

## **Annual Implementation Statement – for Plan year ending 5 April 2022**

### **Churchill Staff Benefits Plan**

#### **Introduction**

This document is the Annual Implementation Statement (“the statement”) prepared by the Trustees of the Churchill Staff Benefits Plan (the “Plan”) covering the Plan year to 5 April 2022.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustees, the engagement policy under the Plan’s Statement of Investment Principles (“SIP”) has been followed during the year
- describe the voting behaviour by, or on behalf of, the Trustees over the year.

A copy of this implementation statement will be made available on the following website <https://churchill.myscheme.online/> and included in the Trustees’ annual report and Plan accounts for the year to 5 April 2022.

#### **Trustees’ voting and engagement policy**

In line with the Trustees’ Statement of Investment Principles, the Trustees have delegated all day-to-day investment decisions to the Plan’s sole investment manager – BlackRock Investment Management (UK) Limited (“BlackRock”). The Plan’s assets are passively managed (except for the Property Fund) and invested in BlackRock pooled arrangements.

Due to the primarily passive nature of the Plan’s investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Plan’s investment manager is signed up to the UK FRC Stewardship Code. The Trustees encourage BlackRock to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council. The Trustees will monitor the activities of its manager on a regular basis but appreciates that its applicability may be limited for certain asset classes such as bonds.

The Trustees receive regular updates from the investment consultant on the investment manager’s performance and whether there have been any changes to the investment manager’s research ratings. This is discussed at Trustee meetings together with whether the manager is performing in line with the Plan’s objectives. The Trustees are satisfied that the manager is engaging with investee companies in a manner aligned with the Plan’s long-term investment objectives.

The Trustees’ policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

#### **Summary of voting over the year to 5 April 2022**

The Plan’s equity investments are managed by BlackRock via a number of pooled funds on an index-tracking basis. Given the indexed nature of the mandates, BlackRock are limited by the equities they must hold in the portfolio, but the Trustees believe they have a strong engagement process.

A summary of the voting on behalf of the Plan over the year to 5 April 2022 is provided in the table below:

<b>Fund</b>	<b>Number of votes eligible</b>	<b>% of votes exercised</b>	<b>% of votes with mgmt.</b>	<b>% of votes against mgmt.</b>	<b>% abstained</b>
Aquila Life Overseas Fixed Benchmark Equity	25,112	90.7%	83.5%	7.2%	0.5%
Aquila Life Currency Hedged Overseas Equity	25,112	90.7%	83.5%	7.2%	0.5%
Aquila Life UK Equity Index Fund	15,073	97.5%	91.5%	6.0%	1.7%
iShares Emerging Markets Index Fund (IE) Aggregate	21,514	96.9%	86.7%	10.2%	3.8%

Currently, BlackRock only provide voting information in respect of the Plan's equity funds.

### Significant votes

The table below demonstrates some of the more significant votes cast on behalf of the Plan over the year to 5 April 2022:

<b>Company / Date</b>	<b>Resolution / BlackRock Comment</b>
<b>Tyson Foods, Inc</b>  11 February 2021	<p><b>Resolutions</b></p> <p>Item 4.0: Shareholder proposal – Human rights due diligence report</p> <p>Item 5.0: Shareholder proposal – Recapitalization to establish “one share-one vote”</p> <p>Item 6.0: Shareholder proposal – Lobbying report</p> <p><b>Board Recommendation</b></p> <p>The board recommended voting AGAINST the three shareholder proposals</p> <p><b>BlackRock Votes</b></p> <p>BlackRock voted FOR the three shareholder proposals</p> <p><b>BlackRock rationale</b></p> <p><u>“Item 4.0: Shareholder proposal regarding report on human rights due diligence (FOR)</u></p> <p><u>BIS voted FOR the proposal requesting the board of directors prepare a report on the company’s “human rights due diligence process to assess, identify, prevent, mitigate, and remedy actual and potential human rights impacts”<sup>4</sup> given that the company has limited disclosure regarding its supply chain audits.</u></p> <p>At Tyson Foods’ 2020 Annual Meeting, BIS supported the shareholder proposal requesting a report on the human rights risk assessment process because we were not satisfied with the company’s disclosures and practices around sustainable working conditions (the proposal received 15% support). After</p>

