Radstock Co-operative Society Limited Employees' Superannuation Fund
Implementation Statement

Introduction

On 6 June 2019, the U.K. Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (the "Regulations"). The Regulations, amongst other things, require that the Trustees of the Radstock Co-operative Society Limited Employees' Superannuation Fund (the "Fund"), produce an Implementation Statement which:

- outlines how the Trustees have ensured that the voting and engagement policies set out in its SIP have been followed over the course of the Fund year; and
- describes the voting behaviour on behalf of the Trustees, including the most significant votes cast and any use of a proxy.

This is the first Implementation Statement the Trustees have prepared and covers the year ending 27 February 2021.

Voting and engagement

As set out in the SIP, The Trustees undertake due diligence when appointing investment managers and review each of those managers' policies on Environmental, Social and Corporate Governance ("ESG") considerations. The Trustees appreciate that those investment managers which integrate ESG considerations can help mitigate risks and have the potential to lead to better, long-term financial outcomes. The Trustees will expect fund managers to have signed up to the United Nations-supported Principles for Responsible Investment ("PRI"), a set of six voluntary and aspirational principles supported by the United Nations, which offer an assortment of possible actions for incorporating ESG issues into investment practice.

As the Trustees invest in pooled funds, the fund managers make decisions related to the exercise of any rights, including voting rights, attaching to the investments and engagement activities in respect of the investments. The Trustees currently invest in pooled funds with BlackRock, which are subject to BlackRock's own policies on ESG considerations, including climate change. No new investment managers have been appointed over the year to 27 February 2021 so no due diligence has been carried out over this period.

Voting behaviour on behalf of the trustees

As a holder of assets with attaching voting rights, the Trustees are able to exercise these voting rights on behalf of members of the Fund. As part of their delegated responsibilities, the Trustees expect the Fund's investment manager (BlackRock) to:

- Ensure that (where appropriate) underlying managers exercise the Trustees' voting rights in relation to the Fund's assets; and
- Report to the Trustees on stewardship activity by underlying managers as required.

The investment manager reaches a voting decision by using a combination of research from the proxy advisory firms ISS and Glass Lewis, and several other inputs, including a company's own disclosures. BlackRock's voting process is led by the BlackRock Investment Stewardship team. The investment manager does not automatically accept the vote recommendations from the proxy advisory firms.

Voting information for the three relevant funds has been provided as follows by BlackRock:

- Aquila Life UK Equity Index Fund - 100% of eligible resolutions were voted on and the investment manager voted against management in 5% of the votes.

- Aquila Life Currency Hedged Overseas Equity Fund – 100% of eligible resolutions were voted on and the investment manager voted against management in 6% of the votes.
- BlackRock Dynamic Diversified Growth Fund - 99% of eligible resolutions were voted on and the investment manager voted against management in 5% of the votes.

Most significant votes over the year

A summary of some of the significant votes over the year in relation to the BlackRock funds, as highlighted by BlackRock, is set out below.

Chevron, May 2020

Chevron is an American multinational oil and gas corporation engaged in integrated energy, chemicals and petroleum operations worldwide. Shareholders filed a non-binding proposal requesting that Chevron report on how the company's direct and indirect lobbying align with the Paris Climate Agreement goals.

BlackRock voted for this proposal, as greater transparency into the company's approach to political spending and lobbying as aligned with their stated support for the Paris Agreement will help articulate consistency between private and public messaging in the context of managing climate risk and the transition to a lower-carbon economy.

Ocado Group, May 2020

Ocado is a UK online grocery retailer that specialises in developing and supplying online retailing technology (including distribution logistics) to other grocers. Shareholders were asked to approve a remuneration report.

BlackRock voted against this proposal due to concerns about the long-term executive pay plan. The pay plan is based on share price growth which, considering the executives' sizeable shareholdings, the participants already had a very strong incentive to meet this objective. Moreover, the awards are out of line with usual levels of variable pay for executives within the UK market, even for exceptional performance.

Procter & Gamble, October 2020

Procter & Gamble is one of the largest global branded consumer packaged goods companies. It operates in the following segments: Beauty; Grooming; Health Care; Fabric & Home Care; and Baby, Feminine & Family Care. Shareholders requested a report assessing if and how Procter & Gamble could increase the scale, pace, and rigor or its efforts to eliminate deforestation and the degradation of intact forests in its supply chains. Special focus was placed on the company's use of palm oil and forest pulp.

BlackRock voted for this proposal as it recognised that there was room for the company to improve the frequency and depth of sustainability disclosure. As a long-term investor, the reputational and operational risks faced by companies being implicated in deforestation is concerning to BlackRock.