BlackRock®

Wolters Kluwer Holdings (UK) plc Final Salary Scheme

Engagement Policy Implementation Statement

5 April 2021

1. Introduction

Under the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019, the Trustees are required to produce an annual Engagement Policy Implementation Statement ("EPIS"). This statement outlines how, and the extent to which, the policies relating to stewardship, voting and engagement as outlined in the Statement of Investment Principles ("SIP") have been followed.

This statement covers the Scheme's accounting year to 5 April 2021. It is intended to meet the updated regulations and will be included in the Scheme's Report & Accounts. In preparing this statement, the Trustees have taken advice from their professional advisers.

This statement details some of the activities taken by the Trustees, the Manager and the investment managers during the period, including voting statistics, and provides the Trustees' opinion on the stewardship activities over the period.

Summary voting statistics in respect of the Scheme's equities funds over the year to 31 March 2021 have been included. Voting statistics have been reported over this period to 31 March as this is likely to result in greater coverage across investment managers and therefore also provide greater comparability and consistency going forwards.

2. Policies

The Trustees' relevant policies regarding stewardship, voting and engagement are outlined in the SIP. The most recent version of the SIP is publicly available being published online and will be updated from time-to-time.

The Trustees have appointed BlackRock as the adviser and Fiduciary Manager ("the Manager") to the Scheme. The Trustees delegate the day-to-day investment decisions and asset allocation to the Manager. The Trustees retain responsibility for the strategic investment objective and oversight of the Manager. A number of underlying investment managers (including the Manager) have been appointed to invest the Scheme's assets. The underlying investment managers are ultimately responsible for carrying out the stewardship, voting and engagement activities in respect of the Scheme's assets in line with the SIP.

During the year to 5 April 2021 the Trustees updated the SIP once, in September 2020, which included extending the policies relating to stewardship, voting and engagement. The relevant excerpts from both versions of the SIP are included below.

SIP from August 2019 – September 2020

6. RESPONSIBLE INVESTING

6.1 The Trustees recognise that ESG risks could impact the ability of the Scheme to meet its investment objectives and therefore the Trustees have considered how to evaluate and manage this risk having regard to the appropriate time horizon for the Scheme when setting their investment strategy as set out in the following paragraphs (along with other matters).

6.2 The Trustees expect the Scheme's Fiduciary Manager to integrate consideration of ESG issues throughout its investment decision making processes,

6.3 The Trustees have reviewed the Fiduciary Manager's policy on ESG issues and have requested that:

- *the Fiduciary Manager, as part of its due diligence, assesses the approach of all the Scheme's investment managers in integrating ESG risks considerations into the selection, retention and realisation of investments, before appointing them;*

- *the Fiduciary Manager, as part of its ongoing monitoring, will review the adherence of the Scheme's investment managers to their ESG principles and, on at least a quarterly basis, will report on key ESG metrics for the Scheme's investment managers and aggregate these to portfolio level where appropriate;*

- *the Fiduciary Manager, as part of its ongoing monitoring, reviews the execution of voting and engagement responsibilities and periodically reports back its findings to the Trustees (for example where the Scheme invests in pooled funds, the Scheme's investment managers are responsible for exercising voting rights and reporting on how they have exercised those rights); and*

- *where UK-domiciled investment managers are not signatories to the FRC's UK Stewardship Code, the Fiduciary Manager shall consider the investment manager's rationale for this position and, where appropriate, report back its findings to the Trustees.*

6.4 The Trustees do not take into account non-financial matters when selecting, retaining and realising investments. Non-financial matters are defined as the views of members and beneficiaries, including (but not limited to) their ethical views, and their views relating to social and environmental impact and quality of life.

SIP from September 2020 – present

The following section was added to the SIP in September 2020 to extend the Trustee's policy on the stewardship of investments.

7. STEWARDSHIP

7.1 The Trustees understand that stewardship can enhance value over the long term and recognises that it has a responsibility to act as a good steward and protect and grow the long-term value of the Scheme for the benefit of the Scheme's members.

7.2 In order to be a good steward, the Trustee has the belief that the Scheme's respective stakeholders should undertake activities in relation to issues that have a material impact on the long-term value of the Scheme's investments.