	<p>continued engagement on the matter, we remain concerned about the company's lack of robust disclosures.</p> <p>As noted in our 2021 Global Principles, we expect companies to implement, to the extent appropriate, monitoring processes (often referred to as due diligence) to identify and mitigate potential adverse impacts, and provide grievance mechanisms to remediate any actual adverse impacts.</p> <p>The company's board has represented that its "present policies and practices appropriately and adequately address the concerns raised in the proposal." The company also considers that its additional practices – such as the social compliance audit program it conducts at its facilities on a yearly basis, as well as its United Nations Global Compact (UNGC) membership – further make the report requested by the proponent unnecessary.</p> <p>During our most recent engagement, the company disclosed that an independent third-party audits approximately 25% of Tyson Foods' production facilities each year to verify their adherence to the company's social compliance program. The results are published in the company's sustainability report issued each year.<sup>6</sup> In BIS' view, the percentage of facilities subject to a third-party audit represents a very small proportion of the company's total operations, limiting shareholders' full understanding of the company's approach to human rights due diligence and its effectiveness. In addition, existing disclosures lack clarity on whether the company's suppliers and subcontractors are complying with Tyson Foods' standards.</p> <p>As a member of the UNGC, Tyson Foods is required to produce an annual Communication on Progress (COP) report reiterating the company's commitment to the Global Compact's 10 principles. In our engagements, company representatives could not confirm whether these annual COP reports are publicly available.</p> <p>In relation to the company's response to COVID-19, the company expressly disagrees with the implications raised in the proposal regarding the health and safety of its employees. The proponent claims that "during the coronavirus pandemic, Tyson has maintained punitive attendance policies (with minor exceptions), inconsistent or insufficient access to testing, workstations ill-equipped for social distancing, high line speeds, and incomplete COVID-19 reporting, which has already resulted in over 10,000 reported positive cases and at least 35 worker deaths." The company has repeatedly stated that "early on in response to the COVID-19 pandemic, [they] put in place significant protections at all facilities that meet or exceed CDC and OSHA guidance for preventing COVID-19," including the creation of a chief medical officer position and the plans to add almost 200 nurses and administrative support staff to supplement the current 400+ health services team members. Despite these initiatives and in light of the recent investigation into COVID-19 related allegations, BIS remains concerned about Tyson Foods' health and safety protocols, as well as the overall corporate culture.</p> <p><u>Item 5.0: Shareholder proposal regarding establishing "one share-one vote"- (FOR)</u></p> <p><u>BIS voted FOR the proposal requesting the board of directors "to retain an investment banker to develop a plan for a recapitalization to result in one vote per share for all outstanding stock of the Company."</u></p> <p>Tyson Foods' capital structure has two classes of common stock: Class A common stock with one vote per share and Class B common stock with ten</p>
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	<p>votes per share. As a result, TLP controls 70.63% of the aggregate vote of Class A common stock and Class B common stock. The company's board of directors believes that the capital structure, in existence since Tyson Foods reincorporated in Delaware in 1986, is in the best interests of the company and its shareholders.</p> <p>As noted in our 2021 proxy voting guidelines for U.S. securities, BIS prefers a "one vote for one share" capital structure for publicly traded companies. We believe that certain fundamental rights should be attached to share ownership, starting with equal voting rights for all shareholders so that they can act to protect their economic interests in a company. While we recognize the potential benefits of dual class shares to newly public companies in certain circumstances as they establish themselves, we believe that these structures should have a specific and limited duration.</p> <p><u>Item 6.0: Shareholder proposal regarding corporate lobbying (FOR)</u></p> <p><u>BIS voted FOR the proposal requesting the preparation of an annual report "to assess whether Tyson Foods' lobbying is consistent with Tyson's expressed goals and the best interests of shareholders."</u></p> <p>As discussed in our commentary on our perspective on corporate political activities, BIS regularly engages with companies to understand how their activities and disclosures related to political spending and lobbying are consistent with a company's overall strategy and long-term shareholder value creation. Companies that engage in political and lobbying activities should develop and maintain robust processes to guide these activities and mitigate risks, including through effective board oversight. Companies should provide accessible and transparent disclosure so that investors and interested stakeholders can understand how a company's public messaging and strategy are aligned with its contributions or affiliations. Moreover, we expect companies to monitor the positions taken by trade associations of which they are active members for consistency on major policy positions and to provide an explanation where inconsistencies exist.</p> <p>Tyson Foods has launched an internal review to identify approaches to enhance transparency of their federal, state lobbying, and political activity at the direction of the executive management team. The company has said that this review should be concluded by the end of March 2021. While BIS welcomes the internal review and views it as a step in the right direction, we supported this proposal given the company's limited disclosures of its political contributions and corporate lobbying activities at present."</p>
<p><b>Johnson &amp; Johnson</b></p> <p>22 April 2021</p>	<p><b>Resolutions</b></p> <p>Item 6: Report on Civil Rights Audit Item 7: Adopt Policy on Bonus Banking</p> <p><b>Board recommendation</b></p> <p>The Board recommended AGAINST Item 6</p> <p><b>BlackRock Vote</b></p> <p>BlackRock voted FOR Item 6</p> <p><b>BlackRock rationale</b></p> <p><u>"Item 6: Report on Civil Rights Audit (FOR)</u></p>

