

## **Hoburne Pension Fund ('the Fund') – Implementation Statement 1<sup>st</sup> December 2022 – 30<sup>th</sup> November 2023**

An Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Department for Work and Pensions for the period from 1<sup>st</sup> December 2022 – 30<sup>th</sup> November 2023 ('the Fund Year').

The Fund's reporting period for each fund is the holding period of that fund across the Fund Year.

The Statement sets out how, and the extent to which, the Trustees' policy in relation to exercising voting rights has been followed during the year by describing the voting behaviour on behalf of the Trustees of the Fund.

The Trustees have appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information ('VEI') on the Fund's behalf.

This Statement includes Minerva's report on key findings on behalf of the Trustees over the Fund Year.

A summary of the key points is set out below.

### **Columbia Threadneedle ('CT')**

CT stated that there was no voting information to report due to nature of the underlying holdings.

Basic LDI counterparty-level engagement information was provided that was in line with the Scheme's reporting period. From this Minerva was able to confirm that the activity appeared to broadly comply with CT's own engagement approach, and so complies with the Scheme's approach.

### **LGIM**

LGIM stated that there was no voting or engagement information to report for the Managed Property Fund.

For the Dynamic Diversified Fund and the Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged, Minerva confirmed that the manager's voting policies and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices. LGIM provided a summarised voting record that was for the Scheme Year, rather than the Fund's specific investment holding period. Significant votes were also provided. From this, Minerva was able to confirm that the manager's voting activity was in line with the Trustees' policy.

LGIM provided basic engagement information at a fund level that was also for the Scheme Year rather than the Fund's specific investment holding period. Despite this, Minerva was able to confirm that the activity appeared to broadly comply with LGIM's own engagement approach, and so complies with the Fund's approach.

### **Jupiter**

Jupiter confirmed they do not have a formal proxy voting policy for bond investments. In instances where bonds have voting rights, typically in relation to corporate actions, a case-by-case approach to determine the votes to cast is adopted. Given the nature of the investments in this fund, Minerva has concluded that the manager's approach is in the best financial interest of the Fund beneficiaries. A summarised voting record was provided that was in line with Fund's reporting period. There were no significant votes to report.

Jupiter provided detailed fund-level information on engagements that was in line with the Scheme's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with Jupiter's own engagement approach, and so complies with the Fund's approach.

### **Annuities**

The Fund invests in an annuity and given the nature of the policy, the Trustees' view is that voting and engagement practices of the provider does not need to be covered.

### **Final Comments**

In previous years, engagement data has been sourced for managers at firm-level where none was provided at an individual fund-level. Where this data had been sourced, the relevant manager was assessed to be 'compliant' with their own engagement approach and therefore the Trustees. This was considered reasonable in the early stages of implementation statement reporting but as reporting has developed, it would no longer be appropriate to do this. We believe all managers should be capable of providing detailed fund-level engagement information that is in line with the Fund's reporting period. A manager that cannot provide fund specific information in a timely manner will be assessed as 'non-compliant' to incentivise them to improve their reporting. Minerva has given notice of this to all 'non-compliant' managers.

Since last year, Jupiter have continued to provide good levels of information. CT have improved by providing basic LDI counterparty-level engagement information at fund-level where as basic firm-level engagement information was provided last year. Further improvement is needed from both CT and LGIM to provide more detail on engagements.



**Hoburne Pension Fund**

Dalriada Trustees Limited

**Implementation Statement (IS):  
Voting & Engagement Information (VEI) Report**

Scheme Reporting Period:

1<sup>st</sup> December 2022 to 30<sup>th</sup> November 2023

26<sup>th</sup> March 2024

# Contents

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1	SIP Disclosures	3
2	Sourcing of Voting and Engagement Information	7
3	Voting and Engagement	9
4	Exercise of Voting Rights	11
5	Manager Voting Policy	13
6	Manager Voting Behaviour	15
7	Significant Votes	17
8	Manager Engagement Information	28
9	Conclusion	35

# 1 SIP Disclosures

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Scheme year-end relating to the following:

1. Financially Material Considerations
2. Non-Financial Considerations
3. Investment Manager Arrangements

Stewardship - including the exercise of voting rights and engagement activities - is set out in the 'Voting and Engagement' section.

Source of Information:

*Hoburne Pension Fund  
Statement of Investment Principles  
October 2023*



## 1.1 Financially Material Considerations

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Fund for members. An estimate of the potential time horizon is included in the Appendix and will be reviewed at least every 3 years when the investment strategy is reviewed. The Trustees believe that ESG factors (including climate change risks) can potentially have a material positive or negative financial impact on the Fund.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledge that they cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustees do expect their fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Fund's assets are subject to the investment managers' own policies on socially responsible investment. The Trustees will assess that these correspond with their responsibilities to the beneficiaries of the Fund with the help of their investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustees expect the investment managers to adhere to the United Nations Principles for Responsible Investment (UNPRI) or to otherwise evidence that they adopt best industry practice on ESG and Stewardship.

