Ensign Retirement Plan Implementation Statement

Year ending 31 March 2022 relating to the SIPs in force over that period

1. Background

This report is the second investment implementation statement of the Ensign Retirement Plan ("Ensign"). It is designed to describe the actions that the Trustee has taken to manage Ensign's investments including voting behaviour over the Year to 31 March 2022 (the "Plan Year").

2. The Statement of Investment Principles

1.1 Review of the Statement of Investment Principles

The Trustee's policies for managing Ensign's investments are set out in Ensign's Statement of Investment Principles (SIP).

The SIP was reviewed during the Plan Year and a new SIP was approved on 19 October 2021. This Implementation Statement therefore references the SIPs that were in force over the Plan Year. Namely, the SIP adopted on 29 September 2020 and the amended SIP adopted on 19 October 2021 (the "Current SIP"). The key amendments related to the approach to non-financial factors and impact investing, manager incentives and climate-change.

1.2 Confirmation of compliance with the SIPs

In the Trustee's view, the SIPs have been followed over the Plan Year. This document describes the way that activity over the year followed the policies in the SIPs.

1.3 How this document has been prepared

This document has been prepared by Ensign and has been reviewed by its legal advisors. It follows the format of last year's Implementation Statement and also takes into consideration the DWP's Statutory Guidance updated on 17 June 2022 which is applicable to next year's disclosures.

3. Investment Governance

3.1 Trustee Board

The Trustee governs Ensign in accordance with its Trust Deed and Rules and legislation. Ensign Retirement Plan Trustees Limited (the "Trustee") is a corporate trustee and is responsible for all aspects of Ensign's governance, including investment governance.

During the Plan Year the Trustee Board met four times and discussed investment matters at each of its meetings including:

- Investment market updates
- Discussion of specific issues including closure of the Aegon BlackRock Property Fund
- Reviewed the performance and suitability of the LifePath funds
- Reviewed the performance and suitability of the Self-Select funds
- Updates on the approach to Environmental, Social and Governance factors including climate change
- Training on aspects of climate change
- Market and global events including the impact of Russia's invasion of Ukraine.

3.2 Executive team

The Trustee is supported in the running of the day-to-day activities of Ensign by its executive services provider, Rock Strategic Consulting Ltd (trading as "Rock Pensions"), consisting of full-time experienced pensions practitioners. The relationship with Rock Pensions is governed by a Services Agreement, of which the Schedule of Services was last reviewed on 22 March 2022.

During the year, Rock Pensions helped the Trustee manage the day-to-day activities of Ensign such as reviewing the quarterly investment reports produced by the Platform Provider, addressing fund performance issues and development of the Climate Governance Policy.

3.3 Trustee Policies

The policies relating to the management of investments are set out in the Statement of Investment Principles. In addition, the following policies are relevant to the management of investments:

- **Risk register**: The Trustee maintains a risk register which includes investment risks
- **Terms of Reference** ("TOR") describe the role and responsibilities of the Chair, Vice-Chair and Board. The TOR cover investment and non-investment aspects.
- **Climate-Change Governance Policy**: As described in 3.4 below, the Trustee established its Climate-Change Governance Policy during the Plan Year and reports on this in its annual Climate Disclosures.

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The Trustee seeks investment advice from an independent investment advisor, Hymans Robertson on a project-by-project basis.

3.4 Working Groups

The Trustee reviews regular investment related matters directly. For specific projects it may establish Working Groups consisting of two or more trustees, members of the Executive team and subject matter experts if required. Over the Plan Year, the Trustee established two Working Groups for investment matters. The first group developed and made recommendations to the Trustee around its Climate-Change Governance Policy. The second group acted on the recommendations of the Independent Investment Review to work with, challenge and develop the Platform Provider and Investment Managers' approaches in a number of areas (see 6.3 below).

4. Environmental, Social and Governance factors

The Trustee's policy in incorporating environmental, social and governance (ESG) factors into its investment arrangements distinguishes between financial factors and non-financial factors.

4.1 Financial factors

The Trustee recognises that the consideration of financially material factors, including environmental, social and governance (ESG) factors, is relevant at different stages of the investment process (Section 3.8.1 of the Current SIP). The Trustee has asked that the Platform Provider and Investment Managers have the financial interests of members as their first priority including ESG considerations (Section 3.8.2 of the Current SIP).

Independent Investment Review includes consideration of financially material ESG factors

As described in Section 6 below, the Trustee appointed Hymans Robertson to carry out its three-yearly Independent Investment Review (IIR) in September 2021. This explored in detail ESG and climate-change aspects confirming that progress had been made in many areas but also identified areas for the Trustees to discuss and challenge the Platform Provider and Investment Managers. The main findings and the action taken by the Trustees to encourage and where necessary to challenge the current approach are described in Sections 6.2 and 6.3 below.

Member survey

In January 2022, the Trustee carried out a member Engagement Survey. This survey briefly explained how ESG factors can be financially material, the importance of climate-change for investment markets and described the Trustee's current approach. Members were invited to share their views on the Trustee's current approach and the survey found that the

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membership was supportive. The Trustee uses the information from the survey to help inform how it reports on Ensign's ESG activities, including in this document.

Development and documentation of the approach to Climate-Change

During June – September 2021, the Trustee established a Working Group consisting of two Trustees, members of the Executive team and specialists to develop the Trustee's Climate Governance Policy. This is documented in the Climate-Change Governance Policy which was approved by the Trustees in September 2021. More information about this and the action taken over the year is provided in Ensign's Climate Disclosures.

4.2 Non-financial factors

The Trustee recognises that a number of members may have strong personal views or religious convictions that influence where they believe their savings should be invested. The Trustee committed to consider the costs and benefits of surveying members' views on non-financial factors (Section 3.11 of the Current SIP).