	<p><u>BIS voted for this proposal because we believe that an audit would reinforce the effectiveness of the company's current programs to advance racial equity and might yield further insights.</u></p> <p>The shareholder proposal requests the company "conduct and publish a third-party audit (within a reasonable time, at a reasonable cost, and excluding confidential/proprietary information) to review its corporate policies, practices, products, and services, above and beyond legal and regulatory matters; to assess the racial impact of the company's policies, practices, products and services; and to provide recommendations for improving the company's racial impact." BIS agrees with the intent of advancing diversity, equity and inclusion (DEI) and supports the company's existing efforts to recruit, retain, support, and develop a diverse set of employees.</p> <p>JNJ discloses its "Diversity, Equity &amp; Inclusion Policy" with three strategic priorities: 1) Accelerate the Company's efforts to advance a culture of inclusion and innovation; 2) Build a diverse workforce for the future; and 3) Enhance business results and reputation. The company's DEI strategy is guided by internal<sup>19</sup> and external insights, results are reviewed quarterly, and progress is reported to the Board. 20JNJ also appears on Forbes 2021 list of "America's Best Employers for Diversity."</p> <p>JNJ reported on the diversity of its workforce from 2017-2019, broken down by gender, age, ethnicity/race, job title/seniority, and region in its annual Diversity, Equity &amp; Inclusion Impact Review. In 2020, the company launched its "Our Race to Health Equity Initiative" to: 1) create a world-class diverse and inclusive culture that helps the company better understand the patients and consumers it serves in communities of color; 2) deploy resources and expertise to provide equitable healthcare solutions for underserved populations and communities of color; and 3) forge partnerships and alliances that address racial/social health inequities. As a result of these efforts, we have no present concerns regarding the steps JNJ is taking to ensure and advance a culture of diversity, equity and inclusion.</p> <p>Nonetheless, BIS believes that the proposal is not overly prescriptive or unduly constraining for management. The proposal asks for an audit and does not ask JNJ to undertake any new DEI efforts, support additional work, or advocate for a different diversity approach within the company. While we recognize and support the considerable efforts JNJ has made to date on DEI and racial equity, we supported the proposal as we believe that an audit would complement the company's current programs to advance racial equity and might yield further insights to accelerate its progress. This is consistent with our updated approach to shareholder proposals under which we may support proposals if we believe that doing so would support or accelerate a company's progress on a material governance or sustainability issue."</p>
<p><b>Pfizer Inc</b></p> <p>4 April 2021</p>	<p><b>Resolutions</b></p> <p>Item 5: Report on Political Contributions and Expenditures</p> <p><b>Board recommendations</b></p> <p>AGAINST item 5</p> <p><b>BlackRock votes</b></p> <p>FOR item 5</p>