The Trustees will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Fund and its investments;
- Use ESG ratings information provided by its investment consultant, to assess how the Fund's investment managers take account of ESG issues; and
- Request that all of the Fund's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via their investment consultant.

If the Trustees determine that financially material considerations have not been factored into the investment managers' process, they will take this into account on whether to select or retain an investment.

## 1.2 Non-Financial Considerations

The Trustees have not considered non-financially material matters in the selection, retention and realisation of investments.

## 1.3 Investment Manager Arrangements

### *Incentives to align investment managers' investment strategies and decisions with the Trustees' policies*

The Fund invests in pooled funds and so the Trustees acknowledge the funds' investment strategy and decisions cannot be tailored to the Trustees' policies. However, the Trustees set their investment strategy and then select managers that best suit its strategy taking into account the fees being charged, which acts as the fund managers' incentive.

The Trustees use the fund objective/benchmark as a guide on whether its investment strategy is being followed and monitors this regularly.

***Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term***

The Trustees select managers based on a variety of factors including investment philosophy, and process, which they believe should include assessing the long term financial and non-financial performance of the underlying company.

The Trustees also consider the managers' voting and ESG policies and how they engage with the company as they believe that these factors can improve the medium to long-term performance of the investee companies.

The Trustees will monitor the fund managers' engagement and voting activity on an annual basis as they believe this can improve long term performance. The Trustees expect their managers to make every effort to engage with investee companies but acknowledge that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustees acknowledge that in the short term, these policies may not improve the returns it achieves, but do expect those companies with better financial and non-financial performance over the long term will lead to better returns for the Fund.

The Trustees believe the annual fee paid to the fund managers incentivise them to do this.

If the Trustees feel that the fund managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, they will use these factors in deciding whether to retain or terminate a manager.

***How the method (and time horizon) of the evaluation of the fund managers' performance and the remuneration for asset management services are in line with the Trustees' policies***

The Trustees review the performance of each fund quarterly on a net of fees basis (where this is possible) compared to its objective.

The Trustees assess the performance periods of the funds over at least a 3-5 year period when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The fund managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of its investment consultant to

ensure it is in line with the Trustees' policies.

***How the Trustee monitors portfolio turnover costs incurred by the fund managers, and how they define and monitor targeted portfolio turnover or turnover range***

The Trustees, with the help of their investment consultant, monitor the portfolio turnover costs on an annual basis.

The Trustees define target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manager. This is monitored on an annual basis.

***The duration of the arrangement with the fund managers***

The Trustees plan to hold each of their investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the fund manager can lead to the duration of the arrangement being shorter than expected.



# 2 Sourcing of Voting and Engagement Information

This section sets out the availability of the information Minerva initially requested from the Scheme's managers, to facilitate the preparation of this report:

**Table 2.1: Summary of Available Information**

Fund Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
Columbia Threadneedle	Nominal Dynamic LDI Fund	No Info to Report	No Info to Report	Part Info Available
	Real Dynamic LDI Fund	No Info to Report	No Info to Report	Part Info Available
	Short Profile Nominal Dynamic LDI Fund	No Info to Report	No Info to Report	Part Info Available
Jupiter	Strategic Bond Fund	Full Info Available	No Info to Report	Full Info Available
LGIM*	Dynamic Diversified Fund	Part Info Available	Full Info Available	Part Info Available
	Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	Part Info Available	Full Info Available	Part Info Available
	Managed Property Fund	No Info to Report	No Info to Report	No Info to Report

\* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

## Table Key

### Full Info Available

The manager has provided either a PLSA Voting Template or voting data that **precisely** matches the specific investment's holding / reporting period

### Part Info Available

The manager has provided either a PLSA Voting Template or voting data that **partially** matches the specific investment's holding / reporting period

### No Info to Report

The manager has explicitly stated that there is no voting or engagement information to report for this specific investment or that it is not expected there will be any voting or engagement information to report due to the nature of the underlying investments

### No Info Provided

At the time of preparing this report, the manager has either not formally responded to the information request or has not provided information when we believe there should be information to report



## Minerva Says:

### Voting Activity

There was voting information disclosed for the following Scheme investments:

- Jupiter Strategic Bond Fund
- LGIM Dynamic Diversified Fund
- LGIM Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged

### Significant Votes

There was 'Significant Vote' information disclosed for the following Scheme investments:

- LGIM Dynamic Diversified Fund
- LGIM Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged

### Engagement Activity

There was reportable engagement information provided for the following Scheme investments:

- Columbia Threadneedle Nominal Dynamic LDI Fund
- Columbia Threadneedle Real Dynamic LDI Fund
- Columbia Threadneedle Short Profile Nominal Dynamic LDI Fund
- Jupiter Strategic Bond Fund
- LGIM Dynamic Diversified Fund
- LGIM Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged

# 3 Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Scheme year. The Trustee have used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This statement provides a summary of the key information and summarizes Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

The voting and engagement activity undertaken by the Scheme's managers, as reported by them and set out in this document, has been in the scheme members' best interests inasmuch that it demonstrates that the Scheme's managers have undertaken stewardship activity they deem to be appropriate and proportionate in the oversight and management of the Scheme's investments.

