

Bechtel Limited Pension Plan (the “Plan”)

Annual Implementation Statement (31 March 2021)

Introduction

This Implementation Statement (the “Statement”) sets out the Trustees’ views on how, and the extent to which the Trustees’ investment objectives and policies, as set out in their Statements of Investment Principles (SIP) (one for the Final Salary Section and one for the Money Purchase Section) have been followed during the year to 31 March 2021. 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 subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, which transposes the EU Shareholder Rights Directive (SRD II) into UK law.

The SIPs in respect of both the Final Salary Section and the Money Purchase Section are enclosed within the Annual Report and set out the policies referenced here.

Note that Mercer Limited (‘Mercer’) has been appointed as discretionary investment manager in respect of the Final Salary Section investments. Pursuant to Mercer’s appointment, Plan monies are invested in Mercer funds, which are collective investment vehicles managed by Mercer Global Investments Europe Limited (MGIE). MGIE are responsible for implementing, and reporting on compliance with, the Trustees’ Engagement Policy.

Trustees’ Investment Objectives for the Plan

The Trustees believes it is important to consider their investment policies in the context of the objectives they have set.

The Trustees’ objectives for the Plan are as follows:

Final Salary Section

The Trustees understand that taking some investment risk, with the support of the Sponsor, is necessary to improve the Plan’s funding position and then “lock-in”, as far as is practically possible, a target level of funding under a conservative funding basis.

The Trustees’ primary objective is to act in the best interest of its members. As such, the Trustees’ key investment objective is to reach, and then maintain, a position such that the Plan’s assets would ultimately be sufficient to meet its liabilities should the liabilities be bought out with an insurance company.

Money Purchase Section

The Trustees recognise that individual members have differing investment needs and that these may change during the course of their working lives. It also recognises that members have differing attitudes to risk. The Trustees’ objectives are therefore:

- i. *To provide members with a range of investment options to enable them to tailor investment strategy to their needs, specifically in controlling the risks inherent in their savings. In particular, to make available vehicles which aim:*
 - a. *To maximise the value of members’ assets at retirement.*
 - b. *To maintain the purchasing power of members’ savings.*
 - c. *To provide protection for members’ accumulated assets in the years approaching retirement against:*

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- *Sudden (downward) volatility in the capital value;*
 - *Fluctuations in the (implicit and explicit) cost of retirement benefits.*
- ii. *To maintain a default investment option that is broadly reasonable for any member not wishing to make his/her own investment decisions. The Plan is now closed to new members but a number of existing members are invested in a default investment option.*
 - iii. *To avoid over-complexity in investment in order to keep administration costs and employee understanding to a reasonable level.*
 - iv. *To inform members, through a policy of clear communication and education, about their investment options in relation to the potential risks and anticipated rewards of, and charges associated with, each option.*

Review of the SIPs

The SIPs were reviewed during the Plan year and were last amended, following consultation with the Plan Sponsor, at the Trustee meeting on 15 September 2020. The amendments to the SIPs related primarily to the requirements for the Trustees to include disclosures of their policies regarding the stewardship of the Plan's assets, and their policies governing arrangements with the Plan's asset managers, including:

- How the Trustees incentivise the asset managers to align their investment strategy and decisions with the Trustees' policies.
- How the Trustees incentivise the asset managers to make investment decisions based on assessments of medium to long term financial and non-financial performance of the issuers of the securities that the Trustees invest in, and how the asset managers engage with the issuers to improve performance in the medium to long term.
- How the method (and time horizon) of the evaluation of the managers' performances, and the remuneration of the managers, are in line with the Trustees' policies.
- How the Trustees monitor the asset managers' portfolio turnover costs and how the Trustees define and monitor targeted portfolio turnover or turnover range
- The duration of the Trustees' arrangements with the asset managers.

Assessment of how the Trustees' policies have been followed for the year to 31 March 2021

The information provided in the following tables highlights the work undertaken by the Trustees during the year, and longer term where relevant, and sets out how this work was in line with their policies. In summary, it is the Trustees' view that their policies in the SIPs have been followed during the Plan year to 31 March 2021.

