Implementation Statement, covering 1 April 2022 to 31 March 2023

The Trustee of the Rio Tinto Pension Fund ("RTPF or the "Fund") is required to produce a yearly Implementation Statement ("Statement") to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles ("SIP") during the year, as well as details of any review of the SIP during the year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information on the last review of the SIP is provided in Section 1 and on the implementation of the SIP in Sections 2-5 below.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 6 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

This Statement is based on and uses the same headings as the Fund's latest SIP dated March 2023. This Statement should be read in conjunction with the SIP which is available at the websites below:

- https://retirement.fidelity.co.uk/about-workplace-pensions/investing/costs-and-charges/RIOT
- https://epa.towerswatson.com/doc/RTN/pdf/Rio-Tinto-Pension-Fund-RTPF-SIP--.pdf

1. Introduction

The SIP was reviewed and updated during the Fund Year, first in June 2022 and then again in March 2023, to reflect:

- further clarification of the Trustee's investment beliefs on environmental, social and governance related matters (including climate change); and
- the Trustee's agreed stewardship priorities when engaging with investment managers, following the release of the DWP's guidance on stewardship in June 2022.

As part of these updates, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the policies in the Fund's SIP during the year. The following Sections provide detail and commentary about how and the extent to which it did this.

2. Fund Governance

The Trustee has established an Investment, Funding and Covenant ("IFC") Committee. The IFC Committee holds quarterly meetings and considers investment, funding, and covenant factors to enable a more integrated approach to risk management. Details of the IFC Committee's duties and responsibilities are set out in a separate Terms of Reference document maintained by the Trustee.

3. Part A - Defined Benefit Section

a. Investment Objective

The Trustee has agreed that its long-term objective for the Fund is to increase the funding level towards that required to secure pensions in payment with an insurance company. Progress against the long-term objective was reviewed at each of the quarterly meetings as part of the quarterly performance monitoring and funding update reports.

b. Risk and Return / Diversification of Risks

The Trustee last reviewed the investment strategy in December 2021, following the results of the 2021 Actuarial Valuation, and concluded it was comfortable the investment strategy remained adequately and appropriately diversified between different asset classes whilst maintaining an appropriate level of expected return.

The Trustee undertook two sets of transfers to restructure its corporate bond and gilt portfolios in October 2022 and March 2023 in order to more closely achieve the Trustee's liability hedging objectives.

Most of the Fund's assets are managed on a passive basis, although the Trustee has made allocations to certain mandates where it believes a more active approach is warranted. For example, the Fund's corporate bond mandates do not seek to track a benchmark – rather they adopt a "buy and maintain" investment approach that looks to avoid some of the inefficiencies of passive management for corporate bond mandates. The long lease property mandate is also actively managed, as passive management is not possible for illiquid assets such as these. The Trustee continues to assess the appropriateness of these mandates through regular quarterly monitoring.

Finally, the Trustee has appointed investment managers that it believes will manage environmental, social and corporate governance ("ESG") risks appropriately on their behalf. Further details of work done in the year are provided in Section 5b.

c. Strategic Management

Details of the Fund's strategic benchmark and tolerance ranges are set out in the Investment Policy Implementation Document ("IPID").

d. Cashflow Management and Rebalancing

The tolerance ranges are monitored to ensure the asset distribution remains broadly in line with the strategic benchmark. Compliance with these tolerance ranges is monitored at least quarterly. The actual asset allocation did not deviate materially from the benchmark allocation during the year and therefore no rebalancing action was necessary.

The bulk annuity policy provider pays income to meet the benefit payments of the portion of the Fund's insured liabilities. The Trustee has instructed managers to distribute income from the investment portfolios where possible, in particular the bond and the long lease property mandates. During the year additional cashflow requirements were principally met by disinvesting from the Fund's government bond and corporate bond holdings, given the relatively low transaction costs and liquid nature of these assets.

