

WH Smith Pension Trust – Statement of Investment Principles (“SIP”) Implementation Statement

Introduction

This SIP Implementation Statement (“the Statement”) has been prepared by WH Smith Pension Trustees Limited (“the Trustee”) in relation to the Retail Section of the WH Smith Pension Trust (“the Trust”). The statement covers the requirements of both, Defined Benefits section and the Money Purchase section of the WH Smith Pension Trust. Considering the ‘Buy-Out’ completion of the News Section in February 2022, the statement does not cover this section.

This Statement:

- Sets out how, and the extent to which, in the opinion of the Trustee, the SIP has been followed during the year;
- Describes any review of the SIP undertaken during the year in accordance with regulation 2(1) of The Occupational Pension Schemes (Investment) Regulations 2005 (the “Investment Regulations”) and any other review of how the SIP has been met;
- Explains any changes made to the SIP during the year and the reasons for the changes;
- Where no such review was undertaken during the year in accordance with regulation 2(1) of the Investment Regulations, gives the date of the last review; and
- Where relevant, describes the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and states any use of the services of a proxy voter during that year.

The Statement covers the period 1 April 2022 to 31 March 2023, the Trust’s reporting year, in line with the regulations that came into force in October 2019 and is expected to evolve over time.

The Statement is split into three sections:

1. an overview of the SIP updates, legal compliance and Trustee’s actions, highlights during the period covered;
2. the policies set out in the SIP for both the Final Salary Rules (FSR) and Money Purchase Rules (MPR) sections and the extent to which they have been followed in the reporting period; and
3. the voting behaviour and significant votes are undertaken by the fund managers on behalf of the Trust.

SIP Updates

The SIP that is most relevant for this reporting period is the document last updated in October 2022. The Trustee is committed to reviewing the SIP no less frequently than every three years.

Compliance with Legislative Requirements

The SIP sets out the Trustee’s policy for securing compliance with the requirements of section 36 of the Pensions Act 1995 and the Trustee’s policy on matters set out in the Occupational Pension Scheme (Investment) Regulations 2005 (the 2005 Regulations). Over the period covered by this statement, the Trustee has, where appropriate, obtained and considered investment advice from the Investment Consultant, Redington and legal advice from the legal advisor, Mayer Brown before investing and in making decisions.

Overview of Trustee's Actions - FSR

Investment Objectives and Strategy – DB Section

Following the buy-in transaction, only a limited number of pre-existing investments were retained in the Trust at the year-end (residual cash with BlackRock held within the BlackRock ICS Sterling Government Liquidity Fund, and an illiquid investment in the Permira Credit Solutions III fund which is in the process of running off) and the expectation is to convert the buy-in to a buy-out and wind up the Trust over the next 12 months.

Trustee's policies for investment managers

The Trustee relies on investment managers for the day-to-day management of the Trust's assets but retains control over the Trust's investment strategy.

The investment managers manage the Trust assets in accordance with guidelines agreed with the Trustee, as set out in the Investment Management Agreements ("IMAs") or pooled fund prospectuses. The investment managers have the discretion to buy, sell or retain individual securities in accordance with these guidelines. The investment managers report to the Investment Committee ("IC") regularly regarding their performance. Each of the investment managers' fees is related to the amount of assets managed within their portfolios. Minimum fees may also apply in some cases. The Trustee believes that the current managers remain suited for purpose. The Trustee will continue to monitor the managers on a regular basis considering both the performance of the funds and other prevailing circumstances.

Over the reporting period prior to the buy-in transaction, each of the Trust's managers was aware that the Trustee expected them to exercise voting rights (where applicable) and engage on behalf of the Trust. The Trustee believes over the relevant reporting period prior to the buy-in that the Trust's investment managers were well placed to engage with invested companies on all matters, given their knowledge of the company and the level of access they have to company management.

Overview of Trustee's Actions - MPR

Over the Scheme year, the Trustee, with the help of its investment adviser, implemented improvements to the investment strategy following a triennial review of the investment strategy, including the default arrangement. The review concluded that the strategy had delivered returns consistent with the aims and objectives listed above, but that there were some improvements that could be made to make it more suitable for members going forward. In June 2022, the Trustee implemented the following changes to the default strategy:

- The Aquila Life 60:40 Global Equity Fund was replaced with the BlackRock MSCI World Index Fund. The reason for this is to have an equity portfolio that better reflects the size of stock markets around the world.
- A higher allocation to equities will be made at the point at which members reach retirement. The lifestyle strategy was amended so that members will remain 25% invested in equities at their chosen retirement age. This change had been approved to provide members with an opportunity for positive investment returns at a time of low interest rates and increasing inflation. The point at which members start switching out of equities – five years from retirement – stayed the same.