## 3.1 Stewardship

The Trustees' policy on Stewardship from the Scheme's SIP is set out below:

***The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment managers on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.***

***The investment managers should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.***

***The Trustees also expect the investment managers to engage with investee companies on the capital structure and management of conflicts of interest.***

***If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment consultant, to influence the investment manager's policy. If this fails, the Trustees will review the investments made with the investment manager.***

***The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.***

The following table sets out:

- The funds and products in which the Scheme was invested during the Scheme's reporting period;
- The holding period for each fund or product; and
- Whether each investment manager made use of a 'proxy voter', as defined by the Regulations

**Table 3.1: Scheme Investment/Product Information**

Fund Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
<b>Columbia Threadneedle</b>	Nominal Dynamic LDI Fund	Mobius Platform	DB Fund	01/12/22	30/11/23	N/A
	Real Dynamic LDI Fund	Mobius Platform	DB Fund	01/12/22	30/11/23	N/A
	Short Profile Nominal Dynamic LDI Fund	Mobius Platform	DB Fund	01/12/22	30/11/23	N/A
<b>Jupiter</b>	Strategic Bond Fund	Mobius Platform	DB Fund	01/12/22	30/11/23	N/A
<b>LGIM</b>	Dynamic Diversified Fund	Mobius Platform	DB Fund	01/12/22	30/11/23	ISS
	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	Mobius Platform	DB Fund	01/12/22	30/11/23	ISS
	Managed Property Fund	Mobius Platform	DB Fund	01/12/22	18/09/23	N/A

### Minerva Says

As shown in the table above:

- LGIM identified Institutional Shareholder Services, or 'ISS', as their 'Proxy Voter'
- The investments shown as 'N/A' had no listed equity voting activity associated with them, and so had no need for a proxy voter

# 4 Exercise of Voting Rights

The following tables show a comparison of each of the Scheme's relevant manager(s) voting activity versus the Trustees' policy (which in this instance is the manager's own policy).

**Table 4.1: Jupiter's Approach to Voting**

<b>Asset manager</b>	Jupiter
<b>Relevant Scheme Investment(s)</b>	Strategic Bond Fund
<b>Key Points of Manager's Voting Policy</b>	Jupiter have confirmed to us that they do not have a formal bond voting policy as such. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.
<b>Is Voting Activity in Line with the Scheme's Policy?</b>	<b>Yes</b> By voting in the specific manner that they have in relation to corporate actions on investments, we believe that the manager is doing so in the best financial interests of the Scheme beneficiaries.

**Table 4.2: LGIM's Approach to Voting**

<b>Asset manager</b>	LGIM (Legal & General Investment Management)
<b>Relevant Scheme Investment(s)</b>	<ul style="list-style-type: none"> <li>▪ Dynamic Diversified Fund</li> <li>▪ Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged</li> </ul>
<b>Key Points of Manager's Voting Policy</b>	<p>LGIM's Corporate Governance and Responsible Investing Policy sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM expects all companies to closely align with their principles, or to engage with them where circumstances prevent them from doing so.</p> <p>LGIM's voting policy is built on the assessment of 5 key policy areas:</p>

#	Policy Area	Example of Topics Covered
1	Company Board	Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation
2	Audit, Risk & Internal Control	External Audit, Internal Audit and Whistleblowing
3	Remuneration	Fixed Remuneration, Incentive Arrangements and Service Contracts and Termination Payments
4	Shareholder & Bondholder Rights	Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations
5	Sustainability	Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement

Is Voting Activity in Line with the Scheme's Policy?

Yes

Some examples of the manager's voting activity are provided in Section 7 – Significant Votes

### Minerva Says

- Jupiter have confirmed that they do not have a formal bond voting policy.
- LGIM have set out how they approach their stewardship responsibilities for listed companies on behalf of their clients.
- From the information available, we believe that the voting approaches are consistent with the Scheme's voting approach expectations of its investment managers.

