approved at the meeting. Fidelity voted against the election of a director due to concerns on not meeting our minimum expectations on climate action. As part of our commitment to align our portfolio emissions to net zero, we strongly encourage companies with material climate risks and impacts to hasten climate action and will hold them to a high standard of transparency on their climate change risk management and governance through our voting. As the company did not sent quantitative targets to reduce greenhouse gas emissions, we voted against the longest-tenured director among the nominees to express our concern.
FutureWise Target 2035 Fund	Votable proposals: 23,734 Votes cast: 93.9% Votes with management: 95.3% Votes against management: 3.9%	Westpac Banking Corporation (Australia) Date of vote: 14/12/2023 Holding Weight: N/A Voted: Against Management If against management, was intent communicated ahead of vote: Yes Outcome of vote: Passed with support of 92.3% of shareholders. Fidelity International voted against management due to concerns around the company's management of climate-related risks and the efficacy of its net zero strategy. As part of our commitment to align our portfolio emissions to net zero, we strongly encourage companies with material climate risks and impacts to hasten climate action and hold them to a high standard of transparency on their climate change risk management and governance through our voting.
FutureWise Target 2030 Fund	Votable proposals: 23,734 Votes cast: 93.9% Votes with management: 95.3% Votes against management: 3.9%	Frencken Group Limited (Singapore) Date of Vote: 25/04/2024 Holding Weight: N/A

		<p>Voted: Against Management If against management, was intent communicated ahead of vote: Yes Outcome of Vote: Passed with support of 94.8% of shareholders.</p> <p>Fidelity voted against management due to concerns on not meeting our minimum expectations on climate action. As part of our commitment to align our portfolio emissions to net zero, we strongly encourage companies with material climate risks and impacts to hasten climate action and hold them to a high standard of transparency on their climate change risk management and governance through our voting. We elected to vote against this director as the company did not disclose GHG emissions data.</p>
<p>FutureWise Target 2025 Fund</p>	<p>Votable proposals: 20,863 Votes cast: 93.4% Votes with management: 95.0% Votes against management: 4.3%</p>	<p>Al Rajhi Bank (Saudi Arabia)</p> <p>Date of vote: 08/11/2023 Holding weight: N/A Vote: Against Management If against management, was intent communicated ahead of vote: No Outcome of Vote: Passed</p> <p>Fidelity voted against management due to concerns around the company not meeting our minimum expectations on climate action. As part of our commitment to align our portfolio emissions to net zero, we strongly encourage companies with material climate risks and impacts to hasten climate action and hold to a high standard of transparency on their climate change risk management and governance through our voting. We elected to vote against this director as the company did not disclose GHG emissions or any associated reductions in targets through its reporting.</p>
<p>FutureWise Retirement Fund</p>	<p>Votable proposals: 20,863 Votes cast: 93.4% Votes with management: 95.0% Votes against management: 4.3%</p>	<p>State Bank of India (India)</p> <p>Date of Vote: 19/06/2024 Holding weight: N/A Voted: Against Management If against management, was intent communicated ahead of vote: Yes Outcome: Passed with support of 100% of shareholders.</p> <p>Fidelity voted against management due to concerns on not meeting our minimum expectations for the management of deforestation risks. We strongly encourage companies with material nature risks and impacts to hasten action and hold them to a high standard of transparency on their nature risk management and governance through our voting.</p>

Specifically, the company had not publicly recognised deforestation as a material business risk.

Core Fund Range (Self Select Funds)

Fund name	Voting summary	Examples of most significant votes
Fidelity Sustainable Active Equity Fund (Fidelity Sustainable Global Equity Income Fund)	<p>Votable proposals: 612</p> <p>Votes cast: 94%</p> <p>Votes with management: 94%</p> <p>Votes against management: 6%</p> <p>Votes abstain: 1%</p>	<p>Marsh & McLennan Companies, Inc.</p> <p>Date of Vote: 16/03/2024</p> <p>Holding Weight: 5.0%</p> <p>Voted: With Management</p> <p>If voted against management, was intent communicated ahead of vote: N/A</p> <p>Outcome of vote: The resolution received support.</p> <p>A shareholder filed a proposal requesting amendment of the bylaws to allow the shareholders of the company to pass resolutions by written consent (by circular, without the necessity of convening a shareholder meeting).</p> <p>We considered the proposal to represent an improvement in minority shareholder rights in comparison with the current arrangements. While shareholders do have the ability to convene an EGM, the share ownership requirement for doing so is relatively high (20% of the share capital). Otherwise, shareholders can only vote at ordinary general meetings.</p>
Fidelity Emerging Market Equity Pensions	<p>Votable proposals: 854</p> <p>Votes cast: 87%</p> <p>Votes with management: 93%</p> <p>Votes against management: 7%</p> <p>Votes abstain: 1%</p>	<p>Naspers</p> <p>Date of Vote: 24/08/2023</p> <p>Holding Weight: 3.2%</p> <p>Voted: Against Management</p> <p>If voted against management, was intent communicated ahead of vote: Yes</p> <p>Outcome of vote: The proposal was passed with 89% support.</p> <p>Fidelity has long encouraged investee companies to adopt long-term incentive plans (LTIPs) for senior management with a minimum share release period of five years. This is intended to focus management's attention beyond the quarterly reporting cycle by linking a substantial portion of their remuneration with shareholders over a five-year time horizon. At the 2023 AGM, we voted against the remuneration policy for the CEO because their long-term incentive awards do not have a five-year restriction period.</p> <p>We also decided to vote against the remuneration report due to concerns surrounding the NAV discount-linked STI paid out to both EDs. The award is not clearly linked to pre-set targets and is subject to the discretion of the Human Resources and Remuneration Committee. Given the misalignment with market best practice, we decided to vote against the report and communicated our decision to the company ahead of the AGM.</p>
BlackRock Aquila MSCI World Global Equity Index Fund	<p>Votable proposals: 21,656</p> <p>Votes cast: 98%</p> <p>Votes with management: 96%</p>	<p>National Australia Bank Limited</p> <p>Item 4: Approve Transition Plan Assessments</p> <p>Date of vote: 15 December 2023</p> <p>Holding Weight: N/A</p>

