

ARQIVA DEFINED BENEFITS PENSION PLAN

APPENDIX: ANNUAL ENGAGEMENT POLICY IMPLEMENTATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

Introduction:

This statement sets out how, and the extent to which, the Trustee's policy on Environmental, Social and Governance ("ESG"), Stewardship and Climate Change and the Investment Manager arrangements in the Statement of Investment Principles ("SIP") has been followed during the year to 30 June 2023. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Investment Objectives of the Plan:

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Plan specified in the SIP are as follows:

- The Trustee's primary funding objective is to ensure that the assets of the Plan are sufficient to meet their obligations to beneficiaries. The Trustee's primary aim can, therefore, be translated into a desire to avoid deterioration of the ongoing funding level on the Technical Provisions basis and to achieve full funding on the Technical Provisions basis.
- The Trustee's secondary objective is to fund in full all of the Plan's liabilities, on a "self-sufficiency" basis, such that the Plan is less reliant on the Sponsor to underwrite and/or support pension risk.

Policy on ESG, Stewardship and Climate Change

The Plan's SIP includes the Trustee's policy on ESG factors, stewardship and climate change. This policy sets out the Trustee's beliefs on ESG and climate change and the processes followed by the Trustee's in relation to voting rights and stewardship.

In order to establish these beliefs, produce this policy and maintain ongoing knowledge, the Trustees undertake periodic training provided by their investment consultant on responsible investment which covers ESG factors, stewardship, climate change and ethical investing.

The Trustee looks to meet with each of its managers periodically (and at least every three years if possible), at which point the Trustee's may ask the investment managers to highlight key voting (where applicable) and engagement activity, and the impact on the portfolio. The Trustee Directors may also, from time-to-time, attend separate webinars and conferences hosted by the Plan's investment managers.

The following work was undertaken during the year relating to the Trustee's policy on ESG factors, stewardship and climate change, and sets out how the Trustee's engagement and voting policies were followed and implemented during the year.

Engagement Activity

The Plan's investment performance report is reviewed by the Trustee on a quarterly basis and includes ratings (both general and specific ESG) from the investment consultant. The majority of the Plan's managers were highly rated during the year. The Trustee's acknowledge that managers in areas such as fixed income (particularly in relation to LDI) may not have a high ESG rating assigned by the investment consultant due to the nature of the asset class, where it is harder to engage with the issuer of debt. When implementing a new manager the Trustee would consider the ESG rating of the manager.

The Plan's investment managers have confirmed that they are signatories to the latest UK Stewardship Code.

The Trustee's investment consultant has requested, on behalf of the Trustee, details of relevant engagement activity for the period from each of the Plan's investment managers.

Engagement Activity (Continued)

The Plan's investment managers engaged with companies over the period on a wide range of different issues including ESG matters. This included engaging with companies on climate change to ensure that companies were making progress in this area and better aligning themselves with the wider objectives on climate change in the economy (e.g. those linked to the Paris agreement). The Plan's investment managers provided examples of instances where they had engaged with companies they were invested in or about to invest in which resulted in a positive outcome. These engagement initiatives are driven mainly through regular engagement meetings with

the companies that the investment managers invest in or by voting on key climate-related resolutions at companies' Annual General Meetings.

Voting Activity

Following the DWP's consultation response and outcome regarding Implementation Statements on 17 June 2022, one of the areas of interest was the significant vote definition. The Trustee is required to include details on why a vote is considered significant and rationale for the voting decision within their implementation statements.

The Plan's implementation statement to be included in the Trustee Report & Accounts as at 30 June 2023 falls in scope of these regulations. In May 2023, The Trustee reviewed the Plan's stewardship priorities and identified the following as key themes:

Climate Change: including, but not limited to, low-carbon transition and physical damages resilience;

Human Rights: including, but not limited to, modern slavery, pay & safety in the workforce and abuses in conflict zones;

Diversity, Equity and Inclusion: including, but not limited to, inclusive & diverse decision-making.

The Trustee considers a significant vote as any vote relating to Plan's key stewardship themes that is material (defined as a company that represented at least 1.5% of the year-end market capitalisation of any fund in which the Plan was invested during the Plan year).