Having considered the costs and benefits, the Trustee carried out the member Engagement Survey described above. The results of this survey were supportive of the current approach which is to:

- Require Investment Managers to incorporate financially material ESG factors into the default LifePath funds

- To include funds within the range of self-select funds which may have an enhanced focus on environmental and/or social issues going beyond what may be financially material to those investments. Currently, members can invest in the Aegon LGIM Ethical Global Equity Index, the Aegon BlackRock World ESG Equity Tracker or the HSBC Islamic Global Equity Index (which invests in the largest 100 companies engaged in Sharia-compliant activities).

The Trustee also monitors developments in "impact investing" (investments with a positive environmental or social impact alongside a financial return). As described in 6.3 below the IIR identified this as an area to explore further and the Trustee discussed industry developments with the Platform Provider and the most significant Investment Manager, BlackRock. Furthermore, the member Engagement Survey explored member's views on the case for offering additional self-select funds including an impact investing fund. Based on feedback from the Engagement Survey, theTrustee has decided to continue to maintain a watching brief as member demand evolves and markets develop.

5. Strategy

The Trustee carried out the activity described below in line with its Investment Approach (see Section 3 of the Current SIP). Note that this Section was updated to include explicit reference to financially material risks as a result of climate-change and the transition to a lower carbon world.

5.1 Default LifePath Funds

92% of members investments by value[1] are held in the LifePath funds. These funds aim to help members grow their assets whilst protecting their value as retirement approaches. The funds reflect changing investment needs by gradually altering each fund's investment mix as members near their target retirement date.

These Funds were reviewed by the Board at every quarterly meeting. For the period ending 31 March 2022, the analysis showed that the Funds behaved in line with the risk objectives set out in the SIP (section 3.3.1):

- **Members close to retirement for whom protection of capital or income is prioritised**: investments values were largely protected against significant falls in assets although the rising long term interest rate environment and deterioration in economic conditions due to supply shortages, inflation and Ukraine posed challenges in the last quarter of the Plan Year.

- **Members with a longer period to retirement for whom growth is prioritised over volatility**: investment values benefited from the upswing in markets over the Plan Year although members did experience significant volatility.

Monitoring also includes wider aspects. For example, at the March 2022 Board meeting, the Trustee was updated on the exposure to Russian linked securities following the invasion of Ukraine and reviewed the manager's approach to reducing the exposure from the already very low levels.

The design of the LifePath funds is a key component of the investment strategy and, as described above, outcomes are monitored quarterly.

Additionally, the three yearly Independent Investment Review (IRR) was carried out in September 2021 by Hymans Robertson and is described in Section 6 below.

5.2 Self-select funds

As described in the Current SIP in Section 2.5, the Trustee recognises that different members have different attitudes to risk and members should therefore be able to make their own investment decisions based on their own circumstances.

[1] As at 31.3.2022

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The Trustee offers 15 self-select funds and around 8% of members' assets[1] are invested in these funds (one fund, the Aegon Property Fund is closed to future contributions as explained below).

Monitoring and enhanced monitoring

Over the period, the performance of these Funds was reviewed by the Board at every quarterly meeting. The analysis showed that the Funds behaved in line with the risk objectives set out in the SIP (Section 3.3.1), with the exception of the Aegon Property (BLK) fund which was subject to enhanced monitoring.

Enhanced monitoring can be applied, for example when a fund might be at risk of failing the risk objectives in Section 3.3.1 of the Current SIP (including underperformance relative to benchmarks over a sustained period). During the Plan Year, enhanced monitoring was applied to the Aegon Property (BLK) fund due to its continuing suspension, see Section 5.3 below.

5.3 Closure of The Aegon Property (BLK) self-select fund to new investments

This fund suspended dealing, due to the Covid pandemic, on 18 March 2020 as the underling investment managers invoked "material valuation uncertainty" clauses meaning that they could not reliably price the underlying property investments. The Trustee monitored this position carefully and the Investment Manager lifted the suspension in early 2022. In line with the recommendation from the Independent Investment Review, the Trustee decided to permanently close the fund to new contributions and wrote to members to explain that future contributions, along with any cash temporarily held in the Aegon Cash fund in lieu of contributions during the period of suspension, would be directed to the LifePath funds. Members were given the option to adopt alternative courses of action, and none chose to do so.

5.4 AVC Funds

Ensign AVC arrangements for 31 members over the Plan Year. The AVC providers are **Utmost Life and Pensions** (ex-Clerical Medical with-profits funds) and **Standard Life.**

The strategy for the AVC funds was reviewed in September 2021 by Hymans Robertson. The key finding of the review was that Standard Life and Utmost should remain as Ensign's AVC providers. This balanced concerns over the value for money against the lack of competitiveness in the AVC market (many providers are closed to new business) and the maturity of most of the membership – which means that members are close to retirement. The Trustee wrote to members on 21 December 2021 to highlight these issues and remind them to update their investment choices.

6. Independent Investment Review

6.1 Background

The Trustee conducts an Independent Investment Review ("IRR") every three years. It covers investment strategy (Section 3.3.2 of the Current SIP) and incorporates ESG considerations, including climate change. The review considers Ensign's approach in the context of its overall goal of helping to improve the retirement outcomes for those working in the maritime industry (Section 2.1 of the Current SIP) and in the context of its Investment Approach (Section 3 of the Current SIP) listed below:

- Diversification
- Balance between different kinds of investments
- Risk (including risks associated with climate-change)
- Time horizons and management of risk through the risk register
- Expected return on investments
- The kind of investments to be held
- Realisation of investments
- Environmental, Social and Governance Issues as a financial factor
- Stewardship – voting and engagement
- Monitoring
- Charges and value for money
- Non-financial factors and impact investing

6.2 Summary of the 2021 Independent Investment Review

The Trustee appointed Hymans Robertson to carry out the IIR and the report was presented to the Trustees in September 2021.

The key findings from the report were:

- The LifePath Flexi Fund (one of the main default funds) delivered a good outcome in terms of returns and risk at different stages of the savings journey for members, when compared with a wider Master Trust peer group.

- The design of the LifePath funds was positive although Hymans Robertson suggested that specific aspects of the design should be explored further (e.g. the approach to currency hedging).

