

Yorkshire Building Society Pension Scheme

Annual Implementation Statement – Scheme year ending 31 December 2022

Voting activity

1. Introduction

This document is supplementary to the Annual Implementation Statement (“the statement”) prepared by the Trustee of the Yorkshire Building Society Pension Scheme (“the Scheme”) covering the Scheme year (“the year”) to 31 December 2022. It provides additional detail on the key voting and engagement activities for the managers during the year.

Legal & General Investment Management (LGIM) – Diversified Fund, MSCI World Adaptive Capped Fund, World ex UK GBP Hedged Equity Index Fund and UK Equity Index Fund

Voting Activities:

Diversified Fund (DB and DC)

- There were 98,795 eligible votes for the fund over the 12 months to 31 December 2022
- The manager exercised 99.8% of its votes over the year
- 21.9% of votes were against management and <1% were abstained
- 12.5% of votes were contrary to the proxy advisor's recommendation

MSCI Adaptive Capped ESG Index Fund (DC)

- There were 37,530 eligible votes for the fund over the 12 months to 31 December 2022
- The manager exercised 99.8% of its votes over the year
- 20.9% of votes were against management and 1.3% were abstained
- 13.1% of votes were contrary to the proxy advisor's recommendation

UK Equity Index Fund (DC)

- There were 10,854 eligible votes for the fund over the 12 months to 31 December 2022
- The manager exercised 99.9% of its votes over the year
- 5.5% of votes were against management and 0% were abstained
- 4.3% of votes were contrary to the proxy advisor's recommendation

World ex UK GBP Hedged Equity Index Fund (DC)

- There were 35,672 eligible votes for the fund over the 12 months to 31 December 2022
- The manager exercised 99.8% of its votes over the year
- 21.6% of votes were against management and <1% were abstained
- 15.2% of votes were contrary to the proxy advisor's recommendation

What is LGIM's policy on consulting with clients before voting?

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from its 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 its views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead. LGIM also takes into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Please describe whether LGIM has made use of any proxy voter services

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports received from ISS for UK companies when making specific voting decisions

To ensure its proxy provider votes in accordance with LGIM's position on ESG, it has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers to be minimum best practice standards which it believes 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 them 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 its 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.

Please provide an overview of LGIM's process undertaken for deciding how to vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with its 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 LGIM's 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.

Please include here any additional comments which are relevant to LGIM's voting activities or processes

LGIM sees it as vital that the proxy voting service is 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 its 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 its formal RMS processes the Director

of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that it has the capacity and competency to analyse proxy issues and make impartial recommendations.

LGIM Diversified Fund

Most significant vote – Vote: Sempra Energy

Resolution: Require Independent Board Chair (Governance)

Approximate size of the fund's holding as at the date of the vote: 0.12%

Guidance – Proxy: Not provided, **Management recommendation:** Against

Action: For the resolution

A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 37.9% of shareholders supported the resolution.

Most significant vote – Vote: Apple

Resolution: Report on Civil Rights Audit (Social)

Approximate size of the fund's holding as at the date of the vote: 0.37%

Guidance – Proxy: Not provided, **Management recommendation:** Not provided

Action: For the resolution

A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as it considers these issues to be a material risk to companies.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 53.6% of shareholders supported the resolution.

Most significant vote – Vote: BP Plc

Resolution: Approve Net Zero – From Ambition to Action Report (Environmental)

Approximate size of the fund's holding as at the date of the vote: 0.13%

Guidance – Proxy: Not provided, **Management recommendation:** For

Action: For the resolution.

A vote FOR is applied, though not without reservations. While LGIM notes the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition

strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 88.5% of shareholders supported the resolution.

LGIM MSCI Adaptive Capped ESG Index Fund

Most significant vote – Vote: The Coca-Cola Company

Resolution: Require Independent Board Chair (Governance)

Approximate size of the fund's holding as at the date of the vote: 0.18%

Guidance – Proxy: Not provided, **Management recommendation:** Against

Action: For the resolution

Shareholder Resolution: Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 27.8% of shareholders supported the resolution

Most significant vote – Vote: Amazon.com, Inc.