The table below sets out a summary of the significant votes over the year:

Fund	Company	Date	Key Theme	Size of holding	Summary	Rationale	Vote Cast	Outcome
Nordea Absolute Return	Alphabet Inc.	02-Jun-23	Climate	4.8%	Climate Change Lobbying	Improved transparency to be able to assess alignment between the company's lobbying activities and the Paris Climate Agreement goals. The request is not considered overly onerous or prescriptive, and shareholders would benefit from greater transparency of the company's framework for addressing misalignments between its climate goals and direct and indirect lobbying, and how the company would plan to mitigate any risks that might be identified.	Against	Rejected
Nordea Absolute Return	Alphabet Inc.	02-Jun-23	Human Rights	4.8%	Human Rights Risk Assessment	Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.	Against	Rejected
Nordea Absolute Return	Alphabet Inc.	02-Jun-23	Human Rights	4.8%	Human Rights Risk Assessment	An independent human rights assessment would help shareholders better evaluate the company's management of risks related to the human rights impacts of its targeted advertising policies and practices.	Against	Rejected
Nordea Absolute Return	Microsoft Corporation	13-Dec-22	Diversity, Equity, & Inclusion	3.6%	Labor Issues - Discrimination and Miscellaneous	Improved transparency will enhance possibility to follow their progress with Diversity and inclusion initiatives. Additional information could help shareholders better understand how the company is assessing and managing the progress of its various diversity and inclusion initiatives.	Against	Rejected
Nordea Absolute Return	Microsoft Corporation	13-Dec-22	Climate	3.6%	Report on Climate Change	Improved transparency, the report would complement and enhance Microsoft's existing commitments regarding climate change. While Microsoft may not be responsible for its employees' investment decisions, the information requested in the report would not only complement and enhance Microsoft's existing commitments regarding climate change, but also allow shareholders to better evaluate the company's strategies and management of related risks.	Against	Rejected

Nordea Absolute Return	Mondelez International, Inc.	17-May-23	Human Rights	2.2%	Improve Human Rights Standards or Policies	The company's involvement in reported child labor issues within its West African supply chain has raised concerns. The implementation of this proposal would increase transparency in management and overseeing related risks.	Against	Rejected
Nordea Absolute Return	The Coca-Cola Company	20-Apr-23	Diversity, Equity, & Inclusion	2.7%	Racial Equity and/or Civil Rights Audit	Improved transparency to assess the effectiveness of the company's efforts to address the issue of civil rights for its stakeholders and its management of related risks. An independent civil rights audit would help shareholders better assess the effectiveness of the company's efforts to address the issue of civil rights for its stakeholders and its management of related risks.	Against	Rejected
LGIM World Developed Equity Index Funds	Amazon.com Inc	24-April-23	Diversity, Equity, & Inclusion	1.7%	Gender/Racial Pay Gaps	Expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.	For	Rejected

The Trustee has delegated their voting rights to the investment managers. Where applicable, investment managers are expected to provide voting summary reporting on a regular basis. The Trustee does not use the direct services of a proxy voter.

Over the prior 12 months, the Trustee has not actively challenged any of their investment managers on its voting activity. Going forwards, the Trustee may be more active in reviewing and challenging voting activity, particularly in respect of its beliefs on climate change.

Over the year to 30 June 2023, the key voting activity on behalf of the Trustee was as follows:

<p>Legal & General Investment Management World Developed Equity Index Funds</p>	<p>There were 2,387 vote-able meetings over the year. In these meetings, there were a total of 31,652 vote-able proposals. LGIM participated in 99% of votes out of the vote-able proposals. In around 78% of these votes for proposals, LGIM indicated their support to the companies' management, while voting against around 21% of the proposals, and abstaining from less than 0.2% of the proposals.</p>
<p>Vontobel Global Emerging Markets Equity</p>	<p>Vontobel participated in all 770 voteable items. In around 81% of these votes for proposals, Vontobel indicated their support to the companies' management, while voting against 12.2% of the proposals. Vontobel either abstained or withheld their vote in the remaining cases.</p>
<p>Nordea Diversified Return Fund</p>	<p>There were 193 vote-able meetings over the year. In these meetings, there were a total of 2,400 vote-able proposals. Nordea participated in the vote for 98% of the vote-able proposals. In around 83% of these votes, Nordea indicated their support for the companies' management, while voting against around 12% of the proposals and abstaining in the remaining cases.</p>
<p>abrdrn GARS</p>	<p>There were 22 vote-able meetings over the year. In these meetings, there were a total of 283 vote-able proposals of which abrdrn voted in 232 of these meetings on behalf of the Trustee. In these meetings abrdrn participated in the vote for 82% of the 162 vote-able proposals. In around 82% of these votes, abrdrn indicated their support to the companies' management, while voting against around 18%.</p>