- The high-level review of the suitability of the self-select funds revealed no concerns with existing funds (except the Property Fund – see Section 5.3 above) and outlined areas for the Trustee to explore additional fund options.

- The IRR acknowledged that BlackRock had made progress integrating ESG considerations into the LifePath funds and that the Trustee should continue to engage on this

6.3 Trustee engagement following the IIR

While most aspects were rated “positive” by the IIR there were a small number of areas which were rated as either “positive with scope to improve outcomes in the future” or “some scope to improve outcomes”. These related to the design of the LifePath funds, the case for including further self-select funds such as “real-assets” funds and the approach to ESG. The review also made recommendations for the self-select property fund (see Section 5.3 above for more details)

To explore these areas further and if necessary, challenge or change the approach taken, the Trustee established a second Working Group consisting of two Trustee Directors and members of the Executive Team. The process followed by the Working Group was to seek Aegon and Blackrock’s initial views through written documents and follow up with meetings to discuss and challenge the approach. In most cases, the issues identified were satisfactorily resolved. One area that the Working Group felt further work is needed, due to rapid industry development, is in the incorporation of financially material ESG factors and the Working Group recommended further engagement over 2022/23. The Working Group findings were approved at the March 2022 Board and subsequently formally communicated to Aegon.

6.4 Climate-change scenarios and training to inform strategy decisions

At the same time as the Independent Investment Review, the Trustee commissioned Hymans Robertson to carry out climate scenario analysis and accompanying training. More information on the work undertaken is provided in Ensign’s Climate Disclosures. The climate scenarios analysis was considered alongside the Independent Investment Review and helped the Trustee inform its views on the suitability of the LifePath design and the importance of continuing to engage with the Investment Managers to evolve and develop their approach.

7. Review and monitoring

Section 5.4 of the SIP describes the monitoring activities. The Trustee has carried out monitoring activities in accordance with the SIP as described below:

7.1 Investment performance

Each of the funds in which Ensign invests has a stated performance objective and the Trustee has reviewed performance against objective at each quarter end during the Plan Year. The Trustee also considers the appointment of the investment managers and platform provider following each triennial Independent Investment Review.

7.2 Default LifePath funds

The performance of these funds has been reviewed at each quarter end by the Trustee. The overall suitability of the LifePath Flexi and LifePath Retirement fund's objectives are reviewed in conjunction with the Independent Investment Review (Section 6 above).

7.3 Charges

The Trustee reviews compliance with the charge cap and the Total Expense Ratio for each fund during the Plan Year as part of its reporting for the annual Chair's Statement.

7.4 Transaction costs

The Trustee received information on transaction costs and continues to consider them to be reasonable and appropriate.

7.5 Processing

The Trustee receives administration reports from the platform provider and is satisfied that contributions are invested into the appropriate funds in a timely manner.

7.6 Industry-wide monitoring

The investment policies and implementation approach adopted by Ensign are bespoke to its membership. Nevertheless, the Trustee is mindful of the approach taken by other Master Trusts and the Trustee has contributed to external research provided by Corporate Adviser Intelligence. The resulting report, The Master Trusts Default Report, enables comparison with other master trust default funds.

The Trustee also considers ad-hoc reporting from time to time. For example, in the summers of 2021 and 2022, it contributed data to the Pensions Policy Institute's DC Assets Allocation Survey.

7.7 Portfolio turnover

Member's funds are mostly index-tracking and turnover is driven by changes in the index that the fund seeks to track. For actively managed mandates, portfolio turnover is considered alongside other metrics such as returns and value for money in conjunction with the three yearly strategy review.

7.8 Manager incentives

Section 4.6 of the Current SIP sets out the Trustee's approach to manager incentives. The Platform Provider negotiates the fee structure with underlying asset managers and the Trustee seeks transparency around these arrangements (subject to commercial confidentiality) under its service provider reviews as set out in the Trustee's Service Provider Policy.

As described in Section 4.6 of the Current SIP, managers are monitored on a series of metrics over a long-term time horizon (including charging structures). These include quarterly performance and tracking error monitoring (see Section 7 above); and the exercise of Stewardship responsibilities (see 8 below).

The Trustee conducted the annual Value for Members assessment (see the Chair's Statement for more information) and this concluded that the arrangements provide value for money.

The Trustee also reviews the choice of Platform Provider, typically following the Independent Investment Review.

8. Voting and engagement disclosures

8.1 Background

Many members' funds are invested in equities; these represent an ownership stake in a company and usually carry voting rights. Securities such as bonds represent a loan to a business and do not normally include voting rights. In either case though, owners or lenders can influence the way that businesses are managed through engagement with key stakeholders in order to improve financial performance or mitigate financial risk. As described in Sections 3.8.9, 3.9.1 and 3.9.2 of the Current SIP the Trustee delegates the responsibility for engagement and exercising of voting rights to the Platform Provider and Investment Managers and monitors activity.

This section describes how the Trustee oversees engagement and voting behaviour. In collating this information, the Trustee has relied on information provided by the Investment Managers (via the Platform Provider) using the PLSA Template[2] for disclosures.

8.2 Structure and legal rights

Members' investments are held in pooled funds[3] with each Investment Manager. Pooled funds are held with a DC Platform Provider (Aegon) to manage day to day activity such as investment of contributions, fund switches and reporting. The voting rights for individual securities are retained by the underlying Investment Managers. As noted above the Trustee delegates responsibility for voting to the Investment Managers in line with its policy set out in the Current SIP.

[2] The PLSA template is an industry-wide format used to collate voting disclosures
[3] Pooled funds: a term describing a structure where individual member's holdings are aggregated with other members and other pension funds.

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8.3 List of funds holding equities

The following funds allocate all or part of their assets to equities:

- 30/70 Currency Hedged Global Equity Index (BLK)
- 60/40 Global Equity Index (BLK)
- Emerging Markets Equity Index (BLK)
- UK Equity Index (BLK)
- World ESG Equity Tracker (BLK)
- World Multifactor Equity Tracker (BLK)
- HSBC Islamic Global Equity Index (BLK)
- LGIM Ethical Global Equity Index (BLK)
- Schroders Dynamic Multi Asset (BLK)
- LifePath Flexi (BLK) – All vintages
- LifePath Capital (BLK) – All vintages before retirement.
- LifePath Retirement (BLK)

92% of Ensign's assets[4] are invested in the BlackRock LifePath funds. In addition, some of the AVC funds (held outside the DC platform) hold equities.

