

PORT OF FELIXSTOWE PENSION PLAN

IMPLEMENTATION STATEMENT FOR PLAN YEAR ENDED 31 DECEMBER 2022

Background

The Trustee's policy in relation to voting and engagement for the relevant Plan year is set out in the Statement of Investment Principles dated September 2020. The September 2020 version was updated to include details of how the method of asset manager evaluation aligns with the Trustee investment policies, how the Trustee monitors portfolio turnover costs and if the asset manager is incentivised to align policies with the Trustee.

In accordance with the Statement of Investment Principles dated September 2020 the Trustee has delegated responsibility for the exercising of rights (including voting rights) attaching to investments to BlackRock, the investment manager. The investment manager makes available regular reports to the Trustee Directors detailing their voting activity.

BlackRock's voting and stewardship policies and activity

The ability to vote and therefore voting rights are available on the equity holdings in funds held by the Trustee. Those funds are listed below.

Aquila Life European Equity Index Fund
Aquila Life Currency Hedged European Equity Index Fund
Aquila Life UK Equity Index Fund
Aquila Life US Equity Index Fund
Aquila Life Currency Hedged US Equity Index Fund
Aquila Life Japanese Equity Index Fund
Aquila Life Currency Hedged Japanese Equity Index Fund
Aquila Life Pacific Rim Equity Index Fund
Aquila Life Currency Hedged Pacific Rim Equity Index Fund
iShares Emerging Markets Index Fund

The equity holdings in funds held by the Trustee are all in passive index-tracking funds with BlackRock Investment Management (UK) Limited ("BlackRock"), via an insurance policy.

BlackRock is the legal owner of the securities that are held within the equity funds and has the legal right to the votes and is responsible for exercising those votes. Whilst the Trustee cannot directly influence the voting decisions made it is able to engage with BlackRock in relation to voting and engagement as required. The Trustee board engaged with BlackRock during the Plan year to discuss their ESG approach and specifically their stewardship/engagement of underlying holdings.

BlackRock publish details of their voting guidelines which set out their view on key governance issues. Their approach to voting is market specific with the voting decisions made being informed by research and engagement as necessary. BlackRock have provided detailed information to the Trustee setting out their voting behaviour in respect of each of the equity funds listed above for the relevant Plan year. This information sets out the votes available and votes made including any abstentions or withheld votes.

BlackRock subscribe to proxy voting advisory services the input from which is used in its process of analysing votes along with many other inputs which together inform their voting decision. A summary of the voting during the Scheme year is enclosed in Appendix 1.

Significant votes over the reporting year

The Trustee has reviewed the most significant votes cast by BlackRock.

The Trustee has interpreted the most significant votes to mean their choice of votes from an extended list of significant votes provided by BlackRock in accordance with the PLSA guidance.

The significant votes provided by BlackRock are determined by the stewardship policies they have in place. As the Scheme has not set any stewardship priorities at the end of the Scheme year, significant votes will be classified according to BlackRock's policies. However, the Trustee has reviewed and is satisfied with BlackRock's classifications of significant votes during the Scheme year. Summary information in relation to examples of the significant votes cast is enclosed in Appendix 2.

BlackRock publish voting bulletins shortly after any significant votes have taken place. These documents are prepared by Institutional Shareholder Services and provide background to the vote and an explanation of BlackRock's voting decision.

BlackRock have provided the following explanation of their view as to the most significant votes cast during the year and their rationale for their inclusion as significant. BlackRock Investment Stewardship (BIS) 'BIS periodically published "vote bulletins" on key votes at shareholder meetings to provide insight into details on certain vote decisions we expect will be of particular interest to clients. These bulletins are intended to explain our vote decisions relating to a range of business issues including ESG matters that we consider, based on our global principles and engagement priorities, potentially material to a company's sustainable long-term financial performance.'

'BIS publishes vote bulletins after the shareholder meeting to provide transparency for clients and other stakeholders on our approach to the votes we consider to be most significant and thus require more detailed explanation.'

The Trustee has been provided with detailed information for the votes that BlackRock consider to be the most significant votes assessed against the criteria set out above in respect of each of the equity funds listed above for the relevant Plan year. The main themes included in relation to the most significant criteria selection were Climate risk, natural capital, human capital management, board

quality and effectiveness, company impact on people, diversity, equality and inclusion, incentives aligned with value creation, executive remuneration and financial resilience. The information provided includes a description of the resolutions being voted upon, the votes cast, the outcome of the vote and the rationale for their voting decision with details of any further action that is being taken in relation to company monitoring and engagement. The Trustee is satisfied with the information provided in this respect.