7.3 The Trustee expects the Manager to ensure that the stewardship belief is appropriately implemented as far as is reasonably practicable. The belief includes ensuring to the extent possible that the underlying or external managers exercise on the Trustee's behalf rights and duties as an investor. This should include, where appropriate, voting and engaging with underlying investee companies, as part of an effective stewardship approach that meets the Trustee's expectations. The Trustee expects that voting and engagement activities are carried out in the best financial interests of the assets being managed.

7.4 The Trustee has delegated monitoring of underlying or external managers to the Fiduciary Manager. As part of this responsibility, the Manager is expected to:

- *Request voting and/or stewardship policies of the underlying or external managers.*
- *Enquire about underlying manager's voting activity with respect to their stated policies, where appropriate.*
- *Request that underlying investment managers report on an annual basis a summary of the voting actions which have been taken and any votes cast which differ from the stated voting policy of that manager.*
- *Provide a summary to the Trustee of the overall level of voting activity on an annual basis.*

7.5 The Trustee will engage with the Manager to understand any reports which have been provided and challenge any outcomes which it feels are not in keeping with its belief. The Fiduciary Manager is expected to engage with the underlying or external managers as and when required to facilitate this. Where an underlying or external manager is not adhering to the Trustee's belief in line with the Trustee's expectations, the Trustee would expect the Fiduciary to consider appropriate actions having regard to the long-term financial wellness of the Scheme.

3. Scope of this statement

The Trustees acknowledge that the extent to which the policies in relation to stewardship, voting and engagement can be applied varies across the portfolio. For example, in general, voting rights are not attached to fixed income securities, while the applicability to the LDI portfolio is limited. Nonetheless, the Trustees and the Manager expect all investment managers to take an active role in the stewardship of investments where relevant.

4. Scheme activity over the year

The SIP includes the Trustees' policy on Environmental, Social and Governance ("ESG") factors and stewardship. This policy sets out the Trustees' beliefs on ESG and the processes followed by the Trustees in relation to voting rights and stewardship.

In order to establish these beliefs and produce this policy, the Trustees undertook ESG training provided by the Manager which covered what ESG considerations are, the difference between values- and value-based investing, the Trustees' beliefs and how these can be incorporated into an investment strategy.

The Trustees receive ESG reporting in the quarterly investment report, which includes aggregate and asset class level reporting of ESG scores relative to an appropriate benchmark. The Trustees use this to measure how the overall Scheme assets are invested and assess the metrics over time.

The Manager now rates each underlying strategy based on the strength of their ESG policies and actions and provides a summary of the ESG scores to the Trustees on a quarterly basis, as part of the investment report. This allows the Trustees to establish how each underlying manager scores from an ESG perspective as well as measure relative improvements quarter on quarter.

As of year-end, 5 of the 11 active strategies had an ESG score of "Advanced", the highest rating. The remaining strategies scored "Aligned". The Trustees are comfortable that these scores are a strong reflection of their beliefs with all managers having the two highest scores (Advanced and Aligned). Furthermore, the Trustees recognise that the Manager is engaging with the underlying managers to ensure they work to further improve their ESG policies and actions over time. The Manager noted that the ESG rating for the one of the Emerging Market Debt managers increased from "Aware" to "Aligned" between March and June 2020, reflecting the progress that manager had made over the year. Further detail was provided to the Trustees in the Q3 2020 Investment Report.

As part of the Trustees' ESG policy, the Manager is required to request the underlying managers' policies and their adherence to them. The Manager reviews the policies of each underlying manager to ensure that these are appropriate.

Furthermore, the Manager is required to engage with underlying managers to better understand their actions and understand their level of engagement. As at 31 March 2021, the Manager has noted that the level of voting and engagement varies between managers. Notably, Schroders has been recognised as one of the underlying managers which is very strong in both voting and disclosure. In addition, the Manager has noted that both PIMCO and Wellington have made strong progress in engagement, creating specific teams to focus on engagement of underlying holdings. The Trustees are comfortable that the underlying managers are taking their voting and engagement responsibilities seriously.