8.4 Description of the voting and engagement process

The section below describes the voting and engagement process adopted by BlackRock, the most material manager in the portfolio representing around 99% of Ensign's assets[5]. It relies on and summarises public documents which are available on BlackRock's stewardship website. BlackRock is a signatory to the UK Stewardship Code

Engagement process

BlackRock's engagement process is led by the BlackRock Investment Stewardship team (BIS). This is a globally co-ordinated team with local presence which works across 57 markets from 10 global offices. Stewardship policy serves as the foundation for voting and engagement decisions and is set out in the BlackRock Investment Stewardship Global Principles, market-specific voting guidelines and BlackRock's Investment Stewardship Engagement Priorities.

Oversight of BIS is provided through:

- Three regional advisory committees ("Stewardship Advisory Committees") which review and advise on amendments to market-specific voting guidelines
- The Global Investment Stewardship Committee which reviews the Investment Stewardship Global Principles and proposed changes to the market-specific voting guidelines.

[4] As at 31.3.2022
[5] As at 31.3.2022 and excludes AVCs with insurance contracts

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Voting process

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS). A three-step process is applied which is summarised below:

1. **Research and issue spotting**: Analyst review of proxy research, broker research and other information; application of internal guidelines to determine how to vote or whether to escalate
2. **Review and engagement**: Discussion and escalation to advisory committees as necessary; engagement with a company's Board or management
3. **Vote execution**: Execute using external provider's electronic platform or use an independent fiduciary (e.g. in the case of conflicts of interest).

Use of proxy advisory firms

BlackRock subscribe to research from several proxy advisory firms. This is just one among many inputs into the vote analysis process. 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 BlackRock's own additional research and engagement would be beneficial.

Approach for lent stock

Stock lending is an established market practice which enables investors to earn a small additional return by lending their securities to other investors. When a stock is lent, the voting rights normally transfer to the borrower. This means that the original holder temporarily loses voting rights until the security is returned or recalled. BlackRock's approach is described in their Investment Stewardship Global Principles. The approach is summarised below:

- In most cases, BlackRock anticipates that the potential long-term value to the Fund of voting shares would be less than the potential revenue the loan may provide the Fund (so securities are not recalled).
- In certain instances, BlackRock may determine that the value of voting outweighs the securities lending revenue loss to clients and would therefore recall shares to be voted.
- BIS assesses this decision by working with the Securities Lending and Risk and Quantitative Analysis teams to evaluate the costs and benefits to clients of recalling shares on loan.

Engagement priorities

BlackRock published its 2022 Investment Stewardship Engagement Priorities which are:

- Board quality and effectiveness
- Strategy, purpose and financial resilience
- Incentives aligned with value creation
- Climate and natural capital

- Company impacts on people

8.5 Trustee stewardship priorities

The Trustee is aware that the non-statutory guidance updated on 17 June 2022 which is applicable to next year's disclosures suggests that a good strategy is for the Trustees to select stewardship priorities and summarise them in the SIP. For this year's disclosures, the Trustee has focussed on climate-change and environment. In deciding to focus on these aspects, the Trustee considered financial materiality and was guided by the results of the member Engagement Survey which suggested most interest in these areas.

This is aligned with BlackRock's engagement priority (noted above) around Climate and Natural Capital (e.g. sustainable use of natural resources such as air, water, land, minerals and forests).

BlackRock set out their approach publicly in their documents: *Climate risk and the global energy transition (2022) and Our approach to engagement on natural capital (2022)* Examples of the approach adopted for Climate risk include:

> **Voting**: Seeking disclosures aligned with TCFD and Scope 1 and 2 emissions. Scope 3 disclosures may be sought where they are a material part of a company's carbon footprint.
>
> **Engagement**: Engagement is focussed on the BIS Climate Universe of over 1,000 carbon-intensive companies.

The Trustee believes that the voting and engagement activity undertaken on its behalf is in line with its stewardship priorities and SIP policy.

8.6 Overview of votes cast

Summary data on the votes cast is shown in the table in the appendix.

Most significant votes

As shown in the appendix, there are many thousands of votes over the year. The BlackRock Investment Stewardship team publishes statements of analysis, engagements, and votes in relation to certain proposals in order to illustrate their key voting rationale as informed by BlackRock's market-specific voting guidelines.

The Trustee's choice of most significant votes for this year's disclosures has been determined by reference to the following considerations:

- The Trustee's stewardship priorities (Climate and Environment) described in 8.5 above;

- Continuity from year to year to illustrate development over time;
- Publicity and media attention attaching to votes;
- Illustration of the rationale underlying votes for/against management and for/against shareholder resolutions or abstentions.
- Consideration of the size of the holding (note that we are working with the platform provider and BlackRock to provide precise holdings data in line with Statutory Guidance applicable next year).

The three most significant votes applied to the LifePath funds, the 30/70 Currency Hedged Global Equity Index fund and the 60/40 Global Equity Index fund are outlined below. Together these funds represent over 96% of the Ensign's assets[6] on the platform.

Company	**Barclays PLC (LSE: BARC)**
Market and Sector	United Kingdom/Financial Services
Stewardship priority and significance	A significant vote as it relates to the Trustee's Climate-Change stewardship theme and it has been chosen to show continuity from year to year (Barclays PLC was included in last year's Implementation Statement). It is an example where BIS **ABSTAINED** from a **shareholder resolution**.
Meeting Date	5 May 2021
Key resolutions, Board recommendation and BlackRock vote	**Shareholder resolution**: Item 29: Approve Market Forces Requisitioned Resolution Board recommendation: Vote **AGAINST** BlackRock Vote: **ABSTAIN**

The description below is taken from the relevant BIS Vote Bulletin

Overview

Barclays PLC (Barclays) is a British universal bank which engages in consumer, corporate and investment banking operations globally.