The Trustee did not engage with the Investment Manager prior to the votes being cast. However, having reviewed all the supporting information, the Trustee is satisfied with the investment manager's processes for exercising voting rights and that these are consistent with the Statements of Investment Principles and stewardship priorities outlined, and the Trustee will continue to engage with BlackRock in this respect.

Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
 2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
 3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
 4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
 5. Differences between the stewardship policies of managers and their clients.
- BlackRock confirmed there were no conflicts of interest over the period.

BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through their employees' adherence to relevant policies and procedures, a governance and oversight structure and employee training.

Among the various policies and procedures that address conflicts of interest is BlackRock's Global Conflicts of Interest Policy. This policy governs the responsibility of BlackRock and its employees to place their clients' interests first and to identify and manage any conflicts of interest that may arise in the course of their business.

Review of the SIP over the Scheme year

The SIP sets out the issues that the Trustee considers to be financially material which include interest and exchange rates, social, environmental and governance (ESG) factors, including climate change and ethical issues. The investment manager provides details of how ESG factors are incorporated in their long-term approaches to investment strategies and in the selection, retention and realisation of assets.

The SIP also sets out non-financial matters with the main objective being to ensure the financial security of members' benefits. These non-financial matters have been taken into account during the Plan year in any selection, retention and realisation of assets. The Trustee has not directly sought the views of members on non-financial matters.

The Trustee's policies in relation to its arrangements with investment managers, as set out in the SIP have been followed during the Plan year.

Signed on behalf of the Trustee of the Plan:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Robert Page

Proxy Voting statistics summary

BLACKROCK FUND	Votable meetings	Meetings voted	Meeting with more than one vote	Votable ballots	Ballots voted	TOTAL Votable proposals	Proposals voted	SUMMARY OF VOTES MADE				MANAGEMENT VOTES	
								FOR	AGAINST	ABSTAINED	WITHHELD	WITH	AGAINST
Aquila Life European Equity Index Fund	492	412	252	502	413	8937	6714	5756	858	100	0	5884	830
		83.74%	51.22%		82.27%		75.13%	64.41%	9.6%	1.12%		65.84%	9.29%
Aquila Life C H European Equity Index Fund	492	412	252	502	413	8937	6714	5756	858	100	0	5884	830
		83.74%	51.22%		82.27%		75.13%	64.41%	9.6%	1.12%		65.84%	9.29%
Aquila Life UK Equity Index Fund	1087	1045	295	1280	1237	14,904	14,317	13,385	655	263	20	13,600	723
		96.14%	27.14%		96.64%		96.06%	89.81%	4.39%	1.76%	0.13%	91.25%	4.85%
Aquila Life US Equity Index Fund	612	611	143	614	613	7,615	7,556	6,891	581	1	61	7,260	296
		99.84%	23.37%		99.84%		99.23%	90.49%	7.63%	0.01%	0.80%	95.34%	3.89%
Aquila Life C H US Equity Index Fund	612	611	143	614	613	7,615	7,556	6,891	581	1	61	7,260	296
		99.84%	23.37%		99.84%		99.23%	90.49%	7.63%	0.01%	0.80%	95.34%	3.89%
Aquila Life Japanese Equity Index Fund	497	497	100	497	497	6,200	6,200	5,911	288	1	0	6,025	175
		100%	20.12%		100%		100%	95.34%	4.65%	0.02%	0.00%	97.18%	2.82%
Aquila Life C H Japanese Equity Index Fund	497	497	100	497	497	6,200	6,200	5,911	288	1	0	6,025	175
		100%	20.12%		100%		100%	95.34%	4.65%	0.02%	0.00%	97.18%	2.82%
Aquila Life Pacific Rim Equity Index Fund	471	471	147	472	472	3,310	3,310	2,884	425	1	0	2,932	378
		100%	31.21%		100%		100%	87.13%	12.84%	0.03%	0.00%	88.58%	11.42%
Aquila Life C H Pacific Rim Equity Index Fund	471	471	147	472	472	3,310	3,310	2,884	425	1	0	2,932	378
		100%	31.21%		100%		100%	87.13%	12.84%	0.03%	0.00%	88.58%	11.42%
iShares Emerging Markets Index Fund	2,765	2,728	1,155	2,773	2,732	24,869	24,445	20,798	2,741	885	20	21,543	2,902
		98.66%	41.77%		98.52%		98.30%	83.63%	11.02%	3.56%	0.08%	86.63%	11.67%