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	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
1	Securing compliance with the legal requirements about choosing investments	<u>Final Salary Section:</u> Paragraph 1 <u>Money Purchase Section:</u> Paragraph 1	<u>Final Salary Section</u> In considering appropriate investments for the Plan, the Trustees obtain and consider the written advice of Mercer, whom the Trustees believe to be suitably qualified to provide such advice. <u>Money Purchase Section:</u> The Trustees did not choose any new investments for the Plan during the year.
2 & 3	Kinds of investments to be held and the balance between different kinds of investments	<u>Final Salary Section:</u> Paragraph 5 <u>Money Purchase Section:</u> Paragraph 4	<u>Final Salary Section</u> Having considered the advice of Mercer, the Trustees removed the Plan’s remaining exposure to equities during the year and introduced an allocation to secured finance strategies. At the year-end the Plan was invested in a bond-based strategy consisting of a suitably diversified portfolio of credit and gilt assets. <u>Money Purchase Section:</u> The investments (fund type, management style and asset allocations) used within the Money Purchase Section did not change during the year.
4	Risks, including the ways in which risks are to be measured and managed	<u>Final Salary Section:</u> Paragraph 4 <u>Money Purchase Section:</u> Paragraph 3	The Trustees maintained a Risk Register during the year that outlines risks by category, and considers the impact, likelihood, and responses / mitigations for each risk. <u>Final Salary Section</u> The Trustees reviewed the measurement of a number of the risks in the SIP on a quarterly basis as part of regular investment performance reporting. These quarterly reports were provided by Mercer. The Trustees, with the assistance of Mercer, also undertook a detailed annual review of the Trustees’ target allocations to various assets classes (“investment strategy”) to understand the sources of risk in the investment strategy and to remove those that the Trustees consider to have no associated return expectation. <u>Money Purchase Section:</u> The Trustees reviewed the measurement of a number of the risks in the SIP on a quarterly basis as part of regular investment performance reporting. These quarterly reports were provided by the Plan’s main Money Purchase Section investment manager, Legal & General Investment Management.

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	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
			<p>The Trustees’ Money Purchase investment adviser, Mercer, also provides an annual performance review as part of the value for members assessment. For each fund this shows performance statistics as well as confirming the research ratings assigned by Mercer. This denotes Mercer’s assessment of the likelihood of a fund’s objectives being achieved and assists the Trustees in measuring and monitoring manager risk (risk 3iii in the SIP). During the Plan year this report was discussed at the 3 July 2020 Trustee meeting.</p> <p>Risk 3v in the SIP (“The risk that the investment profile of any existing default investment options is unsuitable for the requirements of some members”) was addressed during the year by carrying out a review of the membership profile, including projections of members’ funds over time in order to help the Trustees to assess the suitability of the default investment option. This review was considered at the 2 December 2020 Trustee meeting.</p> <p>The Trustee is satisfied that the SIP policies have been followed during the period.</p>
5	Expected return on investments	<p><u>Final Salary Section:</u> Paragraph 5</p> <p><u>Money Purchase Section:</u> Paragraph 4 (regarding the default arrangement) and 8 (which confirms that benchmark returns are in place and that these are monitored).</p>	<p><u>Final Salary Section</u></p> <p>The expected return on the Plan’s investment strategy at the year-end was c. 1%p.a. above the portfolio of gilts that provides a match for the Plan’s projected liabilities.</p> <p><u>Money Purchase Section:</u></p> <p>There were no changes to the benchmarks or targets set for the Plan’s mandates. The Trustees met with the Plan’s main Money Purchase Section investment manager, Legal & General Investment Management, at the 10 February 2021 Trustee meeting and concluded that the expected return on these investments were consistent with the SIP policies.</p>
6	Realisation of investments	<p><u>Final Salary Section:</u> Paragraph 6</p> <p><u>Money Purchase Section:</u> Paragraph 4 (regarding the default arrangement) and 6.</p>	<p>The Trustees receive a report each quarter from the Plan administrator that details the extent to which benefit payments and other core financial transactions have been processed within service level agreements and regulatory timelines. There were no issues experienced with realisation of investments during the period.</p> <p><u>Final Salary Section</u></p> <p>No issues were experienced with the realisation of investments during the Plan year. To assist with funding the Plan’s cashflow requirements, income generated on some of the assets held by the Plan is passed to the Plans’ bank account rather than being reinvested.</p> <p><u>Money Purchase Section:</u></p>