Overview of Trustee's Actions – MPR (continued)

The replacement of the Aquila 60:40 Global Equity Index Fund with the BlackRock MSCI Index Fund applied across all three lifestyle strategies (Cash, Annuity and Drawdown targeting) and in the Plan's self-select range.

The Trustee also reviewed the glidepaths for the Annuity and Drawdown targeting lifestyles and was comfortable they remained appropriate.

As part of the review, the Trustee agreed to set the Cash targeting lifestyle as the default arrangement for all members, including the small section for whom the Annuity lifestyle remained the default.

Finally, the Trustee implemented the addition of three new self-select funds to the Trust's range: the Aegon BlackRock ESG Strategic Growth Fund, the Aegon HSBC Islamic Global Equity Index Fund and the Aegon BlackRock Emerging Markets Equity Index Fund. The Trustee, based on the advice of its investment adviser, is satisfied with the range of self-select options offered. It is comfortable it covers all relevant asset classes and caters for members with specific investment needs.

The Trustee reviews the performance of each fund on a quarterly basis against the stated performance objective for that fund. The Trustee concluded that the current offerings remained well suited for the purpose. They will continue to monitor them on a regular basis considering both the performance of the funds and other prevailing circumstances.

Trustee's policies for investment managers

The responsibility for managing the Trust's holdings is delegated to its fund managers. Specifically, the Trustee has entered into a contract of insurance with Aegon. Formerly a client of BGI, BlackRock took over BGI in 2009 before Aegon purchased the UK DC platform business of BlackRock which was finalised with a Part VII transfer in 2018. The Trustee believes that the Trust's fund managers are well placed to engage with invested companies on environmental, social and governance ("ESG") matters, given their knowledge of the company and the level of access they have to company management. This is also a pragmatic approach because of the number of stocks owned by the Trust, and the amount of time corporate entities have available for single investors.

However, the Trust sets out its expectations to its asset managers in terms of Corporate Governance via its Voting and Engagement Policy document and adherence to the Pensions and Lifetime Savings Association ("PLSA") policy guidelines, as well as its Statement of Investment Principles.

Included in the SIP is reference to the Trustee's preference to assess manager performance with a focus on longer-term outcomes and consideration of medium to long-term non-financial performance. As such, the manager is expected to act in accordance with these beliefs.

The Trustee believes that it should act as a responsible steward of the assets in which the Trust invests as this can improve the longer-term returns of its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

Review of FSR SIP Policies

Please note that this section of the report covers the investment policies that were in place before the Trustee completed a buy-in transaction with Phoenix Life in August 2022, transferring most of the Trust's assets and all liabilities to the insurance company. The buy-in transaction has changed the Trust's situation significantly, as it no longer has any long-term assets or investment objectives. The Trustee expects to convert the buy-in to a buy-out and wind up the Trust within the next 12 months. Therefore, the investment policies described below do not reflect the current or future situation of the Trust, which will be different from the period covered by this report.

Investment Policies in the "Objectives, Risk and Strategy" section of the SIP		
Policy	Has the policy been followed?	Evidence
Investment Objectives		
<p>To ensure the Trust has sufficient money to meet obligations, the Trustee has set the following objectives. These also aim to guide the strategic management of the assets and control of the various risks to which the Trust is subject:</p> <ul style="list-style-type: none"> • Assets are sufficient to meet the Trust's liabilities. • Maintain security of benefits. • To reduce volatility in the contributions required. • In the event of winding up, the assets of the relevant Section would not fall short of that Section's liabilities. 	<p><i>Yes, the Trustee is satisfied that this policy has been followed.</i></p>	<p>In August 2022, the Trustee purchased a buy-in policy from Standard Life which is designed to fund all members' defined benefit payments as they fall due.</p> <p>Prior to the buy-in, the Trustee implemented a Pension Risk Management Framework ("PRMF") to monitor the Trust's progress towards its objective. This PRMF had set out targets that monitor the Trust's performance in achieving the objective. The PRMF was reviewed quarterly by the Trustee, with clear written advice provided by the Investment Consultant if any of the metrics used to measure the objective fall outside the pre-agreed constraints.</p>
Risk Management		
<p>The Trustee has drawn a distinction between long term and short-term risks, and considered the following risks which are outlined in the SIP:</p> <ul style="list-style-type: none"> • Funding Level Risk • Cash flow Risk • Investment Management Risk • Counterparty Credit Risk • Concentration Risk • Custody Risk • Collateral Sufficiency Risk 	<p><i>Yes, the Trustee is satisfied that this policy has been followed.</i></p>	<p>Prior to buy-in, the Trustee received quarterly reports from their service providers covering these points, which were then discussed quarterly when relevant. For example, the PRMF included a risk budget, which helps the Trustee to ensure that investment risk remains at acceptable levels.</p> <p>The Trustee seeks guidance and written advice from its Investment Consultant as appropriate.</p>