	<p>Votes against management: 3% Votes abstained: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>Voted: Against Management If against management, was intent communicated ahead of vote: N/A Outcome of vote: Withdrawn</p> <p>BIS voted against this decision, claiming the request is not clearly defined and unduly constraining on the company. BIS stated the company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.</p> <p>BlackRock voted against National Australia Bank Limited on the basis that its current Transition Plan strategy delivered sufficient purpose and financial resilience, and that making adjustments to said strategy/ capital allocation was deemed unnecessary.</p>
<p>BlackRock ACS UK Equity Fund</p>	<p>Votable proposals: 14,456 Votes cast: 96% Votes with management: 96% Votes against management: 3% Votes abstained: 1% Voted contrary to recommendation of proxy adviser: 0 Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>ChemoMetec A/S Approve Remuneration Report</p> <p>Date of vote: 12 October 2023 Holding Weight: N/A Voted: Against Management If against management, was intent communicated ahead of vote: N/A Outcome of vote: Fail</p> <p>BIS voted against approving the remuneration report because they do not believe the disclosure provides sufficient understanding of the company's remuneration policies and the link between performance-based pay and company performance.</p> <p>The decision made by BlackRock to vote against approving the report illustrated BlackRock's stewardship priority of managing how boards align their business decisions with long-term financial resilience.</p>
<p>BlackRock ACS 50:50 Global Equity Fund</p>	<p>Votable proposals: 35,912 Votes cast: 95% Votes with management: 95% Votes against management: 4% Votes abstained: 0% Voted contrary to recommendation of proxy adviser: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>PACCAR Inc Proposal for report on climate lobbying</p> <p>Date of vote: 30 April 2024 Holding weight: N/A Voted: Against Management If against management, was intent communicated ahead of vote: N/A Outcome of vote: Fail</p> <p>BIS believes the company already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies.</p> <p>BlackRock voted against PACCAR Inc's proposal for a report on climate lobbying on the basis that its current corporate strategy delivered purpose and financial resilience, and that adjusting said strategy/ capital allocation was deemed unnecessary ergo voting against the proposal.</p>
<p>BlackRock ACS 30:70 Currency Hedged Global Equity Fund</p>	<p>Votable proposals: 56,663 Votes cast: 97% Votes with management: 92%</p>	<p>ChemoMetec A/S Item 4: Approve Remuneration Report</p> <p>Date of vote: 12 October 2023 Holding weight: N/A</p>

	<p>Votes against management: 7% Votes abstained: 1% Voted contrary to recommendation of proxy adviser: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>Voted: Against Management If against management, was intent communicated ahead of vote: N/A Outcome of vote: Pass</p> <p>BIS stated that the disclosure does not provide sufficient understanding of the company's remuneration policies and the link between performance-based pay and company performance.</p> <p>As such, BlackRock voted against the Remuneration Report, in accordance with its investment stewardship priority of ensuring executive compensation is used as an effective incentive to drive long-term financial value. BlackRock's inability to comprehend the link between performance-based pay and company performance within the Report were seen as ineffective company incentives.</p>
<p>BlackRock ACS World ex-UK Equity Fund</p>	<p>Votable proposals: 18,307 Votes cast: 99% Votes with management: 81% Votes against management: 18% Votes abstained: 0% Voted contrary to recommendation of proxy adviser: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>New World Development Company Limited Approve Revision of Annual Caps and Related Transactions</p> <p>Date of vote: 2 November 2023 Holding weight: N/A Voted: In Favour of Management Outcome of vote: Pass</p> <p>BlackRock voted in favour of this decision as the transactions to be contemplated under this proposal are within the ordinary and usual course of the company's business and are on normal commercial terms; and the independent non-executive directors and independent financial advisor believe that the transactions are fair and reasonable for the company's shareholders.</p> <p>BlackRock's vote in favour of the proposal as it aligned with BlackRock's stewardship priority of ensuring financial resilience through long-term corporate strategy.</p>
<p>BlackRock Aquila Connect Emerging Markets Fund</p>	<p>Votable proposals: 23,095 Votes cast: 99% Votes with management: 86% Votes against management: 13% Votes abstained: 2% Voted contrary to recommendation of proxy adviser: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>Zhejiang Expressway Co., Ltd Item 1: Approve Class and Nominal Value of Rights Shares</p> <p>Date of vote: 24 July 2023 Holding weight: N/A Voted: In Favour of Management Outcome of vote: Pass</p> <p>BIS supported approving Zhejiang Expressway's class and nominal value of rights shares.</p> <p>BlackRock voted in favour of the proposal, aligning with BlackRock's stewardship priority of incentives being used as a tool for financial value creation, believing the proposal was in the financial interests of long-term shareholders.</p>
<p>BlackRock ACS World ESG Equity Tracker Fund</p>	<p>Votable proposals: 6,737 Votes cast: 92% Votes with management: 97%</p>	<p>No significant votes provided.</p>

	<p>Votes against management: 2%</p> <p>Votes abstained: 0%</p> <p>Voted contrary to recommendation of proxy adviser: 0%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	
BlackRock US Equity Index Fund	<p>Votable proposals: 7,182</p> <p>Votes cast: 97%</p> <p>Votes with management: 98%</p> <p>Votes against management: 1%</p> <p>Votes abstained: 0%</p> <p>Voted contrary to recommendation of proxy adviser: 0%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	No significant votes provided.
BlackRock Europe ex UK Fund	<p>Votable proposals: 8,347</p> <p>Votes cast: 83%</p> <p>Votes with management: 91%</p> <p>Votes against management: 8%</p> <p>Votes abstained: 0%</p> <p>Voted contrary to recommendation of proxy adviser: 0%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>Temenos AG</p> <p>Approve Remuneration Report</p> <p>Date of vote: 7 May 2024</p> <p>Holding weight: N/A</p> <p>Voted: Withdrew</p> <p>Outcome of vote: Fail</p> <p>BlackRock found the following:</p> <ul style="list-style-type: none"> - Remuneration arrangements are poorly structured. - Remuneration committee discretion has been used poorly. - Disclosure does not provide sufficient understanding of the company's remuneration policies and the link between performance-based pay and company performance. <p>As such, BlackRock voted against the remuneration report, in accordance with its investment stewardship priority of ensuring executive compensation is used as an effective incentive to drive long-term financial value. BlackRock's inability to comprehend the link between performance-based pay and company performance within the Report were seen as ineffective company incentives.</p>
BlackRock Pacific Rim Equity Index Fund	<p>Votable proposals: 3,069</p> <p>Votes cast: 100%</p> <p>Votes with management: 90%</p> <p>Votes against management: 9%</p> <p>Votes abstained: 0%</p> <p>Voted contrary to recommendation of proxy adviser: 0%</p>	<p>Whitehaven Coal Limited</p> <p>Approve the Amendments to the Company's Constitution</p> <p>Date of vote: 26 October 2023</p> <p>Holding weight: N/A</p> <p>Voted: Against Management</p> <p>If against management, was intent communicated ahead of vote: N/A</p> <p>Outcome of vote: Failed</p>

	<p>Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>BIS believe that shareholder proposals are best facilitated through regulatory changes.</p> <p>BIS' vote against the proposal aligned with BlackRock's stewardship priority of the impact of company decisions on people. BIS believed that changes which occur outside of regulation to shareholder proposals are a risk of damaging relationships that could expose the company to legal, regulatory, operational, and/or reputational risks.</p>
<p>BlackRock Japan Equity Index Fund</p>	<p>Votable proposals: 5,792 Votes cast: 100% Votes with management: 96% Votes against management: 3% Votes abstained: 0% Voted contrary to recommendation of proxy adviser: 1% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>No significant votes provided.</p>
<p>BlackRock Aquila Life Market Advantage Fund</p>	<p>Votable proposals: 22,458 Votes cast: 98% Votes with management: 94% Votes against management: 5% Votes abstained: 1% Voted contrary to recommendation of proxy adviser: 0% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>Bharti Airtel Limited Approve Revision in Remuneration of Sunil Bharti Mittal as Chairman</p> <p>Date of vote: 24 August 2023 Holding Weight: N/A Voted: Against Management If against management, was intent communicated ahead of vote: N/A Outcome of vote: Pass</p> <p>BIS voted against as they believed the remuneration arrangements were poorly structured.</p> <p>BlackRock's decision to vote against the remuneration arrangements of Sunil Bharti Mittal as Chairman reflect the firm's stewardship priority of monitoring appropriate executive compensation as a tool in driving long-term financial value creation.</p>
<p>LGIM UK Equity Fund</p>	<p>Votable proposals: 10,393 Votes cast: 99.8% Votes with management: 94.3% Votes against management: 5.7% Votes abstained: 0.0% Voted contrary to recommendation of proxy adviser: 4.9% Non-proxy agent votes: n/a</p>	<p>Unilever PLC Approve climate transition action plan</p> <p>Date of vote: 1 May 2024 Holding weight: 4.23% Voted: For Management Outcome of vote: Pass</p> <p>On which criteria was this vote considered to be "most significant": LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile nature of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.</p>