The Trustees expect the Manager to continue to work with underlying managers in order to ensure those on the weaker side of voting and engagement take action to make improvements. The Manager has acknowledged that all managers have been taking steps to improve both their voting and engagement and "best in class' continues to evolve. The Trustees will be closely monitoring developments over the coming years.

5. Voting and Engagement

The Trustees have delegated to the Manager the responsibility of collecting the stewardship and engagement reports of the underlying managers and assessing the suitability. The Trustee also expects the Manager to monitor the underlying manager's activity to ensure compliance and confirm that it remains a suitable investment for the Scheme. The Trustees are comfortable that under the governance structure the responsibility sits with the Manager to communicate with the underlying managers and on a regular basis collect information as required.

The Manager has noted that there is variability between managers in the extent of their engagement and voting policies, with equity managers generally having made more progress than fixed income. This Implementation Statement, the first undertaken, focuses on the Scheme's equities managers. It is intended that in future years with the extended policy as set out in the SIP having been in place during the accounting period, there will be greater focus on other asset classes, in particular the fixed income managers.

The section below details the investment managers' approach to voting and engagement as well as some examples of significant engagements these managers have made over the 12 months in respect to the funds in which the Scheme is invested.

BlackRock:

The Scheme has a portion of its Growth assets invested in funds managed by the Manager. Given the Manager's appointment as both the fiduciary manager as well one of the investment managers, the Trustee recognises the importance of ensuring that the Manager's own policies and actions are appropriate for the Scheme. The Manager publicises its own policies as well as quarterly updates online (which can be accessed here) which the Trustees have visibility of. This includes details of any changes to policies and also reports at an aggregate level the impact of its voting and engagement. The Trustees are comfortable that the transparency of the Manager in publicising reports and developments online ensures alignment with the interests of the Scheme.

Whilst it is important to monitor the activities of the Manager at a high level through this publicly available information, it is also important to monitor the voting and engagement activities undertaken on behalf of the Trustees by the Manager on a more granular level.

With the exception of the BlackRock European Equities fund, the Scheme's BlackRock equities funds are passive (i.e. index) strategies. In respect of passive strategies, there is a wide universe of underlying companies which may number in the hundreds if not thousands. Where strategies are actively managed, investments are typically more concentrated. As such, ownership is more concentrated for actively managed strategies and therefore there will be fewer resolutions in which to vote. In addition, actively managed strategies have the option to sell holdings in companies at its discretion. For these reasons, in the context of passive strategies, it is important that voting and engagement rights are exercised and that this is monitored. An example of a significant vote in respect of the BlackRock European Equities fund is included below. The summary voting statistics below illustrate that the voting rights attached the underlying investments in these instances have been exercised to a large extent.

The Manager's approach to voting is described in the table below, along with summary voting statistics for the Manager's equities funds.

Approach to voting	BlackRock believes it has a responsibility to monitor and provide feedback to companies, in its role as stewards of its clients' investments. The BlackRock Investment Stewardship team does this through engagement with management teams and/or board members on material business issues including environmental, social, and governance matters and, for those clients who have given BlackRock authority, through voting proxies in the best long-term economic interests of its clients. As long-term investors on behalf of its clients, BlackRock seeks to have regular and continuing dialogue with the companies in which its clients invest. The majority of BlackRock's equity investments are made through indexed strategies, so clients will be invested as long as the companies are in the index. As such, BlackRock places a strong emphasis on engagement with investee companies as disinvestment is often not an option. BlackRock votes in accordance with BlackRock's Investment Stewardship Global Principles, as well as guidelines for each relevant region. Voting guidelines are reviewed annually and are updated to reflect evolutions in market standards, governance practices and insights gained from engagement over the prior year. Voting decisions are informed by internally developed proxy voting guidelines, prior engagements with companies, research, and the situational factors for each underlying company. BlackRock ordinarily refrains from abstaining from both shareholder and management proposals, unless abstaining is the valid vote option (in accordance with company by-laws) to signal concern to management, there is a lack of disclosure regarding the proposal voted, or an abstention is the only way to implement their voting. BlackRock appoints an independent fiduciary, Sustainalytics, to vote proxies where BlackRock is required by regulation not to vote itself or where there are actual or perceived conflicts of interest. The independent fiduciary makes voting decisions based solely on