Re-balancing and realisation of investments

The Investment Committee regularly reviews the performance of the portfolio with a view to re-balancing appropriately.

Yes, the Trustee is satisfied that this policy has been followed.

Prior to the buy-in, the Trustee monitored and managed net cashflow in quarterly reports. The Trustee, assisted by the Investment Consultant, reviewed performance and actual asset allocation to ensure the Trust is on track to meet the objective. When doing this, the Trustee considered the market environment, other opportunities available in the market, etc. The Trustee sought guidance and written advice from its Investment Consultant as appropriate.

Day to Day Management of the Assets

Policy

Has the policy been followed?

Evidence

Investment Managers

The Trustee retains the flexibility to invest either via pooled funds or directly by appointing an investment manager to manage a segregated account. The day-to-day management of the assets is the responsibility of the investment manager as appropriate. In selecting investment managers, the Trustee takes all reasonable steps to satisfy itself that the relevant parties have the appropriate knowledge and experience for managing the Trust's investments and that they comply with section 36 of the Pensions Act 1995.

Yes, the Trustee is satisfied that this policy has been followed.

The Investment Committee (on behalf of the Trustee) has met once a quarter over the 12 months covered by the statement. Prior to buy-in, the Investment Consultant monitored managers on behalf of the Trustee and formally reported on a quarterly basis. If issues had arisen outside of this quarterly reporting, the Investment Consultant communicated this to the IC alongside advice as required.

Permitted assets

The Trustee maintains a list of investments currently permitted for investment.

Yes, the Trustee is satisfied that this policy has been followed.

The Trustee receives quarterly reports from each manager which contain the breakdown of assets held by managers. It seeks guidance and written advice from its Investment Consultant as appropriate.

Fees		
The fee schedules for investment managers, custody, and investment advisors are negotiated and set out in contracts with the parties concerned.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	<p>Before deciding to invest in an investment fund, the Trustee considers the proposed fees, and the expected investment return net of those fees, against the Trustee policies. These fees are prescribed in the IMAs which are reviewed from an investment and legal perspective upon investment. If at that point, the fees were not aligned with the wider market, the Investment Consultant would identify this in their investment review and alert the Trustee. Action would then be taken.</p> <p>Prior to the buy-in, manager monitoring reports which were provided to the Trustee on a quarterly basis disclosed the fees paid to investment managers, and if the fees were ever outside of expectations, action would have been taken.</p>
Asset Manager Policy		
<p>The Trustee requires its investment managers to invest with a medium-to-long-term time horizon (unless not appropriate for the asset class). When assessing a manager's performance, the focus is on longer-term outcomes subject to a minimum of a three-year period.</p> <p>For segregated arrangements, the terms of the long-term relationship are set out in separate IMAs. The Trustee and their advisers review all IMAs against the SIP policies and ensure compliance. For pooled arrangements, the Trust's investments are managed according to standardised fund terms, which are reviewed by the Trust's legal advisers at the point of investment.</p>	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	<p>Prior to the buy-in, the Trustee received quarterly Manager Monitoring Reports which contained managers' performance over short and long-term horizons as well as details on activity over the quarter and details on holdings. The Trustee sought guidance and written advice from its Investment Consultant as appropriate. Upon investment, the Trustee and investment managers entered into a legally binding IMA which stipulates how the Trustee expects the investment manager to manage the funds with respect to strategy and decision-making. The Trustee ensured that these agreements reflect relevant Trustee policies. This therefore incentivised the manager to act in line with Trustee policies. Further, the Investment Consultant, on behalf of the Trustee, had a continuous open dialogue with all the investment managers in which the Trust invests, which encouraged accountability on the investment managers to invest in line with Trustee policies as per the IMA. Finally, the Trustee could have invited the investment managers to quarterly meetings or ad-hoc meetings.</p>