	<p>Proxy agent votes: n/a</p>	<p>A vote for the CTAP was applied as they understand it to meet LGIM's minimum expectations. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets consistent with a 1.5°C Paris goal. Despite the SBTi recently removing their approval of the companies long-term scope 3 target, they note that the company has recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore at this stage believe the company's ambition level to be adequate. LGIM therefore remain supportive of the net zero trajectory of the company at this stage.</p> <p>LGIM will continue to engage with the company and publicly advocate its position on the issue and monitor company and market-level progress.</p> <p>This vote reflects Fidelity's stewardship priority of addressing climate change through its investment behaviour.</p>
<p>LGIM Global Equity 50:50 Fund</p>	<p>Votable proposals: 38,340 Votes cast: 99.7% Votes with management: 82.2% Votes against management: 17.6% Votes abstained: 0.3% Voted contrary to recommendation of proxy adviser: 13.1% Non-proxy agent votes: n/a Proxy agent votes: n/a</p>	<p>Shell Plc Approve the Shell Energy Transition Strategy</p> <p>Date of vote: 21 May 2024 Holding weight: 3.91% Voted: Against Management If against management, was intent communicated ahead of vote: Yes Outcome of vote: Pass</p> <p>LGIM acknowledge the substantial progress made by the company in over recent years and view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, LGIM expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.</p> <p>LGIM will continue to engage with the company and publicly advocate its position on the issue and monitor company and market-level progress.</p> <p>LGIM's decision to vote against Shell's Energy Transition Strategy Proposal as the manager wasn't satisfied by the companies to properly demonstrate how the revisions it made to its Net Carbon Intensity targets and ambition to grow its gas and LNG business fell in line with its net-zero 2050 emissions target, reflect Fidelity's own stewardship principal of addressing climate change through its investment behaviour.</p>
<p>LGIM Global Equity Market Weighted 30:70 (75% hedged)</p>	<p>Votable proposals: 73,092 Votes cast: 99.8%</p>	<p>Microsoft Corporation Elect Director Satya Nadella</p> <p>Date of vote: 7 December 2023 Holding weight: 2.90%</p>

	<p>Votes with management: 80.7%</p> <p>Votes against management: 18.6%</p> <p>Votes abstained: 0.8%</p> <p>Voted contrary to recommendation of proxy adviser: 10.1%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>Voted: Against Management</p> <p>If against management, was intent communicated ahead of vote: Yes</p> <p>Outcome of vote: N/A</p> <p>A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.</p> <p>LGIM will continue to engage with the company and publicly advocate its position on the issue and monitor company and market-level progress.</p> <p>LGIM has consistently advocated for the separation of the roles of CEO and board chairs. This policy falls under LGIM’s stewardship theme of pursuing good governance, ergo, LGIM decided to vote against the proposal.</p>
<p>LGIM World ex-UK Developed Equity Index Fund</p>	<p>Votable proposals: 19,513</p> <p>Votes cast: 99.4%</p> <p>Votes with management: 76.7%</p> <p>Votes against management: 22.8%</p> <p>Votes abstained: 0.5%</p> <p>Voted contrary to recommendation of proxy adviser: 17.2%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>Apple Inc. Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy</p> <p>Date of vote: 28 February 2024</p> <p>Holding weight: 5.24%</p> <p>Voted: Against Management</p> <p>If against management, was intent communicated ahead of vote: Yes</p> <p>Outcome of vote: Fail</p> <p>LGIM voted against this proposal as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.</p> <p>LGIM will continue to engage with the company and publicly advocate its position on the issue and monitor company and market-level progress.</p> <p>LGIM views gender diversity as a financially material issue for their clients and the impact it has on their assets. LGIM demonstrated its stewardship theme of diversity in its monitoring of Apple’s shareholders and their disclosure around diversity, inclusion and non-discrimination policies.</p>
<p>LGIM World Emerging Markets Fund</p>	<p>Votable proposals: 35,796</p> <p>Votes cast: 99.9%</p> <p>Votes with management: 79.3%</p> <p>Votes against management: 19.4%</p> <p>Votes abstained: 1.29%</p>	<p>Tencent Holdings Limited Elect Charles St Leger Searle as Director</p> <p>Date of vote: 14 May 2024</p> <p>Holding weight: 3.88%</p> <p>Voted: Against Management</p> <p>If against management, was intent communicated ahead of vote: No</p> <p>Outcome of vote: Pass</p> <p>A vote against was applied as LGIM expects the Committee to be comprised of independent directors as well as the company’s failure</p>

	<p>Voted contrary to recommendation of proxy adviser: 6.9%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>to meet minimum standards with regard to climate risk management.</p> <p>LGIM will continue to engage with the company and publicly advocate its position on the issue and monitor company and market-level progress.</p> <p>LGIM’s decision to vote against the proposal did not directly correlate with Fidelity’s own stewardship priorities, but instead was driven by LGIM’s commitment to its own stewardship theme of pursuing good governance and diversity as a cornerstone of long-term value creation within businesses.</p>
<p>LGIM Global Small Cap Equity Fund</p>	<p>Votable proposals: 47,291</p> <p>Votes cast: 99.9%</p> <p>Votes with management: 73.8%</p> <p>Votes against management: 25.9%</p> <p>Votes abstained: 0.3%</p> <p>Voted contrary to recommendation of proxy adviser: 17.8%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>Saia Inc. Elect Director Jeffrey C. Ward</p> <p>Date of vote: 25 April 2024 Holding weight: 0.2% Voted: Against Management</p> <p>If against management, was intent communicated ahead of vote: Yes Outcome of vote: N/A</p> <p>A vote against is applied as LGIM expects a company to have at least one-third women on the board Independence. LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on behalf of their clients.</p> <p>LGIM will continue to engage with the company and publicly advocate its position on the issue and monitor company and market-level progress.</p> <p>LGIM’s decision to vote against the proposal was driven by the firm’s commitment to its stewardship theme of pursuing good governance and diversity as a cornerstone of long-term value creation within businesses.</p>
<p>LGIM 70:30 Hybrid Property Fund</p>	<p>Votable proposals: 4,134</p> <p>Votes cast: 100%</p> <p>Votes with management: 79.2%</p> <p>Votes against management: 20.6%</p> <p>Votes abstained: 0.2%</p> <p>Voted contrary to recommendation of proxy adviser: 16.5%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>Simon Property Group, Inc. Elect Director Glyn F. Aeppel</p> <p>Date of vote: 8 May 2024 Holding weight: 0.869 % Voted: Against Management</p> <p>If against management, was intent communicated ahead of vote: Yes Outcome of vote: Pass</p> <p>A vote against is applied as LGIM expects a company to have at least one-third women on the board, alongside the board being regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p> <p>LGIM will continue to engage with the company and publicly advocate its position on the issue and monitor company and market-level progress.</p> <p>In voting, LGIM illustrated its stewardship theme of promoting diversity, as the firm seek to address the imbalanced female to male</p>

