

Kennametal Defined Benefit Pension Scheme Implementation Statement for the year ended 30 June 2021

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Kennametal Defined Benefit Pension Scheme (“the Scheme”) have followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme’s investments, and engagement activities during the year ended 30 June 2021 (“the reporting year”). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In May 2019, the Trustees received training on responsible investment from their existing investment advisers at AON and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to environmental, social and governance (“ESG”) and voting issues which, up until that point, had simply been a broad reflection of the investment managers’ own equivalent policies. The Trustees’ new policy was documented in the updated Statement of Investment Principles dated September 2019.

Additionally, in Q3 2020 the Trustees received further information on new requirements for the Scheme’s SIP, including the need to address stewardship in more detail, and the need to explain the incentives the Trustees use to encourage the investment managers used by the Scheme to align their investment strategies with the Trustees’ policies and to ensure that decisions are based on long-term performance. The Trustees’ new policies were documented in the updated Statement of Investment Principles dated September 2020.

The Trustees’ updated policy

The September 2019 SIP introduced the following policies:

The Trustees consider the investment risks to include the risk that ESG factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from their investment adviser when considering the approach to selecting underlying managers and monitoring performance.

The Trustees have delegated responsibility for the selection, retention and realisation of investments to the fund manager (within certain guidelines and restrictions). As part of their delegated responsibilities, the Trustees expect the Scheme's investment managers to:

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- Exercise the Trustee’s voting rights in relation to the Scheme’s assets.

In setting and implementing the Scheme’s investment strategy the Trustees do not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as “non-financial factors”¹).

¹ The Pension Protection Fund (Pensionable Service) and Occupational Pensions Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

The September 2020 SIP introduced the following policies:

As the Scheme invests in pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Investment Managers.

The Trustees have considered their approach to ESG factors for the long-term time horizon of the Scheme and believe there can be financially material risks relating to them. The Trustees require the Scheme's Investment Managers to take ESG issues and climate change risks into consideration within their decision-making, in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The Trustees encourage Investment Managers to make decisions in the long-term interests of the Scheme. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights. This expectation is based on the belief that such engagement can be expected to help Investment Managers to mitigate risk and improve long term returns.

The Trustees also expect them to engage with investee companies with the aim of protecting and enhancing the value of assets, and to vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Managers to report on significant votes made on behalf of the Trustees.

If the Trustees become aware of an Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-aligned with the Trustees' expectation and the investment mandate guidelines provided, then the Trustees may consider terminating the relationship with that Investment Manager.

Manager selection exercises

One of the main ways in which the ESG-related policy is expressed is via manager selection exercises; from January 2020, the Trustees now seek advice from XPS on the extent to which their views on ESG issues and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, the Trustees did not conduct any manager selection exercises for the Kennametal Section of the Scheme.

For the Stellite Section, the Trustees decided to introduce the Legal & General Investment Management ("LGIM") Dynamic Diversified Fund to the investment portfolio. The Trustees requested to outline a suitable alternative asset class allocation to replace the LGIM Managed Property Fund that was rated "Amber" by XPS.

A key consideration for the Trustees to invest in the LGIM Dynamic Diversified Fund was its focus on ESG issues. ESG is considered an area of central importance within the Fund. The appropriate evaluation of ESG risks and opportunities is an important aspect of risk management and such considerations are highly likely to influence the outcome of investment decisions. It was agreed that in XPS's view, LGIM embeds ESG considerations and stewardship into their processes within the Fund. Whilst there are various strands to these considerations and the extent to which they are addressed by LGIM is evolving over time, XPS noted satisfaction with the current degree to which ESG considerations are addressed within the Fund. It was further noted that using LGIM as the manager of the new diversified growth fund helps to retain the low governance burden on the Trustees.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational capabilities of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in the Statement of Investment Principles.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on developments within the industry and, at least partly, on a review of data relating to the voting and engagement activity conducted annually.

Adherence to the Statement of Investment Principles

During the reporting year the Trustees are satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to funds investing in equities with different geographical exposures and investments in equities also form part of the strategy for the diversified growth fund in which the Scheme invests. Therefore, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown overleaf.

Legal & General Investment Management

Investment Manager Client Consultation Policy on Voting

LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients. Their voting policies are reviewed annually and take into account feedback from their clients.

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. They also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures their stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. They also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. They are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

They will provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

They publicly disclose votes for the major markets on their website. The reports are published in a timely manner, at the end of each month and can be used by clients for their external reporting requirements.