BlackRock Investment Stewardship (BIS) has engaged extensively with various board, executive and sustainability team members at Barclays over the last several years on a range of issues driving long-term shareholder value, including board composition and effectiveness, remuneration, business oversight and risk management, climate risk management and corporate strategy and culture.

The agenda for the company's 2021 annual general meeting (AGM) includes a binding climate-related shareholder resolution filed by a group of shareholders coordinated by an Australian NGO,

[6] As at 31.3.2022

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Company	Barclays PLC (LSE: BARC)

Market Forces. It asks the bank to set, disclose and implement a strategy, with improved short-, medium-, and long-term targets, to phase out its provision of financial services to fossil fuel (coal, oil and gas) projects and companies in timeframes consistent with Articles 2.1(a) and 4.1 of the Paris Agreement. The resolution also asks the bank to report annually on progress, starting from 2022, including a summary of the framework, methodology, timescales and core assumptions used, omitting commercially confidential or competitively sensitive information, and at reasonable cost.

Last year a similar shareholder resolution was filed by a UK NGO, ShareAction. In response, Barclays put forward its own resolution, committing the bank to set an ambition to become net zero in scopes 1, 2 and 3 emissions by 2050 and aligning all of its activities with the goals of the Paris Agreement while reporting annually on progress. The Board's resolution received over 99% support and the resolution submitted by ShareAction received ~24% support. BlackRock supported the company's resolution and voted against ShareAction's resolution. We published a vote bulletin explaining our voting decisions.

Over the past year, Barclays has taken a number of steps demonstrating progress in its efforts to address the climate risks and opportunities in its business, including by:

- strengthening its climate governance and risk management by creating a new Executive Committee role, Group Head of Public Policy and Corporate Responsibility, and appointing a Head of Climate Risk;
- launching its own methodology, BlueTrackTM, to measure financed emissions and track them at a portfolio level against the goals of the Paris Agreement;
- setting interim targets for the energy and power portfolios
- enhancing its disclosure aligned with the Task Force on Climate-related Financial Disclosure (TCFD) by providing a year-on-year comparison of key metrics like the credit risk concentration by elevated risk sector and carbon-related assets and financing activity; and
- making progress against its goal of £100 billion of green financing by 2030

Rationale for BlackRock's Vote

Item 29: Approve Market Forces Requisitioned Resolution (ABSTAIN)

Outcome: FAILED

BIS is supportive of the broad ask of the resolution. However, the imprecise and ambiguous wording means that BIS is unable to support it, particularly as the resolution is legally binding. BIS therefore abstained from the vote on this resolution.

BIS recognizes Barclays' recent progress aligning its activities with the goals of the Paris Agreement. At the same time, we are in agreement with the ask of the resolution, regarding closer alignment with the goals of the Paris Agreement.

In addition to the progress previously discussed, Barclays has augmented its approach to enhanced due diligence on clients in the energy sub-sectors covered by its Climate Change Statement. In-scope clients are classified as low, medium or high risk, and a committee was established last year to review "in-scope clients and transactions that contain significant reputation risk related to climate

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Company	Barclays PLC (LSE: BARC)
change." "In cases where clients are unable or unwilling to agree to an action plan to address identified risks, or the risks are deemed too high, [Barclays] may decline to support the transaction or re-evaluate the client relationship." The bank also committed to updating its methodology to track new benchmark scenarios as they are developed. Barclays expects to set new targets as it progresses in its efforts, both in the near and medium-term, to ensure the journey towards net zero alignment is advancing. These are welcome measures and we look forward to future reporting on the impact its implementation in practice is having in support of the company's climate goals. Although the bank has taken substantive actions since its commitment last year, we believe there is room to continue to improve. Potential areas of enhancement include reviewing sector policies, particularly regarding coal, where some European peers have committed to exit dates for coal-related financing. Further details on, and evidence of, the bank's enhanced due diligence approach and its effectiveness would also be beneficial. This could include an update on how Barclays is assessing transactions and clients' commitments, and how it has dealt with clients that are unwilling or unable to transition to a low carbon economy. Ultimately, however, our decision to abstain from the vote on the resolution was down to its ambiguous wording which, as a legally binding resolution, BIS is unable to support. Specifically, it asks the bank to "phase out its provision of financial services (particularly its financing activities, including project finance, corporate finance and underwriting) to fossil fuel projects and companies in timeframes consistent with…the Paris Agreement." The term "financial services" is broad and includes many activities beyond those highlighted in the resolution's wording. So while this should be a precise and legally binding ask of the company, it is instead vague and left open to interpretation. In addition, the resolution is insufficiently specific on embedded timelines and evidence of progress. Such ambiguity creates a level of legal uncertainty in relation to the resolution's implementation for the bank, and the Board, and therefore for BlackRock's clients because, as drafted, the resolution leaves open to interpretation what specific actions the bank would need to commit to in order to abide by it. If 75% of the votes are cast in favour of such a resolution, it would pass and would bind the Board and the company as if it had the force of law. It is therefore critical for the interests of shareholders that any such resolution be clearly understandable, practical and implementable. In addition, we have reservations about the timing of the filing of the resolution, which was only a few weeks before Barclays published documents for the AGM, therefore impeding meaningful engagement between Barclays and the proponent. Lastly, as the company's climate strategy, disclosures and oversight of climate risk and opportunities are currently in line with BIS' expectations, we did not vote against any members of Barclays' Board of Directors, which would be our standard course of action where we have significant concerns about a company's management of material ESG issues. BIS voted in line with management for all other resolutions.	
Next steps	BIS continues to monitor and engage with Barclays as described in the 2022 Vote Bulletin.