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	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
			All funds are daily dealt and priced pooled investment vehicles, with the exception of one fund which is weekly priced. The funds are accessed through an insurance contract. No issues were experienced with the realisation of investments during the Plan year.
7	Financially material considerations over the appropriate time horizon, including how those are taken into account in the selection, retention and realisation of investments	The risks identified in the SIPs are considered by the Trustee to be ‘financially material considerations’.	The financially material risks identified by the Trustees, and how they are measured and managed, formed part of the review of the SIPs in September 2020. There were no significant changes to this policy during the year.
8	The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments	<u>Final Salary Section:</u> Paragraph 9 <u>Money Purchase Section:</u> Paragraph 7 and 8.	There were no changes to SIP policy during the year. No member views on investment matters (financial or non-financial) were received by the Trustees.
9	The exercise of the rights (including voting rights) attaching to the investments	<u>Final Salary Section:</u> Paragraph 9 <u>Money Purchase Section:</u> Paragraph 7.	<u>Final Salary Section</u> The Plan invested solely in pooled funds during the year, where voting and engagement activities are delegated to the investment managers. As part of their regular meetings with Mercer, consideration is given to reports produced by Mercer that discuss how voting rights have been exercised, and to provide examples of engagement activities.
10	Undertaking engagement activities in respect of the investments		The Trustees consider that their SIP policies relating to engagement and the exercise of voting rights had been followed appropriately over the year. <u>Money Purchase Section:</u> During the year, the Plan continued to invest solely in pooled funds, where voting and engagement activities are delegated to the investment managers. As part of the annual meeting held with the main Money Purchase investment manager, Legal & General Investment Manager, the manager is asked to discuss how voting rights have been exercised during the year, and to provide examples of engagement activities. During the Plan year, this meeting took place on 10 February 2021. The Trustees consider that the SIP policies had been followed appropriately.

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	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
11	How the manager arrangement(s) incentivise the manager to align its investment strategy and decisions with trustees’ policies.	<u>Final Salary Section:</u> Paragraph 9 <u>Money Purchase Section:</u> Paragraph 8.	New disclosures on the Trustees’ policies were added to the SIPs in September 2020 that reflect current practice.
12	How the arrangement incentivises the manager to make decisions based on assessments about medium to long-term financial/non-financial performance of an issuer of debt/equity and engage with issuers to improve performance.	<u>Final Salary Section:</u> Paragraph 9 <u>Money Purchase Section:</u> Paragraph 8.	New disclosures on the Trustees’ policies were added to the SIPs in September 2020 that reflect current practice.
13	How the method and time horizon of evaluation of manager performance and the remuneration for asset management services are in line with the trustees’ policies.	<u>Final Salary Section:</u> Paragraph 9 <u>Money Purchase Section:</u> Paragraph 8.	New disclosures on the Trustees’ policies were added to the SIPs in September 2020 that reflect current practice. Short and long term investment performance was reviewed through quarterly investment reports, as noted in earlier commentary. <u>Final Salary Section</u> New disclosures on the Trustees’ policies were added to the SIPs in September 2020 that reflect current practice. <u>Money Purchase Section:</u> The Trustees conduct an annual assessment of the extent to which the Plan provides value for members. This includes benchmarking the fees paid by members. During the year, this assessment was discussed at the Trustee meeting on 3 July 2020.
14	How trustees monitor portfolio turnover costs incurred by the manager, and how they define and	<u>Final Salary Section:</u> Paragraph 9 <u>Money Purchase Section:</u> Paragraph 8.	New disclosures on the Trustees’ policies were added to the SIPs in September 2020 that reflect current practice. <u>Final Salary Section</u>

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	Requirement	Policy/paragraph of SIP	In the year to 31 March 2021
	monitor targeted portfolio turnover or turnover range.		<p>New disclosures on the Trustees’ policies were added to the SIPs in September 2020 that reflect current practice.</p> <p><u>Money Purchase Section</u></p> <p>Transaction costs were assessed in the annual value for members assessment. The Trustees have not set portfolio turnover targets; the Trustees instead assess performance net of the impact of the costs of such activities.</p>
15	The duration of the arrangement with the asset manager	<p><u>Final Salary Section:</u> Paragraph 9</p> <p><u>Money Purchase Section:</u> Paragraph 8.</p>	New policies added to the SIPs in September 2020 that reflect current practice.

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Engagement policy statement

The SIPs sets out the Trustees’ policies on environmental, social and governance (ESG) considerations, including stewardship and climate change.

Engagement Activity During the Year

The Trustees dedicate time at their meetings to consider ESG matters. The following work was undertaken during the Plan year relating to the activity on ESG issues, engagement, and stewardship. This summary also documents how the Plan’s engagement and voting policies were implemented during the year, where not already outlined in the preceding section.