4. Part B - Defined Contribution Section

a. Investment Policy and Objective

As part of the performance and strategy review of the DC Section's investment strategy on 30 August 2022, the Trustee considered the DC Section's membership demographics and the variety of ways that members may draw their benefits in retirement from the Fund. Based on the outcome of this analysis, the Trustee concluded that the Rio Tinto Income Drawdown Investment Strategy, the "Lifestyle Default", has been designed to be in the best interests of the majority of the DC Section members and reflects the demographics of those members.

The Trustee also provides members with access to a range of investment options that it believes are suitable and enable appropriate diversification. These include an alternative lifestyle option called the Rio Tinto Annuity Investment Strategy and a self-select fund range covering all major assets classes.

b. Investment Strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the strategy and performance of the default arrangements over the Fund Year. The Trustee concluded that drawdown remains an appropriate retirement target but some changes to the asset allocation are required that will be implemented in the next Fund Year.

The Trustee reviewed the growth phase and the de-risking phase of the default arrangement. As part of the investment strategy review, the Trustee considered:

- The impact of increasing inflation on member outcomes and how the Default investment strategy could be revised to improve expected returns over the long-term, and in particular mitigate the impact of inflation on member outcomes. This included considering allocations to assets, such as listed infrastructure equity, that can provide a degree of inflation protection.

- Revising the strategic regional equity weights, specifically the UK bias, in the blended funds underlying the Default investment strategy to reflect market capitalisation weights in line with its DC investment adviser’s view on best practice.

- Increasing expected return and risk near retirement to reduce the risk of inflation eroding members’ pots in the run up to and, potentially, in retirement.

Implementation of the agreed changes will take place during the next Fund Year at which point more details will be provided to members. At the time of writing, the strategy review is still being finalised, so the changes are subject to change.

As part of this review the Trustee made sure the self-select options provide a suitably diversified range for members to choose from. This included consideration of ESG options, both active and passive, or a blended ESG option incorporating active and passive underlying elements. Ultimately, the Trustee concluded not to introduce an ESG fund to the self-select range on the basis that it did not feel there were any suitable options available.

In addition to the triennial strategy reviews, the Trustee monitors changes in member choices, behaviour and trends using LCP Horizon which is updated each quarter with data supplied by the administrator, Fidelity (previously WTW).

c. Management of Risks

With regards to the risk of inadequate returns for DC members, the Trustee has made use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long-term. These are used in the growth phase of the Lifestyle Default and are also made available within the self-select options.

To address the risk to DC members from excessive charges, the Trustee undertook a value for members assessment over the period, which assessed a range of factors including the fees payable to managers in respect of the DC Section; these were found to be reasonable when compared against schemes with similar sized mandates.

5. Part C - General

a. Implementation of the investment arrangements

The Trustee intends that negotiated fee structures and termination rights incentivise managers to provide a high-quality service that meets the stated objectives, guidelines and restrictions of the fund.

The Trustee has not made any changes to its manager arrangements over the Fund Year.

The Trustee was comfortable with most of its DC investment manager arrangements over the year when considering fund performance and investment process.

The Trustee evaluated individual investment manager performance over both shorter and longer-term periods.

State Street, the Performance Measurer for the DB Section, provided investment reports to the Trustee each quarter which shows performance analysis over the quarter, year, three-year and longer-term periods. The Q1 2023 quarterly report showed that all managers have produced performance broadly in line with expectations over the long-term.

Fidelity provided performance reports for the DC section. The difficult market environment during the Fund Year meant that all asset classes performed poorly and, as a result, the negative returns generated over the year to 31 March 2023 were to be expected. With the exception of the Rio Tinto Property Fund, all managers have produced performance broadly in line with expectations over the long term.

The Trustee invests for the long term, to provide for the Fund's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship[1] activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Fund's investment adviser also provided a quarterly report for the DB and DC Sections containing commentary on manager performance and details of any developments at managers that may affect the managers' ability to achieve their investment objectives. This included any significant change to the investment process or key staff for any of the funds the Fund invests in, or any material change in the level of diversification in the fund. No actions needed to be taken over the period as a result of the Trustee's monitoring process.

b. Consideration of financially material and non-financial matters

ESG factors are sources of risk to the Fund's investments, which could be financially material, over both the short and longer term. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and, from time to time, review how these risks are being managed in practice.