	BlackRock's publicly available proxy voting guidelines, which aim to advance clients' long-term economic interests, and information disclosed publicly by the relevant companies.
Volkswagen AG (German car manufacturer)	BlackRock regularly reviews VW's governance structure and risk profile. BlackRock has engaged regularly with VW's Supervisory Board chair since 2016 on a range of environmental, social and governance topics, and has frequent dialogue with VW's Investor Relations and Sustainability teams. It has on numerous occasions encouraged the company to improve the number of independent directors on the Supervisory Board to enhance the level of independent oversight of management. It has regularly discussed board composition, minority shareholder interests and Supervisory Board transparency. With two independent members (at the time of the AGM), the current level of independence on VW's Supervisory Board does not meet BlackRock's expectations for controlled companies. In controlled companies, BlackRock expects the number of independent Supervisory Board members to be no less than one-third of the shareholder representatives. BlackRock voted against the discharge of members of the Board of Management who were already serving at the time of the emissions incident. In doing so, it is holding those individuals accountable for the deficiencies in VW's governance practices and management of its material risks. This is consistent with BlackRock's approach since VW's 2016 AGM. A key pillar of VW's current strategy is the decarbonization of its portfolio. Targets include: One in four new Volkswagen Group vehicles worldwide having a purely electric drive by 2025 • Customers worldwide being offered up to 75 completely battery electric vehicles and approximately 60 hybrid models by 2029 • Electrification of entire model portfolio by 2030 • Completely carbon neutral vehicle fleet by 2050 VW's disclosures are consistent with BlackRock's expectations of large carbon emitters with a previous history of engagement with BlackRock on the topic. It will continue to engage with the company and closely monitor the delivery against the targets it is has set out to date. It will hold Management and Supervisory Board members to account for progress on their delivery, through future voting on director elections, where appropriate.

		Year to 31 March 2021
BlackRock Europe Equities (Active)	Votable proposals	1.007
	% of resolutions voted	84%
	% of resolutions voted against management	8%
	% of resolutions abstained	8%

		Year to 31 March 2021
BlackRock US Equities (Index)	Votable proposals	7,542
	% of resolutions voted	100%
	% of resolutions voted against management	6%
	% of resolutions abstained	0%

		Year to 31 March 2021
BlackRock UK Equities (Index)	Votable proposals	15,742
	% of resolutions voted	97%
	% of resolutions voted against management	5%
	% of resolutions abstained	2%

		Year to 31 March 2021
BlackRock Asia Pacific Equities	Votable proposals	3,150
	% of resolutions voted	100%

(Index)	% of resolutions voted against management	11%
	% of resolutions abstained	0%

		Year to 31 March 2021
BlackRock Japan Equities (Index)	Votable proposals	6,221
	% of resolutions voted	100%
	% of resolutions voted against management	4%
	% of resolutions abstained	0%

		Year to 31 March 2021
iShares S&P 500 ETF (Index)	Votable proposals	6,591
	% of resolutions voted	100%
	% of resolutions voted against management	6%
	% of resolutions abstained	0%

		Year to 31 March 2021
iShares FSTE MIB ETF (Index)	Votable proposals	562
	% of resolutions voted	100%
	% of resolutions voted against management	26%
	% of resolutions abstained	1%

Other investment managers

The approach to voting and engagement of the Scheme's other two equities managers, Schroders and Wellington, are detailed below. These managers are appointed in relation to the Scheme's Emerging Markets and Global Small Cap holdings respectively.