Resolution: Elect Director Daniel P. Huttenlocher (Social)

Approximate size of the fund's holding as at the date of the vote: 0.06%

Guidance – Proxy: Not provided, **Management recommendation:** Not provided

Action: Against the resolution

Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 93.3% of shareholders supported the resolution

Most significant vote – Vote: UBS Group AG

Resolution: Approve Climate Action Plan (Environmental)

Approximate size of the fund's holding as at the date of the vote: 0.18%

Guidance – Proxy: Not provided, **Management recommendation:** Not provided

Action: Against the resolution

Climate change: A vote AGAINST this proposal is applied following internal discussion. While LGIM positively notes the company's progress over the last year, as well as its recent commitment to net zero by 2050 across its portfolio, LGIM has concerns with the strength and coverage of the Climate Action Plan's Scope 3 targets and would ask the company to seek external validation of its targets against credible 1.5°C scenarios. Gaining approval and verification by SBTi (or other external independent parties as they develop) can help demonstrate the credibility and accountability of plans.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 77.7% of shareholders supported the resolution

LGIM UK Equity Index Fund

Most significant vote – Vote: Informa Plc

Resolution: Resolution 9 – Re-elect Helen Owers as Director Resolution 11 – Re-elect Stephen Davidson as Director Resolution 14 – Approve Remuneration Report Resolution 19 – Approve Remuneration Policy (Governance)

Approximate size of the fund's holding as at the date of the vote: 0.33%

Guidance – Proxy: Not provided, **Management recommendation:** Not provided

Action: Against all four resolutions (9, 11, 14, 19)

LGIM has noted concerns about the company's remuneration practices for many years, both individually and collaboratively. Due to continued dissatisfaction, we voted against the company's pay proposals at its December 2020 and June 2021 meetings. The company's prior three Remuneration Policy votes – in 2018, June 2020 and December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the June 2021 meeting, more than 60% of votes were cast against the Remuneration Report, meaning it did not pass. At the same meeting, Remuneration Committee Chair Stephen Davidson only narrowly avoided being unseated from the board. Despite significant shareholder dissent at the 2018 and 2020 meetings, and the failed Remuneration Report vote at the 2021 AGM, the company nonetheless implemented the awards under the plan and continued its practice of making in-flight changes to the existing Long-Term Incentive Plan ('LTIP') awards' performance measures. Since the 2021 AGM, the company has made various changes, with Stephen Davidson stepping down as Remuneration Committee Chair, replaced by Louise Smalley. However, he continues to sit on the Remuneration Committee. There have also been changes to the members of the Remuneration Committee, with Mary McDowell stepping down, and Zheng Yin, a new board member, being appointed to the committee. The Remuneration Policy is being put to a vote again at this AGM, with the main changes being the re-introduction of the performance-based LTIP, which is to be approved through a separate resolution, and will come into force from 2024, after the ERP has run its course. Although this is a positive change, the post-exit shareholding requirements under the policy do not meet LGIM's minimum

standards and with regard to pensions, it is unclear whether reductions will align with the wider workforce. Given previous and continuing dissatisfaction as outlined above, LGIM also intends to vote against incumbent Remuneration Committee members, Helen Owers and Stephen Davidson.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome:

More than 70% of shareholders voted against the Remuneration Report. The Remuneration Policy was approved by 93.5% of shareholders, and 20% of shareholders voted against the re-election of Helen Owers, incumbent member of the remuneration committee. The resolution to re-elect Stephen Davidson, former Chair of the Remuneration Committee, was withdrawn due to him stepping down from the board entirely. NB: 93.5% support and dissent against the company's Remuneration Committee chair, Helen Owers, also declined slightly, from 21.9% in 2021 to 20.2% in 2022.

Most significant vote – Vote: BP Plc

Resolution: Approve Net Zero – From Ambition to Action Report (Environmental)

Approximate size of the fund's holding as at the date of the vote: 3.03%

Guidance – Proxy: Not provided, **Management recommendation:** For

Action: For the resolution

Climate change: A vote FOR is applied, though not without reservations. While LGIM notes the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is LGIM's view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, LGIM remains committed to continuing its constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 88.5% of shareholders supported the resolution.

Most significant vote – Vote: Royal Dutch Shell Plc

Resolution: Approve the Shell Energy Transition Progress Update (Environmental)

Approximate size of the fund's holding as at the date of the vote: 6.70%

Guidance – Proxy: Not provided, **Management recommendation:** Against

Action: Against resolution

Climate change: A vote against is applied, though not without reservations. LGIM acknowledges the substantial progress made by the company in strengthening its operational emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products,

demonstrating a strong commitment towards a low carbon pathway. However, LGIM remains concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 79.9% of shareholders supported the resolution.