There are several steps the Trustee has taken in achieving this, as set out below:

- As part of its advice on the selection and ongoing review of the investment managers, the Fund's investment adviser incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations, including climate change and other ESG considerations, voting and engagement.
- In March 2023, the Trustee reviewed its investment adviser's responsible investment scores for the Fund's existing managers and funds, along with its investment adviser's qualitative responsible investment assessments for each fund and red flags for any areas of concern. The Trustee was comfortable with the outcome of the review and no further action was taken.
- The Trustee received training during the Fund Year on ESG approaches (eg active, passive and impact investing) and ethical investment approaches (eg Shariah fund), and considered adding an ESG option to the DC self-select range as part of the triennial strategy review. Following detailed consideration, the Trustee decided not to add an ESG or Shariah self-select fund but to keep this under review in the future.
- In an effort to understand the potential impact of climate change on the Fund's DB and DC members, based on the DB and DC sections' current investment strategies, the IFC Committee considered climate scenario analysis prepared by its investment adviser in November 2022. The scenarios considered were: i) a failed transition, where the goals of the Paris Agreement are not met (i.e. average global warming is c.2°C by 2050 and c.4°C by 2100, compared to pre-industrial levels); ii) an orderly transition where the Paris Agreement goals are met (i.e. average global warming stabilises at 1.5°C above pre-industrial levels); and iii) a disorderly transition where the Paris Agreement goals are met. The analysis concluded that the funding position of the Fund's DB section is expected to be quite resilient to the potential financial impacts of climate change, largely due to the low-risk nature of the investment strategy. The extent to which DC members' assets in the Fund could be affected is dependent on their term to retirement, with members furthest from retirement estimated to be most exposed to the effects of climate change on markets under all scenarios.
- Finally, Investment Managers are invited to present at the quarterly IFC Committee meetings and, periodically, to attend ad hoc meetings (e.g. where a fund selection exercise is being undertaken).

[1] The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

During the Fund Year, the Trustee received presentations from LGIM, Baillie Gifford, and WHEB in relation to the potential addition of an ESG option to the DC self-select range of the RTPF.

c. Stewardship

The Trustee recognises its responsibilities as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies and exercising voting rights attaching to investments protects and enhances the long-term value of investments. It has given the Investment Managers full discretion in exercising these rights, but encourages them to adopt good stewardship practices, in particular with respect to engaging with investee companies.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q1 2023 meeting, the Trustee discussed and agreed stewardship priorities for the Fund which were:

- **Climate change** – the Trustee believes climate change to be a source of financial risk that could have a material impact on member outcomes over the short-, medium-, and long-term as a result of the impact of the physical and transition risks on markets and, therefore, investors.
- **Corporate transparency** – the Trustee believes that transparency helps to identify risks that could affect company (and ultimately investment fund) performance. A lack of transparency can also mask exposure to other ESG risks that could have potential reputational consequences for companies and affect company performance.

The Trustee communicated these agreed priorities to the Fund's investment managers in June 2023. The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

As outlined above, in March 2023, the Trustee reviewed the investment adviser's responsible investment scores for the Fund's existing managers, which includes an assessment of the managers' voting policies. Based on the information received the Trustee was comfortable with the approach its managers take to stewardship.

Details of the actions carried out on the Trustee's behalf are outlined in Section 6.

d. Compliance with the Statement

The Trustee is comfortable that it has complied with the principles set out in the SIP.

6. Description of voting behaviour during the year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

For the DC Section we have included only the equity funds used in the default strategy as follows:

- BlackRock ACS UK Equity Fund
- BlackRock ACS World ex UK Fund
- Aquila Connect Emerging Markets Fund
- Aquila Connect Market Advantage Fund

6.1. Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place.