		ratio on the company board, an issue that would be a drag on long-term value creation.
HSBC Islamic Pension Fund	<p>Votable proposals: 1,665</p> <p>Votes cast: 94%</p> <p>Votes with management: 78%</p> <p>Votes against management: 21%</p> <p>Votes abstained: 0%</p> <p>Voted contrary to recommendation of proxy adviser: 1%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>NVIDIA Corporation Election of Director Stephen C. Neal</p> <p>Date of vote: 26 June 2024 Holding weight: 7.78%</p> <p>Voted: Against Management (in Favour of Shareholder Proposal) If against management, was intent communicated ahead of vote: No Outcome of vote: Pass</p> <p>HSBC voted against this Nomination Committee Chair as they had concerns about insufficient gender diversity of the board. HSBC Are prepared to vote against a similar proposal if there aren't sufficient improvements. HSBC will continue to vote against similar proposals should they not see sufficient improvements.</p> <p>HSBC's decision to vote against the proposal reflects HSBC's core engagement theme of diversity, equity and inclusion, with their belief that diversity should be closely linked to the board's succession planning. HSBC also deem this a significant vote given the weight of the holding.</p>
Schroder Sustainable Future Multi-Asset	<p>Votable proposals: 8,884</p> <p>Votes cast: 94.69%</p> <p>Votes with management: 88.15%</p> <p>Votes against management: 11.85%</p> <p>Votes abstained: 0.29%</p> <p>Voted contrary to recommendation of proxy adviser: 9.63%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>Microsoft Corporation Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options</p> <p>Date of vote: 07 April 2024 Holding weight: n/a</p> <p>Voted: Against Management (in Favour of Shareholder Proposal) If against management, was intent communicated ahead of vote: N/A Outcome of vote: N/A</p> <p>Schroders welcomed Microsoft providing additional disclosure around how it is protecting its employee plan beneficiaries from climate risk particularly in its default retirement options. Schroders believe that they have voted in the best financial interest of their clients' investments.</p> <p>Schroders' decision to vote in favour of the proposal and against management in order to address climate risk in employee retirement options, strongly aligns with Fidelity's stewardship priority of addressing climate change.</p>
Baillie Gifford Positive Change Fund	<p>Votable proposals: 333</p> <p>Votes cast: 100%</p> <p>Votes with management: 94.4%</p> <p>Votes against management: 4.6%</p> <p>Votes abstained: 0.9%</p> <p>Non-proxy agent votes: n/a</p> <p>Proxy agent votes: n/a</p>	<p>ILLUMINA, INC. Vote on Executive Compensation (remuneration).</p> <p>Date of vote: 16 May 2024 Holding weight: 2.71%</p> <p>Outcome of vote: Pass Voted: Against Management If against management, was intent communicated ahead of vote: No</p> <p>Ballie Gifford opposed executive compensation as they had ongoing concerns with the stringency of targets under the long-term incentive plan. Baillie Gifford continue to have concerns with compensation practices and the decisions being made including the</p>

	<p>committee's responsiveness to shareholder dissent at the 2023 AGM.</p> <p>In the lead up to the AGM Baillie Gifford contacted IR to explain their concerns with executive compensation and were disappointed that their concerns regarding the stringency of target setting were not addressed and they were unable to give Baillie Gifford reassurances that this would be addressed in future.</p> <p>Baillie Gifford's decision to vote against the proposal reflects their stewardship priority of long-term focused remuneration with stretching targets.</p>
<p>Nordea Global Climate and Environment Fund</p>	<p>Votable proposals: 765 Votes cast: 92.03% Votes with management: 90.77% Votes against management: 8.95% Votes abstained: 0.28% Voted contrary to recommendation of proxy adviser: 2.27% Non-proxy agent votes: n/a Proxy agent votes: n/a</p> <p>Deere & Company Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>Date of vote: 28 February 2024 Holding Weight: 1.47% Voted: Against Management If against management, was intent communicated ahead of vote: No Outcome of vote: Pass</p> <p>Share-based long-term incentive plan for executives was 64% time-based. Nordea believes, properly devised remuneration systems should, in an uncomplicated, clear and transparent manner, aim to achieve a better performance and increase value for shareholders. For Nordea, ideally, the incentive programs would incentivize the participant to achieve something out of the ordinary and thus, they should have clear and sufficiently challenging performance conditions.</p> <p>Nordea's decision to vote against the proposal reflected its commitment to its stewardship theme of good governance.</p>

Bespoke Sections

Section	Commentary
Voith Turbo Section	<p>ESG Policy</p> <p>Whilst no explicit consideration of ESG factors has been made within the current default arrangement, it has benefited from changes in the market place and a desire from asset managers to invest more responsibly.</p> <p>The funds within the default arrangement are currently managed by L&G, Schroders Investment Management, Fidelity and M&G. Each manager is expected to exercise their stewardship responsibilities in line with stated policies. All are signatories to the United Nations Principles for Responsible Investment. A faith-based self-select option is also currently available for those members who wish to invest in it.</p> <p>Note that in October 2024, Voith Turbo transitioned to FutureWise and the standard section.</p> <p>Engagement Policy</p> <p>The policy on engagement adopted by the Trustees will be followed. The Voith Turbo Section’s investment advisers have a research team that review the investment managers which manage funds within the default arrangement and those which manage funds in the self-select range on a periodic basis. Review of reports on voting and engagement policies is considered, as is the long-term performance of the investment managers funds (to ensure it is consistent with the style of the manager and their investment processes). On average, meetings will take place on an annual basis, while monitoring will be done on an annual basis also. An investment manager may be removed if it is felt that they are not delivering on their stewardship responsibilities, long term performance or consideration of ESG within their investment process. Adoption of any new funds will be made with explicit consideration to the underlying investment manager’s policies and credentials surrounding ESG and stewardship.</p> <p>In line with the Trustees approach, a policy of delegated decision making on stocks to the underlying managers was adopted. Voting reports by L&G and Schroders (those managers responsible for equity and multi-asset funds within the default arrangement) will be monitored on an annual basis and reported back to the Employer and the Trustee on an exceptions basis. An outline of two significant votes is provided below:</p> <p>Significant votes</p> <p><i>Significant vote 1: Amazon.com Inc – Shareholder resolution. Proposal Regarding Report on Customer Due Diligence. (22 May 2024) (Human Rights.)</i></p> <p>L&G voted For the proposal and Against Management. A vote in favour was applied as enhanced transparency over material risks to human rights is key to understanding the company’s functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.</p>
RSA Insurance Company Section	<p>ESG Policy</p> <p>The Trustees of the Fidelity Master Trust believe that an investment process which integrates ESG factors (“sustainable investing”), including but not limited to climate change issues, is likely to lead to improved risk adjusted returns and better retirement outcomes for members. During the period covered by this statement (the 12 months ending 30 June 2024), the Trustees have updated the Statement of Investing Principles (“SIP”). However, there has been no change to the ESG policy.</p> <p>The RSA Section of the Fidelity Master Trust has investment arrangements bespoke to that Section. The RSA Section’s self-select fund range includes a white-labelled fund called the “RSA Pension ESG Fund”; this fund invests in a passive equity fund that tracks an equity index with an ESG focus and low carbon screen.</p> <p>The Trustees’ investment advisors for this Section provide the Trustees with their research views of the Section’s underlying fund managers as part of their biannual investment reports. These include their views on the ESG credentials of the funds. The last strategy review advice issued to the Trustees by their investment advisers was on 27 October 2022. The review had a focus on ESG and how it could be more</p>