LGIM World ex UK GBP Hedged Equity Index Fund

Most significant vote – Vote: Meta Platforms, Inc.

Resolution: Require Independent Board Chair (Governance)

Approximate size of the fund's holding as at the date of the vote: 0.82%

Guidance – Proxy: Not provided, **Management recommendation:** Against

Action: For the resolution

Shareholder Resolution - Joint Chair/CEO: A vote in favour is applied as LGIM expects companies to establish the role of independent Board Chair.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 16.7% of shareholders supported the resolution.

Most significant vote – Vote: McDonald's Corporation

Resolution: Report on Public Health Costs of Antibiotic Use and Impact on Diversified Shareholders (Social)

Approximate size of the fund's holding as at the date of the vote: 0.33%

Guidance – Proxy: Not provided, **Management recommendation:** Not provided

Action: For

Shareholder proposal - Health - Antibiotic use - As last year, LGIM voted in favour of the proposal as it believes the proposed report will contribute to informing shareholders and other stakeholders of the negative externalities created by the sustained use of antibiotics in the company's supply chain and its impact on global health, with a particular focus on the systemic implications. Antimicrobial resistance (AMR) continues to be a key focus of the LGIM Investment Stewardship team's engagement strategy. LGIM believes that, without coordinated action today, AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, people and global GDP. This is unfortunately further substantiated through the recent study published in the Lancet at the beginning of 2022 by the Global Research on AntiMicrobial resistance (GRAM) project: Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis. While LGIM notes the company's past efforts to reduce the use of antibiotics in its supply chain for chicken, beef and pork, LGIM believes AMR is a financially material issue for the company and other stakeholders, and that concerted action is needed sooner rather than

later. By supporting this proposal, LGIM wants to signal to the company's board of directors the importance of this topic and the need for action.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 13.2% of shareholders supported the resolution.

Most significant vote – Vote: Alphabet Inc.

Resolution: Report on Physical Risks of Climate Change (Environmental)

Approximate size of the fund's holding as at the date of the vote: 1.2%

Guidance – Proxy: Not provided, **Management recommendation:** Not provided

Action: For

Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.

Was the voting intent communicated with management ahead of the vote?: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

Outcome: 17.7% of shareholders supported the resolution.

HSBC Global Asset Management – Islamic Global Equity Index Fund

Voting Activities (DC)

- There were 1,623 eligible votes for the fund over the 12 months to 31 December 2022
- The manager exercised 95.8% of its votes over the year
- 17.6% of votes were against management and 0.6% were abstained
- 11.2% of votes were contrary to the proxy advisor's recommendation

What is HSBC's policy on consulting with clients before voting?

The legal right to the underlying votes lies with the directors of the HSBC Islamic Global Equity Index Fund. It has delegated this execution of this voting to HSBC Global Asset Management (UK) Limited.

Please describe whether HSBC has made use of any proxy voter services

HSBC uses a voting research and platform provider, Institutional Shareholder Services (ISS) to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC will review voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on its guidelines.

Please provide an overview of HSBC's process undertaken for deciding how to vote

HSBC exercises its voting rights as an expression of stewardship for client assets. It has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

Is HSBC currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?

HSBC Funds and client mandates may hold shares in its parent, HSBC Holdings PLC. HSBC has a special procedure for voting on these shares to manage this conflict. HSBC also has procedures for managing other conflicts that may arise. However, HSBC does not believe that it has exposure to the conflicts listed.

Please include here any additional comments which are relevant to HSBC's voting activities or processes

Please refer to the link below for details on our Global Voting Guidelines:

<https://www.global.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/global-voting-guidelines-en.pdf>

Most significant vote – Vote: Apple Inc.

Resolution: Report on Forced Labour (Social)

Approximate size of the fund's holding as at the date of the vote: 7.11%

Guidance – Proxy: Not provided, **Management recommendation:** Against

Action: For the resolution.

The proposal would lead to increased transparency on Apple's supply chain policies and processes, which could help alleviate growing risks related to manufacturing in certain regions.