Schroders (Active):

Approach	The overriding principle governing Schroders' approach to voting is to act in the best interests of its clients. Schroders' voting policy and guidelines are outlined in its publicly available Environmental, Social and Governance Policy. Schroders evaluates voting issues arising and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what it deems to be the interests of its clients. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, performance, governance, strategy and personnel. It is Schroders' policy to vote all shares at all meetings globally, except where there are onerous restrictions – for example, shareblocking. Schroders utilises the services of ISS and the Investment Association's Institutional Voting Information Services ('IVIS') in conjunction with its own research and policies when formulating voting decisions. With regards to abstaining from votes, Schroders' preference is to support or oppose management and only use an abstention sparingly. Schroders may abstain where mitigating circumstances apply, for example where a company has taken some steps to address shareholder issues. For certain holdings of less than 0.5% of share capital in the USA, Australia, New Zealand, Japan, and Hong Kong, Schroders has implemented a custom policy that reflects the views of its ESG policy and is administered by Schroders' proxy voting provider, ISS. Schroders votes on both shareholder and management resolutions.
Anhui Conch (Building materials manufacturer)	Schroders is a member of the Climate Action 100 investor group. In December 2019, the Sustainable Investment team drafted a letter to Anhui Conch on behalf of the group, as part of the group's initiative to engage with the world's 100 largest corporate greenhouse gas emitters. Schroders encouraged Conch to set a carbon emissions reduction target to 2025 and beyond; to increase its disclosure of climate-related financial information; and to understand more about the CCS (carbon capture and storage) scheme and how effective it is at sequestering carbon. At the end of December, Schroders received a reply from Conch's Chairman describing the company's efforts to promote environmental protections and reduce carbon emissions. This is a promising start, and Schroders will be following up with recommendations for target setting and reporting.
SK Hynix (Electronic component manufacturer)	Schroders contacted the company to encourage positive change in view of the implementation of the Korean Stewardship Code in 2019, as well as the Financial Services Commission (FSC) and Ministry of Justice's proposed measures to improve corporate practices. Two issues were raised during this engagement: • Firstly, the shortage of female board members. The lack of gender diversity at board level is common to the South Korean market and reflects the lack of regulatory requirements to improve gender diversity on boards. However, diversity is something Schroders are looking to promote alongside evolving corporate governance codes and best practice in Asia. • Secondly, improved disclosure, particularly over attendance at committee meetings. Schroders believe that this information is instructive for shareholders and aligns with the FSC's new focus on corporate disclosure.

		Year to 31 March 2021
Schroders EM Equities	Votable proposals	1,722
	% of resolutions voted	99%
	% of resolutions voted against management	9%
	% of resolutions abstained	3%

Welling ton (Active):

Approach	Wellington votes according to its Global Proxy Voting Guidelines and employs a third-party vendor, Glass Lewis, to perform administrative tasks related to proxy voting. Wellington does not automatically vote proxies either with management or in accordance with the recommendations of third-party proxy providers, ISS and Glass Lewis. Wellington has its own ESG Research Team, which provides voting recommendations. Based on these resources and in conjunction with Wellington's Global Proxy Voting Guidelines, individual portfolio managers have authority to make final decisions on voting. There is no "house vote". Wellington's proxy voting system allows different votes to be submitted for the same security. Various portfolio managers holding the same securities may arrive at different voting conclusions for their clients' proxies. In 2019, Wellington voted against management on one or more proposals at 39% of the annual general meetings in which they voted on behalf of their clients.
First Solar (Solar panel manufacturer)	First Solar (FSLR) is a solar panel manufacturer that Wellington have held in the portfolio and maintained an ongoing dialogue with other the years. Over 2019 and 2020, portfolio manager Kenny Abrams met or spoke with them on several occasions. Abrams has believed that First Solar's management team is best in class, as they have been able to sustain an industry-leading balance sheet and technological position over the years. Meanwhile, many of the company's peers have gone bankrupt as the technology moved rapidly and Chinese manufacturers invested in lower cost solutions. Despite headwinds in the industry, the Fund has maintained a position in First Solar due to that high conviction in the management team and in the company's competitive edge. The high level of competition in the industry led to concerns at First Solar that peers would copy or reverse engineer their technology, and as a result the company disclosed very little about their manufacturing for years. This unfortunately led to low ESG score for the company, which Abrams and his team felt confident was not representative of the company. Through previous site visits and meetings with management, Wellington believed that First Solar were on the leading edge of sustainable manufacturing. Throughout 2019 and 2020, Abrams and the team have encouraged management at First Solar to improve their disclosures, particularly from an environmental standpoint. As a result, they began disclosing their recycling successes and their goal of carbon-neutral lifetime solar cell technology.
Tokyo Ohka Kogyo (Japanese materials company)	Tokyo Ohka Kogyo (TOK) is a Japanese materials company that specialises in the production of chemicals and equipment used in for manufacturing semiconductors and other electronic equipment. Wellington initiated the position in 2018, as it saw strong demand coming from the semiconductor industry, particularly for the photoresists that TOK specializes in. While Wellington maintained a favourable fundamental outlook on the company, from an ESG perspective TOK's performance was mixed. It looks quite good environmentally; carbon intensity is 90% below the industry average, and water withdrawal intensity is much lower as well. In social scores, ratings providers have been critical of TOK's chemical safety; Wellington's ESG Team disagrees with this however, as most of the chemicals the company works with dissolve and are safe for both humans and the environment. Relative to other bulk chemical companies, TOK looked fairly strong in both of these regards.