Voting Information

Legal and General Investment Management UK Equity Index Fund

The manager voted on 100% of resolutions of which they were eligible out of 10,918 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Rank Group	Resolution 2 Approve the remuneration report; and resolution 3 Approve remuneration policy.	LGIM supported both resolutions.	90.79% of shareholders supported resolution 2 and 96.4% supported resolution 3. However, it should be noted that a majority shareholder owned 56.15% of the voting rights shortly before the time of the vote. This remains an interesting outcome given the recommendation of a vote against both resolutions by influential proxy voting agency ISS.
Petropavlovsk Plc	Resolution 11 Re-elect James Cameron Jr as Director	Against	N/A
Playtech Plc	Resolution 5 Re-elect Claire Milne as Director	Against	64.7% of shareholders supported the resolution.
Independent Investment Trust Plc	Resolution 3 Re-elect Douglas McDougall as Director	Against	N/A
John Menzies Plc	Resolution 7 Re-elect Philipp Joining as Director	LGIM voted against the resolution (against management)	82.4% of shareholders supported the resolution.

Voting Information

Legal and General Investment Management North America Equity Index Fund - GBP Hedged

The manager voted on 99.74% of resolutions of which they were eligible out of 8,176 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Chevron Corporation	Resolution 1a Elect Director Wanda M. Austin	Against	90.8% of shareholders supported the resolution.
Square, Inc.	Resolution 1.1 Elect Director Randy Garutti	Withhold	89.7% of shareholders supported the resolution.
Entergy Corporation	1c Elect Director Leo P. Denault	Against	92.6% of shareholders supported the resolution.
EOG Resources, Inc.	1i Elect Director William R. Thomas	Against	96.4% of shareholders supported the resolution.
IPG Photonics Corporation	Resolution 1.1 Elect Director Valentin P. Gapontsev	Against	97.9% of shareholders supported the resolution.

Voting Information

Legal and General Investment Management Europe (ex UK) Equity Index

The manager voted on 100% of resolutions of which they were eligible out of 9,336 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Teleperformance SE	Resolution 11 Re-elect Daniel Julien as Director	LGIM voted against the resolution (against management)	76.8% of shareholders supported the resolution.
Temenos AG	Resolution 6.2.1 Re-elect Andreas Andreades as Director and Board Chairman	Against	N/A
Carrefour SA	Resolution 5 Re-elect Alexandre Bompard as Director	LGIM voted against the resolution (against management)	81.7% of shareholders supported the resolution.
Rockwool International A/S	Resolution 7.d Re-elect Thomas Kahler as Director	LGIM voted abstain as a vote against was not a possibility under voting market rules (management recommendation: for).	99.3% of shareholders supported the resolution.
Kering SA	Resolution 4 Re-elect Francois-Henri Pinault as Director	LGIM voted against the resolution (against management)	93.7% of shareholders supported the resolution.

Voting Information

Legal and General Investment Management Asia Pacific (ex Japan) Developed Equity Index Fund

The manager voted on 100% of resolutions for which they were eligible out of 2,665 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Sands China Ltd.	Resolution 2a Elect Robert Glen Goldstein as Director	LGIM voted against the resolution (against management)	94.7% of shareholders supported the resolution.
MicroPort Scientific Corporation	Resolution 3.1 Elect Zhaohua Chang as Director	LGIM voted against the resolution (against management)	95.8% of shareholders supported the resolution.
Suntec Real Estate Investment Trust	Resolution 1 Adopt Report of the Trustee, Statement by the Manager, and Audited Financial Statements and Auditors' Report	Against	98.6% of shareholder supported the resolution.
Golden Agri-Resources Ltd	Resolution 4 Elect Foo Meng Kee as Director	Against	78.9% of shareholders supported the resolution.
JS Global Lifestyle Co. Ltd.	Resolution 2a Elect Wang Xuning as Director	LGIM voted against the resolution (against management)	99.5% of shareholders supported the resolution.