Was the voting intent communicated with management ahead of the vote?: HSBC communicates its thinking on the shareholder proposals ahead of the AGM.

Outcome: The shareholder resolution did not pass.

Most significant vote – Vote: Amazon.com, Inc.

Resolution: Report on Efforts to Reduce Plastic Use (Environmental)

Approximate size of the fund's holding as at the date of the vote: 4.12%

Guidance – Proxy: Not provided, **Management recommendation:** Against

Action: For the resolution.

Shareholders would benefit from additional information on how the company is managing risks related to the creation of plastic waste.

Was the voting intent communicated with management ahead of the vote?: HSBC communicates its thinking on the shareholder proposals ahead of the AGM.

Outcome: The shareholder resolution did not pass, however it received 49% support.

Most significant vote – Vote: Microsoft Corporation

Resolution: Advisory Vote to Ratify Named Executive Officers' Compensation (Governance)

Approximate size of the fund's holding as at the date of the vote: 7.56%

Guidance – Proxy: Not provided, **Management recommendation:** Not provided

Action: Against the resolution.

The company is on HSBC's UK Excessive Pay watchlist, which means the quantum of the CEO pay is beyond what we believe fair and appropriate for the size and complexity of the business.

Was the voting intent communicated with management ahead of the vote?: HSBC communicates its thinking on the shareholder proposals ahead of the AGM.

Outcome: The resolution passed.

BlackRock - Aquila Connect Emerging Markets Fund

Voting Activities (DC)

- There were 24,892 eligible votes for the fund over the 12 months to 31 December 2022
- The manager exercised 98% of its votes over the year
- 11% of votes were against management and 3% were abstained
- 0% of votes were contrary to the proxy advisor's recommendation

What is BlackRock's policy on consulting with clients before voting?

BlackRock inform companies and clients about their engagement and voting policies through direct communication and through disclosures on their website. BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. These high-level Principles are the framework for their more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. Their Global Principles and market-specific voting guidelines are intended to help companies understand their thinking on key governance matters. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda for the shareholder meeting. When applying their guidelines, BlackRock account for a company's unique circumstances where relevant

Please describe whether BlackRock has made use of any proxy voter services

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS) with input from investment colleagues as required. BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis. BlackRock have outlined that they do not follow any single proxy research firm's voting recommendations but use Institutional Shareholder Services' (ISS) electronic platform to execute its vote instructions.

Please provide an overview of BlackRock's process undertaken for deciding how to vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Their voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. BlackRock inform their vote decisions through research and engage as necessary. The engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. They 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 the Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive. The voting guidelines are intended to help clients and companies understand BlackRock's thinking on key governance matters. They are the benchmark against which they assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. They apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. 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 ourselves, but the client would engage a third-party voting execution platform to cast the votes.

Is BlackRock currently affected by any of the five conflicts listed by the PLSA (see notes) or any other conflicts across any of its holdings?

As an investment manager, BlackRock has a duty of care to its clients. BlackRock's duty extends to all of its employees and is critical to our reputation and business relationships, and to meeting the requirements of our various regulators worldwide. Employees are held responsible by BlackRock to seek to avoid any activity that might create potential or actual conflicts with the interests of clients.

BlackRock maintains a compliance program for identifying, escalating, avoiding and/or managing potential or actual conflicts of interest. The program is carried out through our 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 our clients' interests first and to identify and manage any conflicts of interest that may arise in the course of our business. In order to mitigate potential and actual conflicts of interest, each BlackRock employee must, among other things:

- Identify potential or actual conflicts of interest both in relation to existing arrangements and when considering changes to, or making new, business arrangements;
- Report any conflicts of interest promptly to his/her supervisor and Legal & Compliance;
- Avoid (where possible) or otherwise take appropriate steps to mitigate a conflict to protect our clients' interests; and
- Where appropriate, disclose conflicts of interest to clients prior to proceeding with a proposed arrangement

BlackRock Legal & Compliance conducts mandatory annual compliance training, which includes a discussion of the Global Conflicts of Interest Policy.