BlackRock

All of the Fund's equity holdings are invested through BlackRock. BlackRock's approach to corporate governance and stewardship is explained in its Global Principles document (available on the manager's website), which describe its philosophy on stewardship, its policy on voting, its integrated approach to stewardship matters and how it deals with conflicts of interest.

The BlackRock Investment Stewardship team and its voting and engagement work continuously evolve in response to changing governance related developments and expectations. BlackRock's voting guidelines are market-specific to ensure BlackRock takes into account a company's unique circumstances by market, where relevant. BlackRock informs its vote decisions through research and engages as necessary. Its 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 its regional engagement priorities based on issues that it believes could impact the long-term sustainable financial performance of companies in those markets.

BlackRock welcomes discussions with its clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in its Global Principles, BlackRock determines which companies to engage directly with based on its assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of its engagement being productive. BlackRock's voting guidelines are the benchmark against which it assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. It applies its guidelines pragmatically, taking into account a company's unique circumstances where relevant.

BlackRock aims to vote at all shareholder meetings of companies in which its clients are invested. BlackRock does not support impediments to the exercise of voting rights and will engage regulators and companies about the need to remedy the constraint. Whilst BlackRock does subscribe to research from proxy advisory firms, ISS and Glass Lewis, this is just one among many inputs into its voting decision process. Other sources of information BlackRock uses include the company's own reporting, its engagement and voting history with the company, the views of its active investors, public information and ESG research.

In relation to significant votes, BlackRock periodically publishes "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that it considers, based on its Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance.

6.2. Summary of voting behaviour over the year

A summary of voting behaviour over the period is provided in the table below. Figures in brackets are those reported for the previous Fund Year.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	BlackRock	BlackRock	BlackRock	BlackRock
Fund name	BlackRock ACS UK Equity Fund	BlackRock ACS World ex UK Fund	Aquila Connect Emerging Markets Fund	Aquila Connect Market Advantage Fund
Total size of fund at end of reporting period	£10,573m	£6,772m	£1,318 m	£1,199m
Value of RTPF assets at end of reporting period (£m / % of total assets)	£21.3m / 21.8%	£51.9m / 53.3%	£7.5m / 7.7%	£5.6m / 5.8%
Number of holdings at end of reporting period	14,013 (588)[2]	1,813 (1,879)	1,261 (1,283)	1,973 (3,224)[3]
Number of meetings eligible to vote	680 (754)	1,991 (1,972)	2,782 (2,526)	287 (5,305)[3]
Number of resolutions eligible to vote	10,135 (10,693)	25,196 (24,008)	25,350 (21,938)	3,121 (52,301)[3]
% of resolutions voted	100% (100%)	95% (99.8%)	98.4% (100%)	87.7% (99.8%)[3]
Of the resolutions on which voted, % voted with management[1]	96.1% (94.7%)	93% (92.2%)	88.4% (89.7%)	93.1% (91.5%)
Of the resolutions on which voted, % voted against management[1]	3.9% (5.3%)	6.9% (7.7%)	11.6% (10.3%)	6.9% (8.3%)

Of the resolutions on which voted, % abstained from voting[1]	0.5% (0.4%)	0.5%	3.6% (3.9%)	1.8% (1.9%)
Of the meetings in which the manager voted, % with at least one vote against management	21.5% (25.6%)	31.9% (35.8%)	43.0% (37.9%)	30.3% (34.1%)
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.0% (0.0%)	0.5% (0.3%)	0.73% (1.6%)	0.5% (0.8%)

[1] Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.
[2] The material difference from last year's figure is due to BlackRock's investment software now looking through the investment trusts that are held by the fund and including voting that occurs as a result of their equity holdings.
[3] The material difference from last year's figure is due to a change in allocation of the fund. BlackRock previously held a small proportion of its emerging market equity allocation in the iShares Emerging Markets Index Fund. In July 2022, BlackRock transitioned its emerging market equity exposure to be aligned with the goals of the Paris Agreement, in line with the rest of the portfolio. This meant selling out of market cap or index exposures, like the iShares Emerging Markets Index Fund, and buying single name equities instead. This has resulted in a slight change in the number of equity holdings.