Author – Lisa Wilkes, Group Pensions Manager

Sources – BlackRock proxy vote reports

Document classification – confidential restricted (POFPP Trustee, HPUK Pensions and Legal & Company Secretarial Departments and Quantum Advisory)

POFPP IMPLEMENTATION STATEMENT YE 31.12.2022 - Example analysis of BlackRock information in respect of the most significant votes

FUND	Aquila Life European Equity Index Fund and Aquila Life Currency Hedged European Equity Index Fund	Aquila Life UK Equity Index Fund	Aquila Life US Equity Index Fund Aquila Life Currency Hedged US Equity Index Fund	Aquila Life Japanese Equity Index Fund and Aquila Life Currency Hedged Japan Equity Index Fund	Aquila Life Pacific Rim Equity Index Fund and Aquila Life Currency Hedged Pacific Rim Equity Index Fund	I Shares Fund
Company market and sector	Norway, Oil and gas	United Kingdom, Mining	United States, Energy	Japan, Financials	South Korea, Information Technology	Mexico, Materials
Date of vote	11.05.2022	28.04.2022	27.04.2022	29.06.2022	16.03.2022	28.04.2022
Summary of key resolution(s)	<p>Shareholder proposals.</p> <p>Item 10 – Approve Company’s Energy Transition Plan.</p> <p>Item 11 – Instruct Company to set short, medium and long term targets for GHG emissions of the Company’s operations and the use of energy products.</p> <p>Item 12 – Introduce a climate target agenda and emission reduction plan.</p> <p>Item 13 – Establish a state restructuring fund for employees working in the oil sector.</p> <p>Item 14 – Instruct Company to stop all oil and gas exploration in the Norwegian sector of the Barents Sea.</p> <p>Item 15 – Instruct Company to stop all exploration activity and test drilling for fossil energy resources.</p> <p>Item 16 – Increase investments in renewable energy, stop new exploration in Barents Sea, discontinue international activities and develop a plan for gradual closure of the oil industry.</p> <p>Item 17 – Instruct board to present a strategy for real business transformation to sustainable energy production.</p> <p>Item 18 – Instruct company to divest all international operations, first within renewable energy then within petroleum production.</p> <p>Item 19 – Action plan for quality assurance and anti-corruption.</p>	<p>Item 13 – Approve climate progress report.</p>	<p>Item 7 – Reduce ownership threshold for shareholders to call special meeting.</p> <p>Item 8 – Amend compensation clawback risk.</p> <p>Item 9 – Report on climate strategy consistent with ILO’s guidelines.</p>	<p>Shareholder proposals</p> <p>Item 4 – Partial amendment to AOl to set and disclose GHG reduction targets consistent with the Paris agreement.</p> <p>5 – Partial amendment of AOl to set and disclose proactive measures to ensure company financing is consistent with IEA net zero emissions scenario.</p>	<p>Item 2 - Elections of Directors.</p>	<p>Item 7 - Annual election of board members.</p>

Vote(s) made	For items 10 and 19 and against items 11-18.	For	Against	Against	FOR	Against
Was voting in line with management recommendation	No	Yes	Yes	Yes	Yes	No
Rationale for vote	The 'for' voting was in support of the management team and climate strategy. The 'against' voting due to an existing disclosed plan and the overly prescriptive nature of some of the proposals.	In recognition of company's disclosed plan to manage climate related risks and opportunities and progress made against the plan.	The existing 25% threshold was considered appropriate, the existing clawback policy is in line with market practice and recent disclosures from the company had addressed the issue.	Existing company disclosures were clear and timely and demonstrate the company is addressing climate related risks and opportunities. In addition, the proposed amendment was considered to be overly prescriptive.	As Company were in final stage of climate strategy review.	Their sustainability related reporting including climate related disclosures have not been updated since their 2020 report. There were also concerns relating to the quality and effectiveness of the Board which had not been addressed.
Voting outcome	10 passed, remainder failed.	Pass	Fail	Fail	Pass	Pass
Most significant criteria selected	Climate risk, human capital management.	Climate risk.	Executive compensation and climate risk	Climate risk strategy, purpose, and financial resilience.	Climate risk	Board quality and effectiveness. Climate risk.

Source - BlackRock