	<p><b>BlackRock rationale</b></p> <p><u>"Item 5: Report on Political Contributions and Expenditures (FOR)</u></p> <p><u>BIS supported this proposal to underscore the importance of this subject and to encourage incremental improvements to the company's current political contributions and expenditures disclosure.</u></p> <p>The shareholder proposal requests that the company publish an annual report "analyzing the congruency of political and electioneering expenditures during the preceding year against publicly stated company values and policies." While BIS has historically been supportive of Pfizer's transparency, we also see value in increased disclosure on political activities – particularly in the wake of the recent political climate in the U.S., as well as around the COVID-19 vaccine, among other factors.</p> <p>Currently, Pfizer meets many of our expectations for corporate political spending oversight and disclosure as articulated in our commentary on our perspective on corporate political activities. This includes the company having articulated political spending and lobbying policies and practices, as well as clear board oversight of both. On disclosure, the company publishes an annually-updated itemized list of payments made to leadership political action committees (PACs), trade associations, and party committees, and discloses a list of major trade association memberships. The company has clearly stated values and principles that underpin its participation in the corporate political process, such as its purpose to discover, develop and deliver "[b]reakthroughs that change patients' lives."</p> <p>However, we believe this proposal provides an opportunity for the company to address minor gaps in its current disclosure. For example, we believe that shareholders would benefit from further details on how the company has differentiated between organizations it contributes to, and those that it does not, particularly with regard to 527 and as 501(c)(4) organizations. It appears the proponent of the proposal may misunderstand Pfizer's approach which provides the company an opportunity to clarify its position. Additionally, we believe shareholders would also benefit from greater insight as to how the board assesses any material gaps that may arise between the company's key policy positions and those of the major trade associations in which it is active. This includes not only how the company monitors the positions taken by trade associations in which they are active members for consistency but also to provide an explanation where inconsistencies exist. While we recognize that corporations are well served by participating in the political process, and that the company discloses that it does not ascribe to the positions of all associations in which it participates, enhancements to the company's current reporting will serve to enhance the trust of the broader market in the company's already robust oversight processes and articulated corporate values."</p>
<p><b>General Electric Company</b></p> <p>4 May 2021</p>	<p><b>Resolution</b></p> <p>Item 1a: Elect Director Sebastien Bazin</p> <p>Item 1d: Elect Director Francisco D'Souza Item</p> <p>1e: Elect Director Edward Garden</p> <p>Item 1f: Elect Director Thomas Horton</p> <p>Item 2: Advisory Vote to Ratify Named Executive Officers' Compensation</p>