6.3. Most significant votes over the year

Commentary on the most significant votes over the period, from the Fund's asset managers who hold listed equities, is set out below.

The Trustee has interpreted "most significant votes" to mean votes which the manager deems to be significant based on their internal criteria, and votes that cover a range of environmental, social and governance issues, with a particular focus on the Trustee's stewardship priorities.

BlackRock ACS UK Equity Fund

Shell Plc, May 2022

Summary of resolution: Approve the Shell Energy Transition Progress Update (Management proposal)

Vote: For

Outcome of the vote: Pass

Management recommendation: For

Size of mandate's holding at voting date: 7.64%

The reason the Trustee consider this vote to "most significant": The resolution relates to the Trustee's climate change stewardship priority.

Rationale for the voting decision: BlackRock voted for the management proposal because of its belief that it demonstrates clear policies and action plans to manage climate risk and opportunities, and that it provides a well-defined roadmap towards the company's stated climate ambition and targets. BlackRock considers Shell to be an industry leader on the management, oversight and disclosure of climate-related risks and opportunities. Shell's strategy is consistent with what BlacRock looks for from companies to demonstrate that their strategy is likely to be resilient under a range of scenarios, including likely decarbonization pathways to limit global temperature rise to well below 2°C, ideally closer to the global aspiration of 1.5°C. In 2021, Shell included ambitious emissions reduction targets for all scopes (1, 2 and 3) across short-, medium-and long-term timeframes, including an aspiration to reduce the net carbon intensity of the portfolio of energy products sold by 45% by 2035 and 100% by 2050 from a 2016 base year. This is equivalent to a target to reduce total absolute emissions to net-zero by 2050. Since then, Shell has updated the company's emissions reduction targets to reduce scope 1 and 2 emissions by 50% by 2030. In addition, the company removed a previous condition included in the original Energy Transition Strategy to achieve net-zero emissions by 2050. Specifically, Shell had tied the ability to achieve net-zero emissions by the mid-century with society's progress towards that aspiration. That conditional requirement is no longer included.

Outcome and next steps: BlackRock will continue to engage with Shell to assess ongoing progress on this issue.

BlackRock ACS World ex UK Equity Fund

TotalEnergies SE, May 2022

Summary of resolution: Approve Company's Sustainability and Climate Transition Plan

Vote: For

Outcome of the vote: Pass

Management recommendation: For

Size of mandate's holding at voting date: 0.28%

The reason the Trustee consider this vote to "most significant": The resolution relates to the Trustee's climate change stewardship priority.

Rationale for the voting decision: BlackRock supported this proposal in recognition of the company's clearly disclosed climate transition plan to manage climate-related risks and opportunities and the progress made against this strategy. Total's climate-related disclosure is aligned with the pillars of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Their greenhouse gas (GHG) emissions reduction targets and ambitions cover all relevant scopes (1, 2, 3) and timeframes (short-, medium-, long-term), with the aim to reduce total GHG emissions in Europe by 30% by 2030 against a 2015 baseline. Since the sustainability and climate plan was first proposed in 2021, Total has included a new target to reduce methane emissions by 80% from 2020 levels by 2030 and has also broadened its 2030 scope 3 emissions reduction target from a primary focus on Europe to now include emissions globally. Total's commitments now include a target to reduce GHG emissions related to the sale of petroleum products by 30% compared to 2015. They have also provided more details about their 2050 vision, which includes an ambition to have renewable electricity account for 50% of total production, while biofuels/biogas/hydrogen/e-fuels and oil/gas account for 25% respectively. All residual emissions would be fully captured, recycled, or offset. Moreover, in the past year, Total has scaled up transition resilient investments, including in liquified natural gas (LNG), while also focusing on opportunities across the renewable energy value chain.