Portfolio Costs and Managers portfolio turnover		
The Trustee requests specific information every quarter and considers manager and custodians appropriateness at least every 12 months. The Trustee reviews the portfolio transaction costs and managers' portfolio turnover where the data is disclosed and available.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	<p>The Investment Consultant, on behalf of the Trustee, continually monitored managers to confirm that they were meeting the Trustee's requirements with respect to portfolio costs and portfolio turnover. This was embedded in the Investment Consultant's manager research process.</p> <p>The expected investment returns which were embedded into the Trust's investment strategy already account for portfolio costs. When investment returns are reported, these are compared to the relevant expected returns and benchmarks. If a fund underperforms, the Investment Consultant identifies why, and if the reason was due to unreasonable turnover or costs being incurred, action would be taken. This is monitored continuously by the Investment Consultant and formally discussed by the Trustee on a quarterly basis.</p> <p>While no set target is in place, if portfolio turnover or portfolio costs were unreasonable and out of line with the wider market, the Investment Consultant would communicate this to the Trustee and action would be taken.</p> <p>The administrators are in discussions with the custodian to review the level of fees and a mutually agreeable outcome is expected, but should this not be the case the administrators will consult with the Trustee and investment advisors with a view to re-tendering the service</p>
Custody of Investments		
The Trustee monitors the continuing suitability of the appointed custodian.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	The Pensions Department has held meetings with the custodian to review the level of service and fees and is satisfied that it monitors the custodian appropriately.

Review of MPR SIP Policies

Investment Policies in the “Objectives, Risk and Strategy” section of the SIP		
Policy	Has the policy been followed?	Evidence
Investment Objectives		
To offer members a range of investment funds which recognise that their investment needs change as they progress towards retirement age.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	<p>The different Lifestyle arrangements invest in four funds, managed by BlackRock, i.e. the MSCI World Equity Fund, the Over Five Years UK Index-Linked Gilt Index Fund, the Corporate Bond Index Fund Over 15 Years and the Cash Fund.</p> <p>The Lifestyle approach adopts an equity bias for younger members in order to benefit from the expected higher potential long-term returns that the Trustee believes will arise from such investments. Older members’ assets are moved into bonds and cash as they approach retirement, in order to limit volatility of returns relative to the price of annuities or cash.</p> <p>Over the Scheme year the Trustee implemented an increased allocation to equities at retirement in the Cash Lifestyle from 0% to 25%, so as to retain a degree of capital growth. The change was implemented in June 2022 following a triennial review of the investment strategy with help of their investment adviser.</p>
To offer members sufficient investment options to reflect the different routes members can take at retirement, the Trustee offers several different Lifestyle arrangements targeting an annuity and tax-free cash, income drawdown and cash.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	<p>Currently three Lifestyle options are offered – targeting either an annuity, income drawdown or a cash lump sum at retirement.</p> <p>Where the Default options do not meet the needs of a wider cross-section of members, alternative options have been offered.</p>

Risk		
<p>The Trustee has considered risk from a number of perspectives:</p> <ul style="list-style-type: none"> • Inflation Risk • Annuity Risk • Inherent Investment Risk • Investment Management Risk 	<p><i>Yes, the Trustee is satisfied that this policy has been followed.</i></p>	<p>The SIP lists a number of risk factors that the Trustee believes may result in a failure to meet the agreed objectives. The Trustee manages these risks factors through measures specific to each risk, consulting with the Employer and seeking guidance and written advice from its Investment Advisor as appropriate.</p> <p>To mitigate “inflation risk” the Trustee offers equity-based investments which, over the long term would be expected to provide a real rate of return greater than both price inflation and earnings growth. Namely, the MSCI World Equity Fund is a large part of the default strategy. The Trustee further offers a UK Equity Index Fund, World ex-UK Equity Fund, Emerging Market Equity, and HSBC Islamic Global Equity Fund, as part of the Scheme’s self-select range.</p> <p>To mitigate “annuity risk” the Trustee offers an “Annuity Targeting Lifestyle” which automatically moves members assets into index-linked gilts, corporate bonds and cash in order to limit volatility of returns relative to the price of annuities.</p> <p>To mitigate “inherent investment risk”, the Trustee offers members access to educational material via the WHSmith Pensions website. To minimise “Investment Manager Risk”, the Trustee has appointed an investment manager who manages the investments on an index-tracking basis aimed at providing a return in line with the relevant market index for the asset class concerned. The Trustee is comfortable that the performance of the chosen index-tracking funds is in line with the relevant market index for the asset class concerned.</p>
Investment Strategy		
<p>Members have a choice of funds in which to invest their Company contributions.</p>	<p><i>Yes, the Trustee is satisfied that this policy has been followed.</i></p>	<p>Members have a choice of funds in which to invest Company contributions. Under the Lifestyle options the pattern of this investment is defined by the Trustee.</p>