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Asset managers appointed by MGIE to manage Mercer funds are expected by MGIE to evaluate ESG factors, including climate change, and exercise voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code. Mercer and MGIE provided reporting to the Trustees during the year on how ESG, climate change and stewardship is integrated within Mercer’s, MGIE’s and the underlying asset managers’ investment processes.

Engagement Policy Updates

The detail of the Trustees’ Engagement Policy is delegated to Mercer and MGIE, who have established their own Sustainability Policy and Engagement Policy. The Stewardship section of the Mercer Sustainability Policy was updated during the year to reflect an enhanced approach to monitoring voting and engagement. Further, the Exclusions section was updated to include the implementation of certain investment exclusions across a range of passively managed Mercer Funds that the Plan invests in. There was also an update to the Policy in relation to sustainability-related disclosures.

Climate Change Reporting and Carbon Footprinting

In line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations, Mercer undertake climate scenario modeling and stress testing on an annual basis for the range of the Mercer Funds that the Plan might invest in. The latest review was as at 31 March 2020 and the results are included within Mercer’s TCFD compliant Climate Change Management Report. The findings of Mercer’s modelling are integrated into the asset allocation and portfolio construction decisions that Mercer implement on the Trustees’ behalf, with portfolio decisions being increasingly aligned with a 2°C scenario as targeted by the Paris Agreement on Climate Change.

Mercer undertake carbon footprint analysis on a range of equity-based Mercer Funds that the Plan may invest in, this analysis being undertaken on a six monthly basis. The analysis includes identification of the top 5 carbon emitters and the top 5 contributors to the Weighted Average Carbon Intensity (WACI) holdings within the Mercer Funds. This analysis enables Mercer and MGIE to undertake focused engagement with the underlying asset managers on climate changes issues.

ESG Rating Review

ESG ratings of underlying asset managers that are assigned by Mercer’s global manager research team are also included in Mercer’s reporting to the Trustees. The Trustees expect the reporting to show evidence of improving ESG ratings for individual asset managers and Mercer Funds overall. As part of Mercer’s reporting, each Mercer Fund’s overall ESG rating is compared against the appropriate peer group of strategies in Mercer’s global investment manager database. As at 31

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December 2020, 95% of Mercer Funds had an ESG rating equal to or above their asset class universe, a 10% improvement on 2019.

Update to Exclusions

Mercer and MGIE prefer an approach of positive engagement rather than negative divestment when dealing with companies with controversial business lines. However Mercer and MGIE recognises that there are a number of cases in which investors deem it unacceptable to profit from certain areas and therefore exclusions will be appropriate.

Investments in companies involved in the manufacture of the controversial weapons are excluded from the equity-based Mercer funds that the Plan invests in. In addition, for the sustainable equity Mercer fund that the Plan invests in, there are exclusions covering gambling, alcohol, fossil fuels, and adult entertainment. Mercer and MGIE monitor Mercer funds for investments in companies that have incurred high-severity breaches of the UN Global Compact Principles that relate to human rights, environmental and corruption. Decisions regarding to how to deal with such investments are undertaken on a case-by-case basis following engagement with the relevant asset manager(s).

Sustainably-themed Investments

A detailed standalone sustainability monitoring report is produced by Mercer for those funds with a specific sustainable investment mandate on a semi-annual basis, this report includes breakdown of the funds against ESG metrics, for example the UN Sustainability Development Goals.

Diversity

Mercer include gender diversity statistics in its reports to the Trustees and further development of gender diversity policy is being undertaken.

Money Purchase Section

The following activity was carried out during the Plan year:

Activity	Date	Details
Manager meeting	10 February 2021	A meeting was held with Legal & General Investment Management (manager of c99% of the assets of the Money Purchase Section, including the default investment option). During the meeting the following areas were discussed: <ul style="list-style-type: none">- Voting and stewardship.- The key themes within the manager’s engagement activities on behalf of the Trustees, where included climate change and resource scarcity, transparency, and company board accountability.- Case studies to illustrate examples of where the manager had used engagement, working collaboratively with other shareholders, to drive change.- Metrics used to identify and manage ESG risks (e.g. carbon emissions).
Trustee training	3 July 2020	At the July meeting, the Trustees received training from Mercer on new regulations in respect of ESG and climate change reporting, including the Task Force on Climate-Related Financial Disclosures (TCFD). The key areas of the TCFD were considered (governance, strategy, risk management, metrics & targets).
Beliefs survey	Q1 2021	The Trustees carried out a beliefs survey, which included consideration of ESG matters, voting, and engagement. The survey results were discussed at a Trustee meeting and assisted the Trustees with ensuring that their policies remain suitable.
Corporate governance monitoring	Quarterly	Within each quarterly investment report, Legal & General Investment Management (the manager of c99% of the assets of the Money Purchase Section) provide a