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Company	**ExxonMobil Corporation (NYSE: XOM)**
Market and Sector	United States/Energy
Stewardship priority and significance	A significant vote as it relates to the Trustee's Climate-Change stewardship theme and it has been chosen to show continuity from year to year (ExxonMobil was included in last year's Implementation Statement). It is an example where BIS voted **FOR** a **shareholder proposal and election of directors, against the Board recommendation**. This meeting attracted considerable attention at the time and the resolutions cover a range of complex inter-connected issues.
Meeting Date	26 May 2021
Key resolutions, Board recommendation and BlackRock vote	**Election of Directors**: BlackRock voted against Board recommendations for 3 directors, with Board for others. Items 4-10 (**Shareholder proposals**). The **Board recommended voting AGAINST** BlackRock voted **FOR** items 6,9 and 10 (against management recommendation). See voting rationale below for more detail.

The description below is extracted from the relevant BIS Vote Bulletin

Overview

ExxonMobil Corporation (Exxon) is an American multinational oil and gas corporation headquartered in Irving, Texas. The company is engaged in the exploration, development, and distribution of oil, gas, and petroleum products and operates through the following segments: Upstream, Downstream and Chemical.

BlackRock Investment Stewardship (BIS) has a long history of multi-year, comprehensive engagements with Exxon on a wide range of governance issues that we believe drive long-term shareholder value, such as board composition and independence from management, corporate strategy, and the oversight of climate risk, among other topics. In the last twelve months, we have engaged with the company twelve times.

Over the past several years, we have intensified our focus with the company on its long-term strategy and Exxon's underperformance relative to both its peers and the S&P 500 over the last five years. In our vote bulletin explaining our vote at last year's annual meeting, we emphasized our prevailing view that the risks of climate change and the transition to a lower carbon economy present material regulatory, reputational, and legal risks to companies that may significantly impair their financial position and ability to remain competitive going forward.

In response to shareholder feedback following Exxon's 2020 annual meeting, the company took steps to enhance its climate commitments and disclosures. In late 2020 it announced updated greenhouse gas (GHG) emissions reduction targets, including for methane, that are "consistent with the goals of the Paris Agreement," plans to eliminate routine flaring by 2030, and a commitment to provide scope 3 emissions disclosure in 2021. In February 2021, the company announced the creation of a new business segment, ExxonMobil Low Carbon Solutions, which will initially focus on advancing carbon capture and storage (CCS) opportunities globally. Exxon views CCS as a primary technology necessary to help both the company and society achieve its GHG emissions reduction targets. In addition, in April the company reaffirmed its broader corporate strategy to "drive earnings

Company	ExxonMobil Corporation (NYSE: XOM)

and cash flow growth, maintain a strong dividend, reduce debt and invest in lower-emission technologies.” The company detailed how it is investing in its portfolio “to increase cash flow while maintaining existing production levels needed to responsibly meet society’s continued demand for oil and gas and high-value chemical products.”

We believe these steps represent progress on issues critical for delivering financial performance, but we believe more needs to be done in Exxon’s long-term strategy and short-term actions in relation to the energy transition in order to mitigate the impact of climate risk on long-term shareholder value. Specifically, unlike many of its peers, Exxon has committed limited capital expenditure toward the diversification of its portfolio. The company has invested approximately $10.4 billion over the past twenty years (since 2000) to research, develop, and deploy lower-emission energy technologies, compared to its total capital expenditure of $21.4 billion in 2020. Additionally, unlike its peers, Exxon has not allocated capital toward scope 3 emissions reductions. Exxon has been clear about its position on the energy transition and the long-term demand for oil and natural gas, stating that “under most third-party scenarios that meet the objectives of the Paris Agreement, oil and natural gas continue to play a significant role for decades in meeting increasing energy demand of a growing and more prosperous global population.”

In our view, Exxon and its Board need to further assess the company’s strategy and board expertise against the possibility that demand for fossil fuels may decline rapidly in the coming decades, as was recently discussed in the International Energy Agency’s (IEA) Net Zero 2050 scenario.The company’s current reluctance to do so presents a corporate governance issue that has the potential to undermine the company’s long-term financial sustainability.

BIS believes that those companies that proactively consider their operational footprint in the context of a low-carbon transition will be better positioned to avoid major disruptions and deliver long-term value to their shareholders. As we discuss in our commentary Climate Risk and the Transition to a Low-Carbon Economy, climate risk carries financial impacts that will reverberate across all industries and global markets, affecting economic stability and the long-term financial returns on which our clients depend to meet their investing goals.

Engine No. 1 LLC (Engine No. 1) has advocated for, among other things, improved capital allocation discipline, greater investment in technologies that will enable Exxon to meet more ambitious long-term total emissions reduction targets, and fresh perspectives in the boardroom to guide these, and other strategic changes. Engine No. 1 proposed replacing some current Board members with four new directors with experience relevant to the energy transition, Gregory Goff, Kaisa Heitala, Alexander Karsner, and Anders Runevad, who, if elected, it believes would be better able to help management align the business with a net zero economy and explore new growth areas.

In response, Exxon announced in early 2021 the addition of its own new directors to the Board; Wan Zulkiflee, the former President and Group CEO of Petronas, the national oil and gas company of Malaysia; Michael Angelakis, the Chairman and CEO of Atairos and former Vice Chairman and CFO of Comcast Corporation; and, with the support of D.E. Shaw, Jeffrey Ubben, the co-founder of Inclusive Capital Partners. The company considers the appointment of Mr. Ubben, in particular, to be a signal of its willingness to revisit its long-term strategy, a view we share. Engine No. 1 expressed concern that these directors did not bring the necessary skills and experience to address the strategic issues it had identified.

Company	**ExxonMobil Corporation (NYSE: XOM)**

On 24 May, Exxon published a Letter to Shareholders announcing additional commitments, including to appoint two new directors over the next twelve months, one with energy industry experience and one with climate experience. While we welcome this commitment, and the emphasis in the letter on enhanced transparency and shareholder engagement, we believe more urgent action is required at this point, as further discussed in our voting rationales below.