Day to Day Management of the Assets		
Policy	Has the policy been followed?	Evidence
Investment Managers		
The Trustee receives reports from the MPR Investment Manager. Through this process of regular reporting, the Trustee aims to ensure that the MPR Investment Manager is carrying out its work competently and in compliance with the Act, and that the Trustee's investment objectives are met.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	Over the period, the Trustee continued to receive reports from the MPR Investment Manager. It seeks guidance and written advice from its Investment Consultant as appropriate.
Realisation of Investments		
The members' accounts are held in funds which can easily be realised to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	The default investment strategy's underlying funds are liquid funds, i.e. they are those which can easily be realised to provide pension benefits on retirement, or earlier on transfer to another pension arrangement.
Review of Policies applying to All Sections		
Policy	Has the policy been followed?	Evidence
Additional Voluntary Contribution Assets ("AVCs")		
With the assistance of the Trust's consultants, the AVC arrangements will be reviewed periodically to ensure that the investment profile of the funds available remains consistent with the objectives of the Trustee and the needs of the members.	<i>Yes, the Trustee is satisfied that this policy has been followed.</i>	The Trustee has delegated the day-to-day investment management to BlackRock and the offering is reviewed alongside the MPS offering. The Trustee has not made any changes to the offering during the period covered by this statement.

Responsible Investment and Corporate Governance

<p>The Trustee believes that ESG factors may not be financially material over the time horizon of the Trust however still expects its investment managers to factor ESG considerations into investment decision-making where they have the discretion to do so. The Trustee factors ESG risk considerations into decision-making when setting the strategic asset allocation of the Trust. The Trustee's policy will be reviewed periodically and kept up to date with industry practice.</p> <p>The Trustee requires its investment advisor to review and rate the investment managers' credentials in managing risks arising from ESG and report as well as communicate new and emerging risks arising from ESG considerations.</p> <p>Direct engagement with underlying companies in respect of shares and debt is carried out by the Trust's investment managers and where relevant, the Trustee expects its managers to use voting rights to affect the best possible sustainable long-term outcomes.</p> <p>When selecting new managers, the Trustee's investment adviser assesses the ability of each investment manager to engage with underlying companies to promote the long-term success of the investments. The Trustee monitors and discloses the voting behaviour and whether managers have acted in accordance with the Trustee's policy on stewardship and engagement.</p>	<p><i>Yes, the Trustee is satisfied that this policy has been followed.</i></p>	<p>The Investment Consultant considers ESG risks when making recommendations to the Trustee, and the Trustee considers ESG risks when making investment decisions. The Trustee also requires its managers to practice good stewardship on its behalf in order to promote the long-term success of the Trust's investments.</p> <p>Managers' approaches to ESG are one of several key factors that are assessed by the Trust's investment advisor when making manager recommendations to the Trustee, and these are monitored on an ongoing basis after appointment.</p> <p>As the DC Section of the Plan is delivered via an unbundled platform, and the investment funds are predominantly passively managed, the Trustee has no direct interaction with the underlying investment managers.</p> <p>Non-financial matters including the views of beneficiaries and members are not ordinarily taken into account in the selection, retention, and realisation of investments. This stance is periodically reviewed, and if members express views in the future, the Trustee will consider these. In the absence of member views being expressed to the contrary, the Trustee agrees this stance remains appropriate.</p>
---	---	---

Voting behaviour in FSR Section

Over the reporting period prior to the buy-in transaction, the FSR section only invested in Fixed Income assets, which do not have any ownership rights. Therefore, the FSR section did not cast any significant votes during the reporting period. Following the buy-in transaction, the Trust no longer has any significant assets with voting rights, and does not expect to have any in the future.