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Activity	Date	Details
		summary of their corporate governance activities, including both company-specific examples and industry-wide initiatives. Examples during the Plan year included: <ul style="list-style-type: none"> - Holding caterer Compass to account on income inequality issues following UK media coverage in January 2021 in relation to the content of free school meals. - Collaborative engagement on sustainable aquaculture, whereby the manager signed its support for the FAIRR investor engagement on sustainable aquaculture: managing biodiversity and climate risks in feed supply chains.
ESG monitoring	Annual	The Plan’s value for members assessment includes investment manager research ratings (both general and specific to ESG) from the investment adviser.

Voting Activity during the Plan year

Final Salary Section

Any voting rights that do apply with respect to the underlying investments attached to the Mercer Funds are delegated to the third party asset managers appointed by MGIE. The Trustees and MGIE accept that the asset managers may have detailed knowledge of the governance and operations of the investee companies and therefore allows the managers to vote based on their own proxy-voting policy, taking account of current best practice, including the UK Corporate Governance Code and the UK Stewardship Code. As such, the Trustees do not use a proxy voting service directly.

As part of the monitoring of managers’ approaches to voting, MGIE assesses how asset managers are voting against management of investee companies and seeks to obtain the rationale behind voting activities, particularly in cases where split votes may occur (where managers vote in different ways for the same proposal). MGIE will use these results to inform their engagements with managers on their voting activities.

Given the nature of the Plan’s current primarily bond-based investment strategy, no significant voting activity is available to report on over the period.

Money Purchase Section

The Trustees delegate voting rights to the investment managers. The majority of voting activity arises in respect of public equities and the Trustees have received voting information relating to funds that invest in public equities. The Plan makes available to members the following daily dealt, daily priced pooled funds. Funds highlighted in blue rows in the table hold equities.

L&G Funds	Other Funds
Multi-Asset (was Consensus Index)	Aviva BlackRock UK Equity Index Tracker
L&G Diversified	Aviva With Profits
L&G Global Equity (70:30) Index	Aviva Stewardship
Over 5 year Index-Linked Gilts	
Over 15 year Fixed Interest Gilts	
Cash	

The Trustees have been provided with the voting disclosures relating to the funds listed in the table which invest in public equities (shaded in blue). These are summarised overleaf.

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Fund	12 Months to 31 March 2021					
	No. meetings eligible to vote	No. resolutions eligible to vote	% resolutions voted on where eligible	Of resolutions voted, % voted with management	Of resolutions voted, % voted against management	Of resolutions voted, % abstained
L&G Funds						
Multi-Asset (was Consensus Index)	10,973	112,453	98.8%	82.0%	17.5%	0.6%
Diversified						
Global Equity (70:30) Index	7,515	79,697	99.9%	84.3%	15.0%	0.7%
Other Funds						
Aviva BlackRock UK Equity Index Tracker	1,211	15,742	97.2%	92.5%	5.7%	1.8%
Aviva With Profits	Aviva have not been able to supply this information					
Aviva Stewardship	Aviva have not been able to supply this information for periods to 31 March 2021. However, the manager notes that in the 12 months to 31 March 2020, they voted at 105 company meetings on 1,799 resolutions in respect of the Aviva Stewardship fund range. Of these, 48 were ESG-related, and Aviva voted against management on 37 resolutions.					

Notes:

- Voting statistics for L&G Multi-Asset Fund and L&G Diversified Fund represent the data submission for the Diversified Fund, however in practice these funds share a similar portfolio allocation and use the same underlying funds, therefore have been shown as the same for the two funds.
- Data for the L&G Multi-Asset & Diversified Fund provided at 31 December 2020; 31 March 2021 information unavailable for these funds at time of writing.
- Source: Investment Managers. Totals may not sum due to rounding.

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Significant votes (Money Purchase Section only)

The following tables provide an example from each fund used by the Plan (where equities are held within the fund) of a significant voting issue that arose.