directly integrated in the default lifestyle strategy (the “Default”). Following this review, the Trustees agreed that the growth phase of the Default would be changed to invest in an equity fund that more explicitly integrates ESG considerations, and in particular climate change. The RSA Pension Low Carbon Equity Fund was launched in May 2023, and was subsequently added into the Default over several trades, which were completed in September 2023, replacing the RSA Pension Passive Global Equity Fund in the Default

The Trustees expect investment managers to regularly report on their shareholder voting and engagement policies as well as provide information around how they are integrating environmental, social and governance (“ESG”) considerations into their investment process. As part of their stewardship practices, the Trustees actively encourage managers to consider ESG, including climate-related factors, both within their investment process and as part of their engagement with the underlying companies. The Trustees have adopted a policy of delegating the voting rights associated with the investments to the Fund Managers; this is driven by the fact that the investments are via pooled funds and the Fund Managers vote in the best interests of the pooled fund investors. It is the Trustees’ policy to understand and ensure they are comfortable with a fund manager’s voting policies before member assets are invested with that manager. The RSA Section’s fund manager’s voting policies are set out below.

Legal and General Investment Management (“LGIM”)

LGIM’s voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. LGIM’s voting policies are reviewed annually and consider feedback from their clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also consider client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

All decisions are made by LGIM’s Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM’s Investment Stewardship team uses ISS’s ‘ProxyExchange’ electronic voting platform to electronically vote clients’ shares. It is vital that the proxy voting service are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out LGIM’s expectations, an analysis of any issues experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting.

LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM’s voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM’s internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of LGIM’s formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM’s proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.

BlackRock

BlackRock and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure they consider a company's unique circumstances by market, where relevant. BlackRock inform their vote decisions through research and engage as necessary. BlackRock's engagement priorities are global in nature and are informed by their observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update their regional engagement priorities based on issues that they believe could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcome discussions with their clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them.

As outlined in their Global Corporate Governance and Engagement Principles, BlackRock determines which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive. BlackRock's voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, considering a company's unique circumstances where relevant. BlackRock inform their vote decisions through research and engage 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 engage a third-party voting execution platform to cast the votes.

Fulcrum

Fulcrum aims to act in the best interests of all its stakeholders by engaging with the companies that it invests in, and by exercising its voting rights with care in order to manage, acquire and dispose of account assets. Fulcrum will vote proxies in a prudent and diligent manner and in the best interests of clients, consistent with the objective of maximising long-term investment returns and protecting shareholder rights. Not only is this commensurate with good market practice, but it also goes hand in hand with ensuring the responsible investment of Fulcrum's clients' funds. Fulcrum has appointed Glass Lewis, a leading independent corporate governance research provider, to analyse corporate actions, management recommendations and make vote recommendations in order to assist the Firm in the independent assessment of governance issues. Fulcrum's management body have established a Responsible Investment Committee and a Stewardship Committee with the aim of strengthening internal communications on stewardship issues. Both committees comprise members of the Risk, Investment Management and representatives of the Sustainable investment team. The common membership of both committees ensures consistency in the Firm's stewardship and responsible investing approach (which includes considering Environmental, Social and Governance issues).

Description of voting behaviour during the year

All of the Trustees' holdings in listed equities are within pooled funds. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year. The exercise of voting rights is the responsibility of the Fund Managers.

In this section we have sought to include voting data on the RSA section's funds that hold equities as follows:

- LGIM Low Carbon Transition Global Equity Index Fund (hedged and unhedged) (both used in the default strategy);
- LGIM Global Equity Market Weights (30:70) - 75% Hedged Fund (a fund underlying the self-select RSA Pension Passive Global Equity Fund);
- FTSE4Good Developed Equity Index Fund (the fund underlying the self-select RSA Pension Ethical Fund);
- BlackRock Emerging Markets Equity Index Fund (a fund underlying the self-select RSA Pension Passive Global Equity Fund);
- BlackRock World ESG Equity Tracker Fund (the fund underlying the self-select RSA Pension ESG Fund); and
- Fulcrum Diversified Listed Alternatives Fund (used in the default strategy).

Voting behaviour is covered for funds used in the default strategy, as these funds hold the most RSA Section assets, as well as two self-select funds that have a focus on ESG matters (the LGIM Ethical Global Equity Index Fund and BlackRock World ESG Equity Tracker Fund). The LGIM Global Equity Market Weights (30:70)

– 75% Hedged Fund and the BlackRock Emerging Markets Equity Index Fund are included because these funds were part of the Default at the start of the reporting period.

We have sought to include votes which cover either environmental, social or governance issues with a maximum of two votes per fund.

Description of Voting Processes

LGIM's Investment Stewardship team uses Institutional Shareholder Services' ("ISS") 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM, and LGIM does not outsource any part of the strategic decisions. The use of ISS's recommendations is purely to augment LGIM's own research and proprietary ESG assessment tools. The LGIM Investment Stewardship team also uses the research reports of Institutional Voting Information Services, to supplement the research reports that LGIM receive from ISS

for UK companies when making specific voting decisions. To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards that all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa. The analysts with 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 subscribe to research from the proxy advisory firms ISS and Glass Lewis, it is just one among many inputs into their vote analysis process, and BlackRock do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company's own reporting (such as the proxy statement and the website), their engagement and voting history with the company, and the views of their active investors, public information and ESG research.

In summary, proxy research firms help BlackRock deploy their resources to greatest effect in meeting client expectations:

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients' assets, using their voice as a shareholder on their behalf to ensure that companies are well led and well managed.
- BlackRock use proxy research firms in their voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that their analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial.
- BlackRock do not follow any single proxy research firm's voting recommendations and in most markets, BlackRock subscribe to two research providers and use several other inputs, including a company's own disclosures, in their voting and engagement analysis.
- BlackRock also work with proxy research firms, which apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform their voting decision.
- The proxy voting operating environment is complex and BlackRock work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

Fulcrum

Fulcrum uses Glass Lewis's platform for proxy voting. All the voting recommendations relevant to Fulcrum's clients and funds are through this platform. Fulcrum uses Glass Lewis's "Climate Policy" for proxy voting guidance, to ensure a stronger stance with regards to sustainability matters is reflected as our default choice. Fulcrum will vote in line with these independent research recommendations unless it chooses to override them based on its own analysis, following discussions in the Stewardship Committee. If Fulcrum identifies any areas where there is a systematic divergence between its final decisions and the recommendations, Fulcrum will communicate this to its proxy advisor.