	Wellington saw the most room to engage and improve the company's practices in governance, where it did not see enough board independence, diversity, or alignment with shareholder interests. Since the original investment in 2018, Wellington has voted against management ten times, pushing back on board and auditor nominations that were too closely aligned with company management. Through regular engagements, Wellington has also pushed for more transparency on key performance indicators and for a greater portion of compensation to be variable based on meeting these KPIs. Over the period, Wellington saw a great deal of progress on these initiatives. The board and auditors now have 46% independence from the company and Wellington continues to push them on adding foreign directors, but this domestic bias is common for Japanese boards. Compensation is now 45% variable based on meeting target metrics, up from 30%. In 2020, the company announced new ESG targets, including reducing $CO2$ emissions by 11%, reducing energy consumption by 15%, and reducing waste by 5%. Wellington has been encouraged by this progress and the greater transparency offered by TOK. Through regular company meetings and shareholder voting, Wellington will maintain pressure on the board to retain independence, diversify, and ensure that their decision-making is aligned with shareholder interests.

		Year to 31 March 2021
Wellington Small Cap Equities	Votable proposals	1,348
	% of resolutions voted	95%
	% of resolutions voted against management	3%
	% of resolutions abstained	3%

Majedie (Active): ***The Majedie holdings were sold in December 2020***

Approach	Majedie exercises voting rights across all of its funds and portfolios where permitted to do so by its clients. Majedie believes that voting of proxies should be undertaken at a strategy level by the team that manages the assets and that voting is an important way of communicating with investee companies. Majedie's Voting Principles govern its proxy voting for all of its strategies, however Madedie retains flexibility to make exceptions and vote differently where necessary. Majedie utilises the proxy advisory services of ISS.
Royal Bank of Scotland	Ahead of the RBS AGM in April 2020, ISS had recommended a vote against the company's remuneration policy as it did not provide for time pro-rating of outstanding awards for good leavers under the long-term incentive plan. This provision was not new and Majedie supported the remuneration policy when last proposed in 2017, against the recommendation of ISS, noting that this particular provision was 'inelegant' but that there were other attractive qualities that meant we were content to support the proposals. There were positive developments in this new policy e.g. pension contribution alignment with the wider workforce. Majedie therefore supported the proposed policy. Majedie believes it to be a significant vote as it concerned executive remuneration, where the proxy voting research provider, ISS, had recommended a vote against.

		Year to 31 December 2020
Majedie UK Equities	Votable proposals	2265
	% of resolutions voted	98%
	% of resolutions voted against management	4%
	% of resolutions abstained	1%

6. Concluding remarks

The Trustees are comfortable that the policies in the SIP have been followed over the year to 5 April 2021. As this is the first year the Implementation Statement has been required, the Trustees expect that the format and content will evolve over time, in line with guidance and to reflect any future changes in the SIP.

The September 2020 SIP expanded the Trustees' policy in order to incorporate an updated Stewardship Policy as well as a more comprehensive policy on "Engagements with Asset Managers". The Trustees will continue to receive further training in relation to ESG issues and will evolve policies over time, including more widely across the Scheme's assets.

The Trustees recognise the responsibility that institutional investors have or promote high standards of investment stewardship and will continue to use the influence associated with the Scheme's assets in order to positively influence the Scheme's investment managers.