Multi-Asset (was Consensus Index) Fund and LGIM Diversified Fund	
Company	Barclays
Item	Resolution 29 to approve Barclays' commitment in tackling climate change and resolution 30 to approve a ShareAction resolution on climate change.
Date	7 May 2020
Criteria for assessing as significant	L&G note that there had been significant client interest in their voting intentions and engagement activities in relation to the 2020 Barclays AGM. For this reason, it was deemed a significant vote.
Vote	L&G voted for both resolutions
Rationale	<p>The Barclays resolution 29 set an ambition for Barclays to be net zero by 2050 and to commit the Group to a strategy, with targets, for alignment of its financing portfolio to the goals of the Paris Agreement.</p> <p>The ShareAction resolution asked the bank to phase out its financing of fossil fuel companies that are active agents in driving the climate crisis.</p> <p>L&G supported both resolutions on the basis that the proposals would drive positive change on climate change risk management.</p>
Outcome	Resolution 29 was supported by 99.9% of shareholders, resolution 30 was supported by 24% of shareholders. L&G acknowledge that the hard work is just beginning, and its focus will now be to help Barclays on the detail of their plans and targets, more detail of which is to be published in 2021. L&G will also continue to liaise with ShareAction, Investor Forum, and other large investors, to ensure a consistency of messaging.

L&G Global Equity (70:30) Index Fund	
Company	Whitehaven Coal
Item	Resolution to approve capital protection. Shareholders asked the company to report on the potential wind-down of coal operations, with the potential to return capital to shareholders.
Date	22 October 2020
Criteria for assessing as significant	The vote received media scrutiny and is emblematic of a growing wave of green shareholder activism.
Vote	L&G voted for the resolution.
Rationale	<p>L&G note that the role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation.</p> <p>L&G has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of being spent on projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets in L&G's view.</p>
Outcome	The resolution did not pass, as a relatively small proportion of shareholders (4%) voted in favour. L&G continue to monitor and engage with the company.

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Aviva BlackRock UK Equity Index Tracker (BlackRock is the underlying manager)	
Company	Royal Dutch Shell plc (“Shell”)
Item	Shareholder proposal for Shell to publish greenhouse gas emissions targets. The proponent argued that Shell’s aim to reduce net carbon intensity by 50% by 2050 would not lead to the level of reduction needed to meet the goals of the Paris Agreement.
Date	19 May 2020
Criteria for assessing as significant	The vote related to environmental risks and opportunities and was a high profile topic.
Vote	The underlying manager, BlackRock, voted against the shareholder resolution.
Rationale	<p>Since submission of the proposal, the manager highlight that Shell updated its commitments to more aggressively reduce its carbon footprint, and to become a “net-zero emissions” company by 2050 or sooner. This includes goals for different product areas for emissions, carbon footprint, and for the target consumer base.</p> <p>The manager, BlackRock, considers that because no single oil & gas company is fully in control of the global energy mix, some of the called-for commitments would only be achievable if other stakeholders (e.g. policymakers) accelerate development and use of low-carbon technologies, incentivise more energy efficiency, reduce demand for fossil fuels, and remove emissions from the atmosphere. As a result, they did not vote for the proposal to place more extensive requirements on Shell at this stage.</p>
Outcome	Shareholders slightly increased their support for the resolution to set further targets to reduce emissions, but the proposal was still voted down (i.e., the vote was in line with BlackRock’s vote). The resolution received c14% approval, up from 5.5% in 2019.

Aviva With Profits	
Comment	At the time of writing, Aviva have not disclosed data on significant votes for this fund.

Aviva Stewardship	
Company	Alphabet (parent company of Google)
Item	Multiple relating to governance (see details below)
Date	3 June 2020
Criteria for assessing as significant	<p>Aviva sets out annually key themes underpinning its stewardship priorities. During the year, one of these themes related to “stakeholder capitalism is a reality not an ideal” – Aviva note that companies simply do not have a business without their suppliers, employees, partners and customers. Therefore, building stakeholder-centric business models is considered a commercial imperative.</p> <p>The voting decisions in relation to Alphabet were linked to this theme and were therefore deemed significant votes.</p>
Vote	Aviva voted for several shareholder resolutions (i.e. against management) in respect of its employment practices, the gender pay gap, and human rights risks.
Rationale	The shareholder proposals sought stronger disclosures and transparency, and for improvements to the company’s human rights standards and polices, which were deemed to be in the long term interests of shareholders.
Outcome	The resolutions failed to gain majority support. Aviva continues to engage with Alphabet.