Informed by guidance from the UK Pensions and Lifetime Savings Association (PLSA), Fulcrum prioritise analysis on proxy votes by using the controversy alert systems provided by Glass Lewis as well as reviewing for votes relating to climate change or the environment, shareholder proposals and stocks that form a high weighting in their client portfolios.

Commentary on the most significant votes over the period is set out below. We have interpreted "most significant votes" to mean those that:

- align with the Trustees' stewardship priorities;
- might have a material impact on future company performance;
- the manager received significant client interest for a vote;
- the investment manager believes to represent a significant escalation in engagement;
- sanction vote as a result of a direct or collaborative 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 Scheme or the sponsoring company may have a particular interest in.

Please note that BlackRock's approximate size of holdings are accurate as at the last day on the month of the vote.

Examples of significant votes

Significant vote: *Toyota Motor Corp - Elect Director Toyoda, Akio - Climate change & human rights*

A vote against is warranted as LGIM believes there is still a disconnect in Toyota's stated climate ambitions and its current multi-pathway strategy. LGIM encourages Toyota to further develop disclosures that more clearly articulate how it intends to support a global transition to zero emission vehicles and net zero emissions. Additionally, as a long-time top executive, Mr Toyoda should be considered ultimately accountable for a spate of certification irregularities within the Toyota Motor group.

LGIM is concerned that previous and current issues concerning legal certifications processes and safety requirements are indicative of a corporate culture that is not being amended to meet stakeholder expectations and legal requirements. For this reason, Mr Toyoda must be held accountable until appropriate remediation measures are taken.

BNP Paribas
Pension
Section

ESG Policy

The ESG policies for the BNP Paribas Pension were updated in September 2023 following a wider review of the SIP carried out by the BNP Paribas Pension Committee and the Trustees.

The significant changes to the ESG policy include:

- Expanding the stewardship policy to account for the existing policy of not having a bespoke voting policy in place and delegating the responsibility for casting votes and engaging with underlying issuers of securities to the appointed fund managers, whilst noting that the Trustees take responsibility for the votes cast on their behalf.
- Noting that the Trustees review manager engagement and voting activities annually as part of the Implementation Statement process to ensure they are in line with the Trustees' expectations.

We note that the expansion to the policy noted above reflects activities that were all already carried out in practice but were just not explicitly referenced within the SIP.
All other changes were minor.

Engagement Policy

All stewardship activities, including voting rights, were delegated to the appointed fund managers for the Section over the year to 30 June 2024. Based on the information provided by the managers, Aon (the investment adviser for the Section) and the Trustees are comfortable that managers have acted in line with their policies. The majority of managers have also provided examples of engagements carried out, including on topics such as ESG and climate change, as per the Investment Consultant Sustainability Working Group (ICSWG) engagement reporting template. This information has been reviewed as part of the Implementation Statement process. Further information has also been gathered regarding engagement carried out with high-carbon intensity companies within the Plan's portfolio as part of the Committee's ongoing ESG reporting and review. Based on the information received, the Trustees are comfortable that managers are engaging appropriately on ESG and climate-related matters.

Aon (which provides advice to the Trustees on the investment strategy for the BNP Paribas Section) met with the BNP Paribas Pension managers at least once over the year to 30 June 2024, with these meetings including a discussion of each manager's approach to ESG investing. The outcome of these reviews was reported back to the BNP Paribas Pension Committee and the Trustees via Aon's annual ESG monitoring report on the BNP Paribas Pension Section in November 2023 and the provision of ESG ratings in quarterly investment monitoring reports.

The BNP Paribas Pension Committee also met with BlackRock (the most material fund manager for the Section) in April 2024 to discuss their approach to ESG and stewardship.

The meeting with BlackRock is part of a regular engagement, with annual meetings held between the Committee and BlackRock. Following the meeting in April 2024, the Committee noted that they would continue to meet with BlackRock regularly to continue to monitor and understand their approach to stewardship as well as any key activities being carried out.

All investment managers of funds available to members in the BNP Paribas Pension Section of the Fidelity Master Trust are UN PRI signatories and signatories to the UK Stewardship Code.

The BNP Paribas Pension Committee received Aon's ESG ratings for each of the investment funds members invest in, where available, on a quarterly basis over the year to 30 June 2024 and reviewed these as part of their regular performance monitoring on behalf of the Trustees.

The ESG ratings indicate the extent to which awareness and consideration of ESG factors is incorporated into the manager's investment process. Over the year, all managers received an Aon ESG Rating of 'Integrated' or above on Aon's 3-point scale. This means that the investment managers have taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within its respective portfolio. Five of the Section's appointed managers also received the highest rating of 'Advanced', meaning the team demonstrates an advanced awareness of potential ESG risks in the portfolio and can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio.

Aon also conducted a deep dive of each manager's ESG profile over the year to 30 June 2024 as part of the annual ESG review (carried out in November 2023). Again, the Trustees were comfortable that ESG risk factors were being suitably integrated by the Section's investment managers.

The deep dive ESG review carried out in November 2023 included information on the types of responsible investment policies each of the Section's investment managers has in place, as well as the

stewardship activities carried out by the managers. This was also a topic of discussion at the meeting with BlackRock in April 2024. Based on the information received from the investment managers, the Committee and Trustees are comfortable that the managers had suitable positions on sustainability and climate policies.

Both the integration of ESG factors within the investment process and stewardship activities are considered as part of Aon's ESG ratings which are fed back to the Committee and Trustees on a quarterly basis. As above, all managers received an Aon ESG Rating of 'Integrated' or above on Aon's 3-point scale which means that the investment managers have taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within its respective portfolio.

Default option

The primary default option (the Drawdown Lifestyle) has been designed to explicitly consider ESG considerations, through investments in the Global Sustainable Growth Fund and the Global Sustainable Bond Fund. These funds have been designed to explicitly consider ESG risks noting that if not properly understood and managed, these risks have the potential to negatively impact the value of members' retirement savings and affect their ability to achieve a positive retirement outcome. As well as the lifestyle strategies (including the default option) the Trustees ensure consideration of ESG factors is incorporated in the management of the self-select options and annually review the stewardship activities of the Section's appointed investment managers to ensure they are appropriately managing ESG risks. The Trustees also reviewed ESG ratings provided by Aon as part of the regular quarterly investment monitoring carried out over the year to 30 June 2024. No significant concerns were raised, and all managers were rated either 'Integrated' or 'Advanced' indicating that managers are at least taking appropriate steps to identify and manage financially material ESG risks.

The Trustees make available in the self-select range Responsible Investment equity options (the Global Sustainable Growth Fund and the Responsible Investment Fund), a Responsible Investment fixed income option (the Global Sustainable Bond Fund), an ethical investment option (the Ethical Global Equity Index Fund) and a Shariah-compliant fund option (the Islamic Global Equity Index) for those members who would like to invest in funds with these specific considerations.