Rationale for BlackRock's Vote

Items 1.1-1.4: Elect Directors Gregory J. Goff, Kaisa Hietala, Alexander A. Karsner, Anders Runevad (card presented by Engine No. 1) (FOR items 1.1.-1.3)
Outcome: The three Directors supported by BlackRock were elected

Items 1.9, 1.12: Elect Director Kenneth C. Frazier, Elect Director Darren W. Woods (FOR)
Outcome: Both Directors were elected

We continue to be concerned about Exxon's strategic direction and the anticipated impact on its long-term financial performance and competitiveness. In our view, the Board would benefit from the addition of diverse energy experience to augment existing skillsets. As a result, BIS supported three of the four directors nominated by Engine No. 1. We believe that they, together with Mr. Ubben, bring the fresh perspectives and relevant transformative energy experience to the Board that will help the company position itself competitively in addressing the risks and opportunities presented by the energy transition.

As indicated through our voting over the last several years and as detailed in our 2020 vote bulletin, we have historically had concerns about the Board's policy of not enabling direct engagement between investors and directors, although we note that engagement has improved somewhat this year. This voting also reflected our belief that Exxon's energy transition strategy falls short of what is necessary to ensure the company's financial resilience in a low carbon economy.

Exxon has historically recruited directors, who, while highly accomplished in their own right, lacked specific energy industry experience. We feel that having a broad range of energy experience on Exxon's Board could assist in further guiding the strategic direction of the company. While recently appointed Director Wan Zulkiflee comes from the Malaysian state-owned oil and gas company, Petronas, his business experience seems less relevant to a private sector company with a diverse shareholder base.

In contrast, we believe that three of the four directors nominated by Engine No. 1 bring relevant private sector experience including independent U.S. energy production (Mr. Goff); renewable products, including wind energy (Ms. Heitala); and energy infrastructure, legislation and new energy technology (Mr. Karsner). Hence, we believe that this suite of directors will complement the skills and experience of the remaining incumbent directors, bringing fresh perspectives as well as successful track records of value creation for shareholders.

BIS supported the re-election of Mr. Frazier and Mr. Woods because our engagement with each of them over the past several months has given us greater confidence that they are prepared to internalize shareholder feedback, and lead the company, in their respective roles as Lead Independent Director and CEO, on a more ambitious course of action in adapting to the energy transition and responding to shareholders. We also believe some leadership stability is important in the context of the urgency with which the company is expected to deliver on its commitments.

Company	ExxonMobil Corporation (NYSE: XOM)

Item 4: Require Independent Board Chair (AGAINST)
Outcome: FAILED

BIS voted against this proposal because we believe our vote in support of the directors nominated by Engine No. 1 will introduce the necessary balance of independent perspective in the boardroom. Also, we have observed that Mr. Frazier in the role of Lead Independent Director is taking a more prominent position in engaging with shareholders.

Item 5: Reduce Ownership Threshold for Shareholders to Call Special Meeting (AGAINST)
Outcome: FAILED

BIS voted against this proposal, as shareholders can call special meetings at a 15% ownership threshold or at a 10% ownership threshold if a court order showing good cause is obtained.

Item 6: Issue Audited Report on Financial Impacts of IEA's Net Zero 2050 Scenario (FOR)
Outcome: FAILED

BIS voted in favour of this proposal, despite the restrictiveness of the timeline, as we believe shareholders would benefit from greater insight into whether and how the IEA's Net Zero 2050 scenario would affect Exxon's financial position and long-term strategy.

Item 7: Report on Costs and Benefits of Environmental-Related Expenditures (AGAINST)
Outcome: FAILED

BIS voted against this proposal because, on our assessment, the company's existing reporting adequately explains the tangible health and environmental benefits of its current policies and practices.

Political Activities Disclosures

BIS regularly engages with companies to understand how their activities and disclosures related to political spending and lobbying are consistent with the company's overall strategy and long-term shareholder value creation. Direct corporate political activity, engagement on public policy matters and participation in industry associations can all help protect and/or promote the economic interests of companies. However, it also carries potential business and reputational risk which boards and management need to assess and manage.

Our views are articulated in our commentary on our perspective on corporate political activities. We believe that companies should provide accessible and transparent disclosure so that investors and other interested stakeholders can understand how a company's political contributions or affiliations are aligned with its public messaging on strategic policy positions. We believe companies should monitor the positions taken by trade associations of which they are active members for consistency on major policy positions and provide an explanation where inconsistencies exist. Exxon had three shareholder proposals addressing its political activities as discussed below.

Item 8: Report on Political Contributions (AGAINST)
Outcome: FAILED

BIS voted against this proposal as Exxon's existing political contributions disclosure meets our expectations.

Item 9: Report on Lobbying Payments and Policy (FOR)
Outcome: PASSED

Ensign

Company	**ExxonMobil Corporation (NYSE: XOM)**
BIS supported this shareholder proposal because additional disclosure of the company's state and local level lobbying activities and expenditures, payments to trade associations and other tax-exempt organizations that conduct lobbying, and related oversight mechanisms would allow shareholders to better assess the company's management of these activities, as well as related risks and benefits. **Item 10: Report on Corporate Climate Lobbying Aligned with Paris Agreement (FOR)** ***Outcome: PASSED*** Given the reputational risk to the company of misalignment in public positions on key strategic policy issues, we supported this proposal because we believe such a report would help investors' understanding of Exxon's climate-related lobbying and participation in trade associations. .	
Next steps	BIS continues to monitor and engage with Exxon as described in the 2022 Vote Bulletin.