Please include here any additional comments which are relevant to BlackRock's voting activities or processes

On behalf of BlackRock's clients it intends to vote at all shareholder meetings of companies in which its clients are invested. In certain markets, there might be regulatory constraints or operational issues which can affect BlackRock's ability to vote certain proxies, as well as the desirability of doing so. BlackRock does not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Where BlackRock experiences impediments in relation to a specific shareholder meeting, it will review the resolutions to assess whether the business under consideration warrants voting despite the complications caused by the impediment. For example, BlackRock currently does not vote at shareholder meetings that require share blocking: the restriction that is imposed when a vote is cast represents a liquidity constraint on the portfolio managers and increases the risk of failed trades, which can be costly to clients. BlackRock may in its discretion determine that the value of voting outweighs the costs of blocking shares from trading, and thus cast the vote and block the shares in that instance.

With regards to US assets, BlackRock has approximately a 100% success rate in voting its funds' assets, with the exception of certain portfolios that utilise a long/short strategy whereby the funds leverage may prevent it from voting.

With regards to non-U.S. assets generally, BlackRock has approximately a 90% success rate in voting its funds' assets. Of the remaining: 8% were uninstructed due to share blocking, and 2% of the votes go unexecuted result from either the fund's leverage or market-based impediments such as ballots received post cut-off date or post meeting date, meeting specific power of attorney requirements, special documentation, etc.

Most significant vote – Vote: Grupo México

Resolution: 1 - Elect or Ratify Directors; 2 - Verify Independence of Board Members; 3 - Elect or Ratify Chairmen and Members of Board Committees (Environmental)

Approximate size of the fund's holding as at the date of the vote: Not provided.

Guidance – Proxy: Not provided, **Management recommendation:** Not provided.

Action: Against the resolution.

1 - The Company does not meet our expectations of having adequate climate risk disclosures against all 4 pillars of TCFD. 2 - The company does not meet our expectations of having adequate climate-related metrics and targets. 3 - Vote against due to lack of disclosure.

The company has yet to update their disclosures since publishing their first, and partially TCFD-aligned, report. In addition, the company did not provide sufficient detail of their proposed board prior to the 2022 AGM, limiting shareholders' understanding about how the collective experience and expertise of the board aligns with Grupo México's long-term strategy and business model. Given the company's limited progress in enhancing their disclosures to date, and our outstanding board-quality related concerns, BIS determined that it is in the best interests of BlackRock's clients as long-term shareholders to not support the director bundled ballot election at the 2022 AGM.

Was the voting intent communicated with management ahead of the vote?: Not provided.

Outcome: Pass

Most significant vote – Vote: China Tower Corporation (Governance)

Resolution: Elect Deng Shiji as Director and Authorize Board to Fix His Remuneration

Approximate size of the fund's holding as at the date of the vote: Not provided.

Guidance – Proxy: Not provided, **Management recommendation:** Not provided.

Action: Against the resolution.

Vote against director due to concerns of gender-related diversity at the board level. As described in BlackRock's Global Principles, it is interested in diversity in the board as a means to promoting diversity of thought and avoiding 'group think.' BlackRock believes greater diversity in the board room contributes to more robust discussions and more innovative and resilient decisions. High-performing boards play an important role in developing strong management teams, on which the long-term success of companies depend. BlackRock's view is that diversity in the board room leads to better long-term economic outcomes for companies. As explained in BlackRock's proxy voting guidelines for Hong Kong securities, BlackRock generally would not consider single gender boards as diverse boards. BlackRock expects companies to have at least one female board director and may vote against the re-election of director(s) responsible for the lack of female representation on such boards.

Was the voting intent communicated with management ahead of the vote?: Not provided.

Outcome: Pass

Most significant vote – Vote 3: Grupo Financiero Banorte

Resolution: Approve CEO's Report on Financial Statements and Statutory Reports (Governance)

Approximate size of the fund's holding as at the date of the vote: Not provided.

Guidance – Proxy: Not provided, **Management recommendation:** Not provided.

Action: Abstain.

Abstaining from this item preserves shareholders' right to take legal action should irregularities be discovered at a future date.

Was the voting intent communicated with management ahead of the vote?: Not provided.

Outcome: Pass

Notes:

1. The following five conflicts were provided to investment managers and have been sourced from the Vote reporting template for pension scheme implementation statement issued by the Pensions and Lifetime Savings Association (“PLSA”):
 1. The asset management firm overall has an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which it also has an equity or bond holding;
 2. Senior staff at the asset management firm hold 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 have 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. There is 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
 5. There are differences between the stewardship policies of managers and their clients