Voting Information

Legal and General Investment Management Japan Equity Index Fund

The manager voted on 100% of resolutions for which they were eligible out of 5,646 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
DISCO Corp.	Resolution 2.1 Elect Director Sekiya, Kazuma	LGIM voted against the resolution (management recommendation: for).	87.7% of shareholders supported the resolution.
SMS Co., Ltd.	Resolution 2.1 Elect Director Goto, Natsuki	LGIM voted against the resolution (against management)	86.9% of shareholders supported the resolution.
Ube Industries Ltd.	Resolution 4.1 Elect Director Yamamoto, Yuzuru	LGIM voted against the resolution (management recommendation: for).	95.1% of shareholders supported the resolution.
TBS Holdings, Inc.	Resolution 2.1 Elect Director Takeda, Shinji	Against	77.7% of shareholders supported the resolution.
AMADA Co., Ltd.	Resolution 2.1 Elect Director Isobe, Tsutomu	LGIM voted against the resolution (management recommendation: for).	88.6% of shareholders supported the resolution.

Voting Information

Legal and General Investment Management World Emerging Markets Equity Index Fund

The manager voted on 99.79% of resolutions of which they were eligible out of 35,672 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Shandong Hualu-Hengsheng Chemical Co., Ltd.	Resolution 12.1 Elect Chang Huaichun as Director	LGIM voted against the resolution (against management)	93.9% of shareholders supported the resolution.
Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd.	Resolution 16.1 Elect Li Jinzhao as Director	LGIM voted against the resolution (against management)	98.9% of shareholders supported the resolution.
PhosAgro PJSC	Resolution 1 Approve Annual Report	Against	99.7% of shareholder supported the resolution.
Sinopec Shanghai Petrochemical Company Limited	Resolution 1 Approve Work Report of the Board of Directors	Against	99.3% of shareholder supported the resolution.
Air China Limited	Resolution 1 Approve 2020 Work Report of the Board of Directors	Against	99.9% of shareholder supported the resolution.

Voting Information

Legal and General Investment Management Dynamic Diversified Fund

The manager voted on 99.9% of resolutions of which they were eligible out of 65,734 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Aston Martin Lagonda Global Holdings Plc	Resolution 3: Re-elect Lawrence Stroll as Director	Against the resolution	83.3% of shareholders supported the resolution.
WH Group Ltd.	Resolution 2a: Elect Wan Long as Director	Against the resolution (and against management recommendation: for)	75.2% of shareholders supported the resolution.
IHS Markit Ltd.	Resolution 1a: Elect Director Lance Ugglá	Against the resolution	95.5% of shareholders supported the resolution.
Cummins Inc.	Resolution 1: Elect Director N. Thomas Linebarger	Against the resolution	89.5% of shareholders supported the resolution.
Koito Manufacturing Co., Ltd.	Resolution 2.1: Elect Director Otake, Masahiro	Against the resolution (and against management recommendation: for)	70.1% of shareholders supported the resolution.

BlackRock Asset Management
Voting Information
BlackRock Dynamic Diversified Growth Fund

The manager voted on 99% of resolutions of which they were eligible out of 11,779 eligible votes.

Investment Manager Client Consultation Policy on Voting

BlackRock believes that companies are responsible for ensuring they have appropriate governance structures to serve the interests of shareholders and other key stakeholders. BlackRock believe that there are certain fundamental rights attached to shareholding. Companies and their boards should be accountable to shareholders and structured with appropriate checks and balances to ensure that they operate in shareholders' best interests to create sustainable value. Shareholders should have the right to vote to elect, remove, and nominate directors, approve the appointment of the auditor, and amend the corporate charter or by-laws.

Consistent with these shareholder rights, BlackRock believe they have a responsibility to monitor and provide feedback to companies, in BlackRock's role as stewards of their clients' investments. BlackRock Investment Stewardship ("BIS") does this through engagement with management teams and/or board members on material business issues including ESG matters and, for those clients who have given them authority, through voting proxies in the best long-term economic interests of their clients. BlackRock also participate in the public debate to shape global norms and industry standards with the goal of a policy framework consistent with their clients' interests as long-term shareholders.

BlackRock looks to companies to provide timely, accurate, and comprehensive reporting on all material governance and business matters, including ESG issues. This allows shareholders to appropriately understand and assess how relevant risks and opportunities are being effectively identified and managed. Where company reporting and disclosure is inadequate or the approach taken is inconsistent with BlackRock's view of what supports sustainable long-term value creation, they will engage with a company and/or use BlackRock's vote to encourage a change in practice.