**Voting behaviour in MPR Section
BlackRock**

Voting

BlackRock Investment Stewardship periodically published detailed explanations of specific key votes in “vote bulletins”. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purpose of the Shareholder Rights Directive II.

As the Plan is delivered via an unbundled platform, and the investment funds are predominantly passively managed, the Trustee has no direct interaction with the underlying investment managers.

For passive investment portfolios the aim is to replicate the index. However, ESG guidelines can be taken into consideration via two key approaches:

- 1) Firstly, by selecting an index that incorporates ESG guidelines at the outset. BlackRock provides input into their methodology and product offering.
- 2) Secondly, where clients are invested across an index and in cases are unable to sell underperforming companies: engagement with companies (including proxy voting) is a key means to integrate ESG factors into investing.

The corporate governance program led by BlackRock’s Investment Stewardship team is integrated within all portfolios investing in public companies. The Investment Stewardship team acts as a central clearinghouse of BlackRock’s views across the various portfolios with holdings in individual companies and aims to present a consistent message. BlackRock determine their engagement priorities based on their observation of market developments and emerging governance themes and evolve them year on year, as necessary.

The team’s key engagement priorities include:

- Board Quality and Effectiveness.
- Strategy, Purpose, and Financial Resilience.
- Incentives Aligned with Value Creation.
- Climate and Natural Capital.
- Company Impacts on People.

Voting behaviour in MPR Section

BlackRock

Voting (continued)

Fund:	Aegon BLK Aquila Life UK Equity Class	Aegon BLK Aquila Life World ExUK Eq Idx Class	Aegon BLK Aquila Life 60:40 Global Equity Class	Aegon BlackRock MSCI World Index
Number of voteable meetings	715	1,983	2,610	934
Number of voting proposals	10,301	25,148	34,570	14,200
Number of proposals voted on	10,296 (99%)	23,929 (95%)	33,380 (96%)	12,409 (87%)
Votes with management	9,906 (96%)	22,270 (93%)	31,393 (94%)	11,646 (93%)
Votes against management	390 (3%)	1,659 (6%)	1,987 (5%)	763 (6%)
Abstain votes	50 (0%)	120 (0%)	153 (0%)	110 (0%)
Meetings voted at least once against management	152 (21%)	630 (31%)	756 (28%)	275 (9%)
Votes contrary to the recommendation of proxy advisor	1 (0%)	112 (0%)	112 (0%)	46 (0%)

Voting behaviour in MPR Section

BlackRock

Voting (continued)

Most significant votes

Company:	ExxonMobil Corporation
Date:	25 May 2022
Resolutions:	Report on Scenario Analysis
BlackRock Vote:	Voted for the proposal
Rationale:	BlackRock's Investment Stewardship team supported this shareholder proposal as it believed shareholder would benefit from more fulsome information on the company's scenario planning in relation to a range of pathways of the global energy transition.

Company:	Netflix, Inc
Date:	2 June 2022
Resolutions:	Advisory Vote to Ratify Executive Officer's Compensation
BlackRock Vote:	Voted against the proposal
Rationale:	BlackRock had concerns about the company's executive compensation practices, particularly the monthly flexibility for individuals to allocate any portion of their designated compensation amount toward stock options or cash. As a result, BIS did not support management's say on pay proposal. BlackRock also determined to not support the re-election of Director Timothy Haley, a member of the Compensation Committee, to escalate their concern about this pay practice, which we do not believe aligns executives' and shareholders' long-term financial interests.

Final Remarks

The Trustee confirms that it has acted in accordance with the policies outlined in the Trust's SIP over the reporting period of this Statement.

The Trustee delegates the responsibility for the stewardship activities that apply to the Trust's investments to its investment managers. The Trustee expects the managers to exercise their voting powers with the objective of preserving and enhancing long-term shareholder value.

The Trustee recognises that stewardship encompasses engagement with the companies in which the Trust invests, as this can improve the longer-term risk-adjusted returns from the Trust's investments. The Trustee therefore encourages the Trust's investment managers to actively engage with portfolio companies in order to improve the risk-adjusted returns from the Trust's investments.