	<p>Item 5: Require More Director Nominations Than Open Seats (Shareholder proposal)</p> <p>Item 6: Require Independent Board Chair (Shareholder proposal)</p> <p>Item 7: Report on Meeting the Criteria of the Net Zero Indicator (Shareholder proposal)</p> <p><b>Board recommendation</b></p> <p>The Board recommended voting FOR the management Items listed above (1a, 1d, 1e, 1f, and 2) as well as Item 7, and AGAINST the remaining shareholder proposals (Items 6 and 7)</p> <p><b>BlackRock vote</b></p> <p>BlackRock voted AGAINST Items 1a, 1d, 1e, 1f, 2, 5 and 6, and FOR Item 7</p> <p><b>BlackRock rationale</b></p> <p><u>"Items 1a-1f: Elect Compensation Committee members Sebastien Bazin, Francisco D'Souza, Edward Garden, Thomas Horton (AGAINST)</u></p> <p><u>Item 2: Advisory Vote to Ratify Named Executive Officers' Compensation (AGAINST)</u></p> <p><u>BIS voted against the election of relevant directors on the Compensation Committee and the proposal to approve executive compensation given the misalignment of pay and performance.</u></p> <p>When Larry Culp joined GE as CEO in 2018, the Compensation Committee constructed a four-year pay package aimed at doubling the stock price, with a \$57 million initial grant. The compensation package was repriced in 2020 when GE's stock hit a 20-year low as a result of COVID-19 impacts. The revised package maintained a focus on stock price increase, but the goals were re-set, based on the lower stock price in 2020. We acknowledge the Compensation Committee's point that Larry Culp declined his regular salary through much of last year. However, if the new stock price hurdles are maintained, he stands to earn \$124 million at target payout and \$232.5 million at maximum.</p> <p>While the amended compensation plan has been the primary focus of shareholders and the media, the Compensation Committee also used discretion for 2020 bonus payments. Although the corporate financial thresholds in the annual incentive program were met, the committee used its discretion to fund the bonus pool at 80% of target. As discussed in our commentary on our approach to Incentives aligned with value creation, where a Compensation Committee has used its discretion in determining the outcome of any compensation structure, we expect transparency with respect to how and why discretion was used, which we felt was lacking in this instance.</p> <p>Based on a pay and performance misalignment, as well as a mid-cycle adjustment to the plan based on short term stock declines, BIS voted against the ratification of Named Executive Officers' compensation and the election of relevant directors on the Compensation Committee.</p> <p><u>Item 5: Require More Director Nominations Than Open Seats (AGAINST)</u></p> <p><u>BIS voted against this proposal because this is not a normal course practice for uncontested meetings.</u></p>
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	<p>This proposal requested that the Board present at a minimum two candidates for each available board seat. BIS does not advocate for this approach for uncontested meetings, and it is not standard practice in the U.S.</p> <p><u>Item 6: Require an Independent Board Chair (AGAINST)</u></p> <p><u>BIS voted against this proposal because the company has a designated Lead Independent Director with sufficient responsibilities and authority.</u></p> <p>As discussed in our market-level voting guidelines for U.S. securities and Global Principles, we believe that independent leadership is important in the boardroom, and that the Board is effectively able to fulfil its fiduciary duty when there is an independent, senior non-executive board chair or, where the chairman is also the CEO (or is otherwise not independent), a strong Lead Independent Director. BIS will look to support the Board in the structure of its choice, so long as we have confidence that the Lead Independent Director is appropriately challenging management and demonstrating independence.</p> <p>GE currently has a combined CEO/Chairman role, as well as a Lead Independent Director. The decision for the separation of the Chair and CEO is on a case by case basis, rather than via policy. We do not currently have concerns with this board structure and believe that the Lead Independent Director has sufficient authority to challenge management and has demonstrated independence.</p> <p><u>Item 7: Report on Meeting the Criteria of the Net Zero Indicator (FOR)</u></p> <p><u>BIS supported this proposal because we believe it may accelerate the company's progress on climate risk management.</u></p> <p>The proposal requested that the company report on its progress towards achieving a target of net zero greenhouse gas (GHG) emissions by 2050. The Board recommends that shareholders support this proposal.</p> <p>GE has a goal to achieve carbon neutrality for its operations by 2030 and plans to exit the new build coal power market in favor of increased deployment of renewables. The company plans to align its reporting to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the sector-specific standards of the Sustainability Accounting Standards Board (SASB) in its summer 2021 sustainability report. Currently, GE also provides a detailed update on the progress of its ESG goals in a consolidated scorecard for benchmarking, "Environmental, Social, and Governance Results."</p> <p>We recognize and support the efforts that GE has made to date on the management and oversight of climate risk. We supported the proposal as we believe a report on meeting the criteria of the Net Zero Indicator may help to accelerate its progress. This is consistent with our view that effective disclosure of climate-related risks and GHG emissions data is critical to investors' understanding of a company's ability to deliver sustainable, longterm shareholder value. It also reflects our updated approach to shareholder proposals under which we may support proposals if we believe that doing so would support or accelerate a company's progress on a material governance or sustainability issue."</p>
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In the Trustees' opinion, the Statement of Investment Principles has been followed during the year to 5 April 2022 in relation to voting and engagement.



**The Trustees of the Churchill Staff Benefits Plan**

**July 2022**