The Trustees' annual ESG review was carried out in November 2023 and considered a number of different factors including third-party ESG scores for each fund, a summary of the types of responsible investment policies in place at each asset management firm, carbon data and information on the highest and lowest rated holdings within each portfolio. The review also included information on how managers carried out stewardship activities, including engagement and casting of votes. The Committee and Trustees were comfortable that no further action was required following the review, although regular engagements with BlackRock (the Section's most material investment manager) continue as per the regular schedule of activities. No new manager appointments were completed during the year.

Voting Policy

As a holder of assets with attaching voting rights, the Trustees can exercise these voting rights on behalf of members. At present, the voting rights are delegated to the Section's equity fund managers: BlackRock, Fidelity, HSBC, LGIM, Nordea, Impax, Sands Capital, Loomis and Schroders. Voting is also undertaken for the equity holdings held by the Section's multi-asset fund managers, with voting rights again delegated to the respective fund managers: BlackRock, Nordea, Schroders and (Aberdeen) Standard Life.

The Trustees have obtained details of the votes undertaken on its behalf by the BNP Paribas Pension Plan's equity and multi-asset managers for the funds invested in by members. Information provided by the managers covers the 12 months to 31 March 2024, which reflects the most recent data available at the time of writing this statement. Based on the information provided, the Trustees are comfortable that their voting rights have been exercised appropriately.

Example of significant vote

Significant vote: *Alphabet - Multiple shareholder resolutions: Report on physical risks of climate change; Report on climate lobbying; and Report on steps to improve racial and gender Board diversity*

At the Alphabet AGM Nordea supported a number of shareholder proposals such as Report on physical risks of climate change, Report on climate lobbying and Report on steps to improve racial and gender Board diversity. Management voting recommendations was against on all these proposals. The dominant position of Google, its impact on society and integrity of individuals is very important for us as investors and so we voted for these resolutions (against management recommendations).

ESG Policy

For the extended self-select range, the Trustees give explicit consideration to ESG ratings provided by Aon as part of the triennial review of these funds. This allows the Trustees to assess the ESG integration capabilities of the investment managers in the extended self-select range, including their approaches to stewardship which is one of the key areas considered by Aon as part of the overall rating (see below).

Engagement Policy

For the extended self-select range, all stewardship activities, including voting rights, were delegated to the appointed fund manager, BlackRock, over the year to 30 June 2024. Based on the information provided, Aon (the investment adviser for the Section) and the Trustees are comfortable that BlackRock have acted in line with its policies and the Trustees' expectations regarding stewardship. BlackRock also provided examples of engagements carried out, including on topics such as ESG and climate change.

For the extended self-select fund range, the Trustees receive Aon's ESG ratings for each of the funds on an annual basis for review. The ESG ratings indicate the extent to which awareness and consideration of ESG factors is incorporated into the manager's investment process. Over the year, BlackRock received an Aon ESG Rating of 'Integrated'. This means that, in Aon's view, BlackRock has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within its respective portfolios.

Aon met with BlackRock five times over the year to 30 June 2024. This included a review of BlackRock's approach to ESG investing and stewardship. The outcome of these reviews were reported back to the Trustees via Aon's triennial review on the extended self-select range, which included ESG ratings for the funds available to members. The Trustees also reviewed statistics on the voting carried out by BlackRock on its behalf as part of the production of its annual implementation statement.

As part of the Trustees' triennial review of the extended self-select fund range (completed in December 2023), Aon provided the Trustees with both short-term and long-term performance (rolling 5-year) performance for these funds. This review included an assessment of fund performance against stated benchmarks and targets over various periods, as well as a red-amber-green rating system to help identify any areas of concern.

Where there is a pattern of continuous red flags occurring (indicating performance is not delivering in-line with the stated objective of the fund) the Trustees will review the fund in further detail in order to assess whether any action is required.

The Trustees are comfortable that the majority of funds available through the extended self-select range are performing in line with expectations. While some flags were raised as part of the annual review, most of these were anomalies due to timing of fund pricing versus the funds' respective benchmarks and none were continuous. The Trustees also noted that the BlackRock Over 5 Year Index-Linked Gilt Fund had delivered negative absolute returns as a result of rising yields across financial markets. However, it was agreed that – whilst disappointing – these falls were in line with wider market moves and that the fund had tracked changes in annuity prices well. As a result, Aon supported its continued use in the extended self-select range.

For the extended self-select fund range, the Trustees considered Aon's ESG ratings when carrying out their annual review of these funds and assessing their continued suitability to hold members' assets. As above, Aon's ESG rating framework includes consideration of how managers integrate consideration of ESG factors within the investment process and their engagement activities. We note that the funds within the extended self-select range are index-tracking funds meaning BlackRock has limited ability to consider ESG factors within the investment selection process (as it is dictated by the index provider). Over the year, BlackRock received an Aon ESG Rating of 'Integrated'. This means that BlackRock has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within its respective portfolios.

Aon met with BlackRock on behalf of the Trustees over the year in order to understand how it incorporates ESG risks into its investment process and its stewardship activities. Aon has been engaging actively with BlackRock on improving its transparency around stewardship and the development of ESG products, with good progress seen to date.

No significant concerns were raised regarding performance, ESG or stewardship matters to warrant any changes to BlackRock's appointment as fund manager for the extended self-select range.

Voting Policy

As a holder of assets with attaching voting rights, the Trustees can exercise these voting rights on behalf of members. At present, the voting rights are delegated to the Section's extended self-select range fund manager, BlackRock.

The Trustees have obtained details of the votes undertaken on its behalf by BlackRock for the extended self-select range. Information provided covers the 12 months to 30 June 2024 where available, although for some of the funds, information was only available to 31 March 2024. Based on the information provided, the Trustees are comfortable that their voting rights have been exercised appropriately.

Example of significant vote

Tesla - Shareholder proposal Regarding Reporting on Harassment and Discrimination Prevention Efforts

BIS supported the shareholder proposal regarding reporting on harassment and discrimination prevention efforts because, in our view, greater disclosures on this issue, which we deem material to the long-term financial interests of shareholders, would help investors better assess risks at the company.

The shareholder proposal requested that the board "oversee the preparation of an annual public report describing and quantifying the effectiveness and outcomes of Tesla, Inc.'s (Tesla) efforts to prevent harassment and discrimination against its protected classes of employees." Tesla continues to face significant material legal and reputational risks due to high-profile controversies, including ongoing harassment and discrimination allegations. This shareholder proposal was also on the ballot at Tesla's August 2022 AGM, and it received approximately 46% shareholder support, including from BIS. Tesla subsequently made some enhancements to its disclosures, such as reporting on types of complaints received and employee training initiatives. Even so, these disclosures do not provide investors with a clear sense of how many of these complaints are specifically related to harassment and discrimination, or whether any remediation efforts have been sufficient to minimize the risk of additional adverse verdicts. In our view, enhanced disclosures on this issue, which we deem material, would help investors better assess risks at the company. As a result, BIS determined that support for the proposal was warranted as the request is aligned with the long-term financial interests of our clients.