Company	**Rio Tinto Group (Rio Tinto plc and Rio Tinto Limited**
Market and Sector	United Kingdom, Australia/Materials
Stewardship priority and significance	A significant vote as it relates to the Trustee's Climate-Change stewardship theme. As a group engaging in exploration, mining and processing of minerals, Rio Tinto has a crucial role in the climate transition. There is also a strong environment theme (e.g. in 2020 the company's expansion of an iron ore mine resulted in the destruction of a 46,000-year-old sacred site in Western Australia). It is an example where BIS voted **against** a Board recommendation and an example of voting **for** Board proposals on climate issues.
Meeting Date	9 April 2021 (Rio Tinto plc) and 6 May 2021 (Rio Tinto Limited)
Key resolutions, Board recommendation and BlackRock vote	**Item 3 and 4: Approve Remuneration Report for UK Law and Australian Law Purposes** Board recommendation: vote **FOR**; BlackRock voted: **AGAINST** **Item 19: Approve Emissions Targets and Item 20: Approve Climate-Related Lobbying** Board recommendation: vote **FOR**; BlackRock voted: **FOR**
The description below is extracted from the relevant BIS Vote Bulletin **Overview** Rio Tinto Group engages in the exploration, mining and processing of minerals globally. It operates under a dual listed companies structure, with the businesses of Rio Tinto plc and Rio Tinto Limited sharing a board and management structure. Rio Tinto plc's principal market is the London Stock Exchange, whereas Rio Tinto Limited's shares are listed on the Australian Securities Exchange. The two businesses conduct individual annual general meetings (AGMs) where the majority of	

Ensign

Company	Rio Tinto Group (Rio Tinto plc and Rio Tinto Limited

items under voting consideration are the same (Items 1-17 for this year). Items 18, 19 and 20, however, are exclusive to the Rio Tinto Limited AGM in Australia on 6 May 2021.

BlackRock Investment Stewardship (BIS) regularly reviews Rio Tinto's governance structure and risk profile. Over the past two years we have engaged over ten times with members of Rio Tinto's board and management. We have discussed a range of material environmental, social and governance issues, including climate-related risks and opportunities, operational sustainability, human capital management and remuneration.

In 2020, the company's expansion of an iron ore mine resulted in the destruction of a 46,000-year-old sacred site in western Australia at Juukan Gorge. This site is of significant cultural and historical importance, including to the First Nations of Australia and Traditional Owners the Puutu Kunti Kurrama and Pinikura peoples (PKKP). Its destruction prompted a parliamentary inquiry and a public outcry against the company and its lack of oversight. As a result, three senior executives, including CEO, Jean-Sébastien Jacques, left the company and more recently the Chairman of the Board, Simon Thompson, accepted ultimate accountability and announced that he will not seek re-election at the 2022 AGM.

Rationale for BlackRock's Vote

Item 3: Approve Remuneration Report for UK Law Purposes (AGAINST)

Item 4: Approve Remuneration Report for Australian Law Purposes (AGAINST)

Outcome: FAILED

BIS voted AGAINST these proposals because the exit package did not adequately reflect the severity of the destruction of the Juukan Gorge and the resulting damage to the environment, relevant communities, and the company's social license to operate.

Item 19: Approve Emissions Targets (FOR)

Item 20: Approve Climate-Related Lobbying (FOR)

Outcome: PASSED

BIS voted for these two shareholder proposals because we believe that greater disclosure on climate and climate-related lobbying disclosures would benefit shareholders.

Item 19 requested the company to disclose short, medium, and long-term targets for its scope 1 and 2 GHG emissions and performance against those targets. All targets should be independently verified as aligned with the climate goals of the Paris Agreement. BIS supported this proposal as it is consistent with our expectation that companies to disclose scope 1 and 2 emissions and accompanying GHG emissions reduction targets. We believe that the companies that critically evaluate their current baseline, set rigorous GHG emissions reduction targets, and act on an accelerated timeline are those most likely to avoid operational disruption in the future.

Item 20 requested that the company enhance its annual review of industry associations to ensure that areas of inconsistency with the Paris Agreement are identified, and that if identified those memberships be subsequently suspended for a period deemed suitable by the Board. The proposal would not limit the Board's discretion to make decisions it deems are in the best interests of the company. In line with management's recommendation, BIS supported this proposal to signal the importance of the opportunity for Rio Tinto to engage its trade associations to further advance their policy positions in support of the global energy transition. We believe that improved disclosures

Company	**Rio Tinto Group (Rio Tinto plc and Rio Tinto Limited**
regarding the company's ability to influence its industry associations would help investors understand and assess the possible misalignment in public positions on key strategic policy issues with those of certain associations of which it is a member.	
Next steps	BIS continues to monitor and engage with Barclays and described in the 2022 Vote Bulletin.

September 2022

The Trustee of the Ensign Retirement Plan

Appendix: Summary voting data

The table below sets out summary data based on returns from the Ensign's asset managers[8] using the PLSA template.

	BlackRock LifePath Funds	**BlackRock** *3070 Global Equity Fund*	*BlackRock 6040 Global Equity Fund*	*BlackRock UK Equity Fund*	*BlackRock World ESG Equity Fund*	*BlackRock World Multifactor Equity Fund*	*BlackRock Emerging Markets Index Fund (IE)*	*LGIM Ethical Global Equity Index Fund*	*HSBC Islamic Global Equity Index*	*Schroders Dynamic Multi Asset*
How many meetings were you eligible to vote at?	8,182	5,121	2,592	754	255	175	2,526	1,123	109	811
How many resolutions were you eligible to vote on?	83,379	55,536	33,017	10,693	3,961	2,274	21,938	15,785	1,642	10,354
What % of resolutions did you vote on for which you were eligible?	94%	99%	99%	100%	100%	100%	100%	100%	95%	93%
Of the resolutions on which you voted, what % did you vote with management?	91%	91%	92%	94%	92%	91%	89%	83%	89%	89%
Of the resolutions on which you voted, what % did you vote against management?	8%	8%	7%	5%	7%	8%	10%	17%	12%	11%
Of the resolutions on which you voted, what % did you abstain from voting?	2%	2%	0%	0%	0%	0%	3%	0%	0%	1%
% of resolutions voted contrary to the recommendation of proxy adviser?	0.7%	0.7%	0.2%	0.0%	0.3%	0.1%	1.6%	11.4%	7.2%	Note[7]

Figures may not total to 100% for a number of reasons e.g. rounding, lack of management recommendation, multiple ballots voted different ways, "abstain" considered a vote against management

[7] Not available at time of publication
[8] Excludes AVCs held with insurance policies.