BlackRock views engagement as an important activity; engagement provides them with the opportunity to improve BlackRock's understanding of the business and ESG risks and opportunities that are material to the companies in which their clients invest. As long-term investors on behalf of clients, BlackRock seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business practices, as well as to understand the effectiveness of the company's management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where BlackRock believe they could be enhanced. BlackRock primarily engage through direct dialogue but may use other tools such as written correspondence to share their perspectives. Engagement also informs their voting decisions.

BlackRock's approach to corporate governance and stewardship is explained in their Global Principles. These high-level Principles are the framework for their more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The Principles describe BlackRock's philosophy on stewardship (including how they monitor and engage with companies), BlackRock's policy on voting, BlackRock's integrated approach to stewardship matters and how they deal with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews their Global Principles annually

and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

BlackRock's Global Principles available on their website at <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf>

Investment Manager Process to determine how to Vote

The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure they take into account a company's unique circumstances by market, where relevant. BlackRock inform their vote decisions through research and engage as necessary. BlackRock's engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. BlackRock may also update their regional engagement priorities based on issues that BlackRock believe could impact the long-term sustainable financial performance of companies in those markets. BlackRock welcome discussions with their clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in their Global Principles, BlackRock determines which companies to engage directly based on their assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of their engagement being productive. BlackRock voting guidelines are intended to help clients and companies understand their thinking on key governance matters. They are the benchmark against which BlackRock assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock apply their guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock inform their vote decisions through research and engage as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's Investment Stewardship team would not implement the policy themselves, but the client would engage a third-party voting execution platform to cast the votes.

How does this manager determine what constitutes a 'Significant' Vote?

BlackRock Investment Stewardship prioritizes its work around themes that they believe will encourage sound governance practices and deliver sustainable long-term financial performance. BlackRock's year-round engagement with clients to understand their priorities and expectations, as well as their active participation in market-wide policy debates, help inform these themes. The themes they have identified in turn shape their Global Principles, market-specific Voting Guidelines and Engagement Priorities, which form the benchmark against which they look at the sustainable long-term financial performance of investee companies.

BlackRock periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that they consider, based on their Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain their vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to their clients and other stakeholders, and potentially represent a material risk to the investment BlackRock undertake on behalf of clients. BlackRock make this information public shortly after the shareholder meeting, so clients and others can be aware of their vote determination when it is most relevant to them. BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements.

Does the manager utilise a Proxy Voting System? If so, please detail

BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas (“AMRS”), Asia-Pacific (“APAC”), and Europe, Middle East and Africa (“EMEA”) - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines.

While BlackRock subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into their vote analysis process, and they do not blindly follow their recommendations on how to vote. BlackRock primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that their investment stewardship analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial. Other sources of information BlackRock use include the company’s own reporting (such as the proxy statement and the website), BlackRock’s engagement and voting history with the company, and the views of their active investors, public information and ESG research.

In summary, proxy research firms help BlackRock deploy their resources to greatest effect in meeting client expectations

- BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty to and enhance the value of clients’ assets, using their voice as a shareholder on their behalf to ensure that companies are well led and well managed
 - BlackRock use proxy research firms in their voting process, primarily to synthesise information and analysis into a concise, easily reviewable format so that their analysts can readily identify and prioritise those companies where their own additional research and engagement would be beneficial
- BlackRock do not follow any single proxy research firm’s voting recommendations and in most markets, they subscribe to two research providers and use several other inputs, including a company’s own disclosures, in their voting and engagement analysis
- BlackRock also work with proxy research firms, which apply proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock in any meetings where additional research and possibly engagement might be required to inform their voting decision
- The proxy voting operating environment is complex and they work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Tesla, Inc	Elect Director Robyn Denholm	Against	Pass
Woodside Petroleum Ltd.	Elect Christopher Haynes as Director	Against	Pass

AT&T Inc.	Elect Director Beth E. Mooney	Against	Pass
General Electric Company	Elect Director Edward Garden	Against	Pass
Delta Air Lines, Inc.	Report on Climate Lobbying	Against	Pass

State Street Global Advisors

Investment Manager Client Consultation Policy on Voting

All voting decisions are exercised in accordance with their in-house guidelines or specific client instructions.

Investment Manager Process to determine how to Vote

In order to facilitate SSGA's proxy voting process, SSGA retains Institutional Shareholder Services Inc. (ISS), a firm with expertise in proxy voting and corporate governance. SSGA utilizes ISS's services in three ways. First, as SSGA's proxy voting agent, ISS provides SSGA with vote execution and administration services. Second, ISS applies SSGA's Proxy Voting Guidelines where appropriate. Lastly, ISS provides the highest level of research and analysis related to general corporate governance issues and specific proxy items.