Universal

ESG Policy

The default arrangement integrates an ESG approach that is consistent both with Universal Music's beliefs on responsible investment and sustainability and the Trustees beliefs. In particular, the Universal Music Global Equity Fund (utilised within the growth phase when members are far from retirement) incorporates a 45% allocation to the Schroders Sustainable Multi-Factor Equity Fund, 40% allocation to the BlackRock ESG Equity Tracker Fund and 15% allocation to the Baillie Gifford Positive

Change Fund. When introducing new managers full consideration is given to the ESG integration capabilities of the manager, as well as their ESG and stewardship policies.

Managers within the default arrangement include Legal & General Investment Management (LGIM), Schroders Investment Management, Baillie Gifford, Fulcrum Asset Management LLP and BlackRock Investment Management (UK) Limited. Each manager is expected to exercise their stewardship responsibilities in line with stated policies. All are signatories to the United Nations Principles for Responsible Investment and all received A+ or A ratings in strategy and governance in relation to ESG in 2020. A faith-based self-select option is also currently available for those members who wish to invest in it as well as a Global Ethical fund. The ESG funds within the Universal Music Global Equity Fund are also available to invest in individually.

Engagement Policy

The policy on engagement adopted by the Trustees will be followed. The Universal Music section's investment advisers have a research team that will meet with all of the investment managers which manage funds within the default arrangement and most of those which manage funds in the self-select range on a periodic basis. Review of reports on voting and engagement policies will be considered, as will the long-term performance of the investment managers funds (to ensure it is consistent with the style of the manager and their investment processes). On average, meetings will take place on a bi-annual basis, while monitoring will be done on an annual basis also. An investment manager may be removed if it is felt that they are not delivering on their stewardship responsibilities, long term performance or consideration of ESG within their investment process. Adoption of any new funds will be made with explicit consideration to the underlying investment manager's policies and credentials surrounding ESG and stewardship.

In line with the Trustees' approach, a policy of delegated decision making on stocks to the underlying managers was adopted. Voting reports by BlackRock, Schroders, Baillie Gifford, L&G and Fulcrum (those managers responsible for equity and multi-asset funds within the default arrangement) will be monitored on an annual basis and reported back to the Employer and the Trustees on an exceptions basis. An outline of two significant votes is provided below:

Example of significant vote

Significant vote 1: Apple, Inc. – Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy

The resolution was opposed by 98.7% of shareholders, in line with Management's recommendation.

All fund managers noted above (with the exception of Baillie Gifford who do not have this holding in their portfolio) voted **against** this proposal, which was argued to be warranted by the managers due to Apple Inc. appearing to provide shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies. Additionally, they offered the opinion that including viewpoint and ideology in EEO policies does not appear to be industry standard practice.

Virgin
Money

ESG Policy

The default arrangement integrates an ESG approach. All phases of the default strategy glidepath include sustainable investment with exposure to funds expected to be invested in a manner that is broadly consistent with a long-term transition to a more sustainable world. When introducing new managers full consideration is given to the ESG integration capabilities of the manager, as well as their ESG and stewardship policies.

Managers within the default arrangements and self-select funds include Legal & General Investment Management (LGIM), Schroders Investment Management, HSBC Global Asset Management, M&G and BlackRock Investment Management (UK). Each manager is expected to exercise their stewardship responsibilities in line with stated policies. All are signatories to the United Nations Principles for Responsible Investment. Two specific Sustainable Equity funds are available to members as self-select funds. A faith-based self-select option is also currently available for those members who wish to invest in it.

Adherence to Engagement Policy

The Virgin Money section's investment advisers have a research team that review the investment managers which manage funds within the default arrangements and those which manage funds in the self-select range on a periodic basis. Review of reports on voting and engagement policies will be considered, as will the long-term performance of the investment managers' funds (to ensure it is consistent with the style of the manager and their investment processes). Monitoring will be done on an annual basis. An investment manager may be removed if it is felt that they are not delivering on their stewardship responsibilities, long term performance or consideration of ESG within their investment process. Adoption of any new funds will be made with explicit consideration to the underlying investment manager's policies and credentials surrounding ESG and stewardship.

Voting Policy

Voting reports by LGIM, Schroders, Baillie Gifford and BlackRock (those managers responsible for equity and multi-asset funds within the default arrangement) will be monitored on an annual basis and reported back to the Employer and the Trustee on an exceptions basis. An outline of two significant votes is provided below:

Example of significant vote:

Significant vote 1: Nike inc - Report on Median Gender/Racial Pay Gap

LGIM voted in favour of this shareholder resolution and against management. LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.

The Resolution failed but gained 30% support. LGIM will continue to engage with investee company, publicly advocate their position on this issue and monitor company and market-level progress.

MyColt
Retirement
Savings
Section

ESG Policy

There were no changes to the Section ESG policy over the period. The majority of the Section's investments are held with BlackRock and Legal & General Investment Management ('LGIM'). The Trustees have ongoing engagement with both of these managers, and offer BlackRock and LGIM funds in the standard section of the Master Trust. As the Section invests in pooled investment funds, all voting is effectively delegated to the fund managers.

The majority of the Section's investments have been held with BlackRock and Legal & General Investment Management ('LGIM'). The Trustees have ongoing engagement with both of these managers, and offer BlackRock and LGIM funds in the General Section of the Master Trust.

Unilever

ESG Policy

The Unilever section's default and self-select fund range has been designed in line with the Trustees' policies on Sustainable Investment and ESG.

At a high level, the Trustees believe that, where practical and in line with investment objectives, sustainable investing will improve risk-adjusted returns and therefore achieve good retirement outcomes for members. The Trustees also encourage fund managers to exercise voting rights and carry out engagement activities on sustainability matters, as well as wider issues. The policies can be found in the Unilever section of the Fidelity Master Trust's Statement of Investment Principles.

The investment adviser, Barnett Waddingham, considered these views when providing advice in relation to the Unilever Section during the accounting period.

Engagement Policy

As members progress through the default strategy, the largest 'under-the-bonnet' fund holdings are predominantly the Uninvest Sustainable World Fund and the Uninvest Global Sustainable Edge Fund. We have focussed on these funds to provide tangible examples of how the engagement and voting policies have been followed.

Uninvest outsource the voting and engagement activities to Federated Hermes ("Hermes") and have reviewed Hermes' policies to ensure alignment with their own.

Hermes engage with companies on a variety of themes including, but not limited to, pollution, biodiversity, board composition, pay transparency, indigenous community rights and cyber security. Their engagement themes can be broadly summarised in terms of: environmental, social, governance and corporate strategy.

Voting Policy

Hermes outsource their proxy voting activities to Institutional Shareholder Services (“ISS”). Hermes have undertaken a careful review of ISS’ voting policies and believe them to be in the best interest of shareholders.

Significant vote

Alphabet Inc. - Vote for proposal to report on framework to assess company lobbying alignment with climate goals (December 2024)

Hermes voted for this proposal as this proposal promotes better management of ESG opportunities and risks, relative to current practice. This vote aligns with climate themes and was against management, hence is considered significant. The voting decision was communicated with the company ahead of the vote.