Outcome and next steps: As the world transitions over decades to a low-carbon economy, BlackRock is interested in hearing from the companies in which its clients are invested how they are assessing and managing the risks and opportunities arising from the decarbonization of the global economy, while also managing for a reliable energy supply and a just transition. BlackRock's recent discussions with TotalEnergies has focused on how the company is addressing the material climate risks and opportunities in their business model.

Aquila Connect Emerging Markets Fund

Grupo Financiero Banorte, April 2022

Summary of resolution: Election of board members as proposed by the Nominating Committee

Vote cast: For

Outcome of the vote: Pass

Management recommendation: For

Size of mandate's holding at voting date: 0.27%

The reason the Trustee consider this vote to "most significant": The resolution relates to the Trustee's corporate transparency stewardship priority.

Rationale for the voting decision: Grupo Financiero Banorte, S.A.B. de C.V. ("Banorte") is a Mexican financial institution that offers universal banking services and other financial products. BlackRock supported all 14 directors up for election given that the company provided robust and timely disclosures, articulating how the proposed board is well positioned to oversee the company's strategic aims over the long-term. In line with BlackRock's views of governance best practices and following BlackRock's multi-year engagement with the Company, Banorte published their annual report and financial statements for 2021 30 days prior to the 2022 AGM, describing the company's overall strategy and progress achieved during the reporting period. Available both in Spanish and English, the company's report also includes an explanation of the structure of the board, as well as details on the board members' independence, diversity, tenure, and attendance rates for 2021. Moreover, the company reported they underwent a rigorous assessment, with the assistance of a third-party, to measure the effectiveness of the board and to identify areas of improvement for 2022. Notably, the company also holds annual, individual director elections, compared to other companies in the Mexican market that hold biannual or triannual, grouped (or slate) elections. In BlackRock's view, this governance best practice allows shareholders to annually assess the suitability and performance of each director. This also promotes better understanding of how the overall composition of the board supports management in driving the company's strategy and long-term value creation for all investors, including minority investors such as BlackRock's clients.

Outcome and next steps: BlackRock will continue engaging with Banorte to monitor progress on their annual board refreshment process, especially as the company seeks to enhance diversity in the coming years.

Aquila Connect Market Advantage Fund

Siemens AG, February 2023

Summary of resolution: Approve Virtual-Only Shareholder Meetings Until 2025. Amend Articles Re: Participation of Supervisory Board Members in the Annual General Meeting by Means of Audio and Video Transmission.

Vote: For

Outcome of the vote: Pass

Management recommendation: For

Size of mandate's holding at voting date: 0.01%

The reason the Trustee consider this vote to "most significant": The resolution relates to the Trustee's corporate transparency stewardship priority.

Rationale for the voting decision: BlackRock believed that Siemens had proposed an appropriate approach for the virtual-only AGM that is unlikely to undermine shareholder rights. Specifically, Siemens has ensured that, in line with regulatory requirements, they would transmit the entire meeting by video and audio, would make the report of the Board of Directors available no later than one week prior to the meeting, and would exercise shareholders' voting rights by electronic communication as well as by proxy paper ballot. In addition, Siemens explained that shareholders would be able to make statements, ask questions, submit proposals and enter objections during the meeting. Whilst the regulation permits the authority to last up to five years, Siemens' board will seek a renewal to hold virtual-only shareholder meetings in two years. BlackRock considered this a pragmatic approach to enable investors to become accustomed to this new format. The company identified several benefits to holding a virtual AGM, including cost and resource efficiency; the potential to enable greater access for participants; and the potential avoidance of corporate carbon emissions in connection with director and executive travel. Holding a virtual AGM improves cost and resource efficiency; the potential to enable greater access for participants; and the potential avoidance of corporate carbon emissions in connection with director and executive travel. Therefore, BlackRock believed it was in the best financial interests of our clients to support these management proposals.

Outcome and next steps: BlackRock regularly engages with companies to better understand how company leadership identifies and manages the material risks and opportunities in their business model that we believe can impact their ability to deliver sustained financial performance for long-term investors like BlackRock's clients. BlackRock also engages to provide a long-term investor perspective on corporate governance best practices.