The Stewardship team reviews its Proxy Voting Guidelines with ISS on an annual basis or on a case- by-case basis as needed. ISS affects the proxy votes in accordance with SSGA's Proxy Voting Guidelines. Voting matters that are nuanced or that require additional analysis are referred to and reviewed by members of the Stewardship team. Members of the Stewardship team evaluate the proxy solicitation to determine how to vote based on facts and circumstances consistent with SSGA's Proxy Voting Guidelines, which seek to maximize the value of their client accounts.

As an extra precaution, the Stewardship team will refer significant issues to the PRC for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether or not to refer a proxy vote to the PRC. For instance, the Stewardship team takes seriously whether a material conflict of interest exists between their client and those of SSGA or its affiliates. If such a case occurs, there are detailed guidelines for how to address this concern (i.e., please refer to their Mitigating Conflict of Interest Guidelines for additional details).

SSGA votes in all markets where it is feasible. However, when SSGA deems appropriate, it could refrain from voting meetings in cases as listed below:

1. Where power of attorney documentation is required,
2. Voting will have a material impact on their ability to trade the security,
3. Voting is not permissible due to sanctions affecting a company or individual, or
4. Issuer-specific special documentation is required or various market or issuer certifications are required.
5. SSGA is unable to vote proxies when certain custodians, used by their clients, do not offer proxy voting in a jurisdiction or when they charge a meeting specific fee in excess of the typical custody service agreement.

SSGA's Vote Prioritization Process:

SSGA votes at over 17,000 meetings on an annual basis and prioritizes companies for review based on factors including the size of their holdings, past engagement, corporate performance, and voting items identified as areas of potential concern. Based on this assessment, SSGA will not only allocate appropriate time and resources to shareholder meetings, but will also assign specific ballot items of interest to ensure maximization of value for their clients.

All voting decisions are exercised exclusively in accordance with SSGA's in-house policies and/or specific client instructions. SSGA has established robust controls and auditing procedures to ensure that votes cast are executed in accordance with SSGA instructions. Transparency on these key issues is vital at SSGA. In this regard, SSGA publishes a record of its global voting activity on the Asset Stewardship section of the website.

Please refer to SSGA's Standard Proxy Voting Guidelines.

How does this manager determine what constitutes a 'Significant' Vote?

"State Street Global Advisors identifies "significant votes" for the purposes of Shareholder Rights Directive II as follows:

1. All votes on environmental related shareholder proposals.
2. All votes on compensation proposals where they voted against the company management's recommendation.
3. All against votes on the re-election of board members due to poor ESG performance of their companies (as measured by their R-Factor ESG score*).
4. All against votes on the re-election of board members due to poor compliance with the local corporate governance score of their companies (as measured by their R-Factor CorpGov score**).
5. All against votes on the re-election of board members due to a lack of gender diversity on board.

In the report their clients have the option to apply all or some of the criteria listed above to their portfolios (using filters) depending on their requirements. In addition, SSGA's reports offer the option to apply a market cap data filter to further reduce the population of significant votes when required.

*In 2019, they created an engagement and voting screen that leverages R-Factor, SSGA's proprietary scoring system. R-Factor measures the performance of a company's business operations and governance as it relates to financially material and industry-specific ESG risk factors, as defined by the Sustainability Accounting Standards Board (SASB). Beginning in the 2020 proxy season, they started taking action against board members at companies in the S&P 500, FTSE 350, ASX 100, TOPIX 100, DAX 30 and CAC 40 indices that are laggards based on their R-Factor scores and that cannot articulate how they plan to improve their score.

**In 2020, SSGA's team implemented a proactive screen to identify portfolio companies in their key markets that do not comply with their country-specific governance codes. The screen's methodology centers around the R-Factor Corporate Governance score component (CorpGov), leveraging SSGA's proprietary framework to develop insights and drive their engagements with companies identified as laggards based on their low-ranking scores relative to their domestic and global peers. Laggard companies score in the bottom 10% relative to their local peers, and belong to one of the major indices where they applied the screen. Since most governance codes are implemented on a comply-or-explain basis, SSGA engaged with these companies to understand their reasons for the laggard score status. In the event companies were unable to provide effective explanations for their noncompliance or have not made evident progress to improve their practices, SSGA held them accountable by taking voting action against the independent leader of the board standing for election."

Does the manager utilise a Proxy Voting System? If so, please detail

State Street Global Advisors has contracted the services of a third party provider - Institutional Shareholder Services ("ISS") - to assist SSGA with the management of the voting process and provide inputs into their research of shareholder meetings. SSGA use ISS as:

- a proxy voting agent providing us with vote execution and administration services;
 - their trusted resource for applying Proxy Voting Guidelines; and
- their provider of research and analysis relating to general corporate governance issues and specific proxy items.

In addition to ISS, State Street Global Advisors has access to proxy research from a number of global and regional providers including Glass Lewis & Co. and the Institutional Voting Information Service.

Research and data provided by these third parties complement their in-house analysis of companies and

individual ballot items. All final voting decisions are based on State Street Global Advisor's proxy voting policies and in-house operational guidelines.

Voting Information

State Street Global Advisors UK Equity Index Fund

The manager voted on 100% of resolutions of which they were eligible out of 10,325 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Rio Tinto	Advisory Vote to Ratify Named Executive Officers' Compensation	SSGA voted against management	N/A
British American Tobacco plc	Advisory Vote to Ratify Named Executive Officers' Compensation	SSGA voted against management	N/A
Melrose Industries Plc	Approve Remuneration Policy	SSGA voted against management	N/A
Pearson Plc	Advisory Vote to Ratify Named Executive Officers' Compensation	SSGA voted against management	N/A
JD Sports Fashion Plc	Approve Remuneration Policy	SSGA voted against management	N/A

Voting Information

State Street Global Advisors North America Equity Index Fund (50% Hedged)

The manager voted on 99.6% of resolutions of which they were eligible out of 7,930 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Facebook, Inc.	Require Environmental/Social Issue Qualifications for Director Nominees	Against	N/A
Alphabet Inc.	Link Executive Pay to Social Criteria	Against	N/A
Tesla, Inc.	Miscellaneous Proposal -- Environmental & Social	Against	N/A
Intel Corporation	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	N/A
Netflix, Inc.	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	N/A

Voting Information

State Street Global Advisors Europe Equity Index Fund (50% Hedged)

The manager voted on 99.5% of resolutions of which they were eligible out of 9,436 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
LVMH Moet Hennessy Louis Vuitton SE	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	N/A
L'Oreal SA	Approve Remuneration Policy	Against	N/A
Hermes International SCA	Approve Remuneration Policy	Against	N/A
Essilor Luxottica SA	Approve Remuneration Policy	Against	N/A
Dassault Systems SA	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	N/A

Voting Information

State Street Global Advisors Japan Equity Index Fund (75% Hedged)

The manager voted on 100% of resolutions of which they were eligible out of 5,970 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Shin-Etsu Chemical Co., Ltd.	Elect Director	Against	N/A
Mitsubishi UFJ Financial Group, Inc.	Report on Climate Change	Against	N/A
Olympus Corp.	Elect Director	Against	N/A
Chubu Electric Power Co., Inc.	Phase Out Nuclear Facilities	Against	N/A
The Kansai Electric Power Co., Inc.	GHG Emissions	Against	N/A

Voting Information

State Street Global Advisors Asia Pacific (ex Japan) Equity Index Fund

The manager voted on 100% of resolutions of which they were eligible out of 3,083 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
National Australia Bank Limited	Report on Climate Change	Against	N/A
Australia & New Zealand Banking Group Limited	Report on Climate Change	Against	N/A
United Overseas Bank Limited (Singapore)	Elect Director	Against	N/A
Insurance Australia Group Ltd.	Miscellaneous Proposal -- Environmental & Social	Against	N/A
Power Assets Holdings Limited	Elect Director	Against	N/A

Voting Information

State Street Global Advisors Emerging Markets Equity Index Fund

The manager voted on 98.2% of resolutions of which they were eligible out of 32,649 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Meituan	Elect Director	Against	N/A
Naspers Ltd.	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	N/A
Xiaomi Corporation	Elect Director	Against	N/A
FirstRand Ltd.	Advisory Vote to Ratify Named Executive Officers' Compensation	Against	N/A
Bid Corp. Ltd.	Approve Remuneration Policy	Against	N/A

State Street Global Advisors have not provided the outcome of their significant votes during the reporting year. XPS will continue to ask for this data and will make it available to the Trustees as and when it is made available.