# 5 Manager Voting Policy

As the current approach of the Scheme is to use the voting policy of the external asset managers, it is important that these policies are independently reviewed to ensure that they match current good practice and the general stewardship expectations set by the Scheme. Well-managed companies that operate in a commercially, socially and environmentally responsible manner are expected to perform better over the longer term, as the Scheme believe that adopting such an approach will allow each company's management to identify, address and monitor the widest range of risks associated with their specific business.

Set out in the following table is Minerva's independent assessment of the Scheme's managers' publicly available voting policies, in the context of current good practice as represented by the ICGN Voting Guidelines, whilst also bearing the Scheme's stewardship expectations in mind. This has been done for each manager where they have identified voting activity on behalf of the Scheme.

We have assessed each manager's policy individually, looking at it from Minerva's perspective of seven 'Voting Policy Pillars' that are at the core of our proxy voting research process, and which we have developed over the last 25 years. In using this well-tried approach, the Scheme can be sure that their investment managers voting policies are being carefully considered against current good practice.

**Table 5.1: Voting Policy Alignment**

**Manager Voting Policy Alignment with Current Good Practice**

Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
Jupiter	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Comments</i>	Jupiter have confirmed to us that they do not have a formal bond voting policy as such. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.						
LGIM	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
<i>Comments</i>	LGIM's voting policy and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices.						

**Table Key**

- Aligned** This aspect of the manager's voting policy is aligned with good practice
- Limited Disclosures** This policy pillar could only be partially assessed on the information available in the manager's voting policy
- No Disclosures** This policy pillar could not be assessed due to a lack of information in the manager's voting policy
- Not Available** The manager's voting policy was not disclosed for analysis by Minerva



## Minerva Says

For the Scheme's managers that responded to our information requests by providing voting information:

- Jupiter have confirmed that they do not have a formal proxy voting policy for bond investments.
- LGIM's public voting policy is, in our view, broadly in line with good practice, and is what we would expect to see from such a large asset steward.



# 6 Manager Voting Behaviour

The Trustee believes that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour as disclosed by the each of the Scheme's managers:

**Table 6.1: Manager Voting Behaviour**

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
Jupiter	Strategic Bond Fund	12	62	95.2%	93.2%	6.8%	0.0%
	<b>Comments</b>						
	<p>The manager provided a summarised voting record for the Strategic Bond Fund, that covered the Scheme's specific investment holding period. There were only 12 meetings in the period, most likely with resolutions relating to corporate actions on investments held in the Fund.</p> <p>From the summarised information provided, we can see that the manager voted at almost all pertinent meetings for the Fund, which is in line with the Trustees' expectations of the Scheme's managers.</p>						
LGIM	Dynamic Diversified Fund	9,871	101,264	99.8%	76.6%	23.2%	0.3%
	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	7,128	72,933	99.9%	81.0%	18.5%	0.5%
	<b>Comments</b>						
<p>The manager provided a summarised voting record for the Funds shown above that covered the period from 01/01/23 to 31/12/23, rather than the Scheme's specific investment holding period.</p> <p>From the summarised information provided, we can see that the manager has voted at almost all investee company meetings for these two Funds, which is in line with the Trustees' expectations of the Scheme's managers.</p>							



## Minerva Says

For the Scheme's managers that responded to our information requests by providing voting information, we believe that they have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

***The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment managers on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.***

# 7 Significant Votes

Set out in the following section are 5 examples of the Scheme's manager(s) voting behaviour from the relevant fund(s) in which the Scheme was invested. A 'Significant Vote' relates to any resolution at a company that meets one of the following criteria:

1. Identified by the manager themselves as being of significance;
2. Contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK);
3. Is one proposed by shareholders that attracts at least 20% support from investors;
4. Attracts over 10% dissenting votes from shareholders.

Where the manager has not provided sufficient data to identify 'Significant Votes' based on criteria 2-4 above, we have used manager-identified examples:

**Table 7.1 LGIM's 'Significant Votes'**

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Prologis, Inc.	04/05/23	0.34%	Resolution 1j - Elect Director Jeffrey L. Skelton	Against	Not stated
<b>Why a 'Significant Vote?'</b>							
Thematic - Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.							
<b>Manager's Vote Rationale:</b>							
Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Average board tenure: A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background. Diversity: A vote against is applied as the company has an all-male Executive Committee.							
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>							
LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							

**Next Steps / Implications of the Outcome:**

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

**Relevance to Manager's Stated Policy:**

<b>Company Board</b>	<b>Audit, Risk &amp; Internal Control</b>	<b>Remuneration</b>	<b>Shareholder &amp; Bondholder Rights</b>	<b>Sustainability</b>
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**We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach**

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Shell Plc	23/05/23	0.28%	Resolution 25 - Approve the Shell Energy Transition Progress	Against	80% of votes cast were in support of the resolution

**Why a 'Significant Vote'?**

Thematic - Climate: LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.

**Manager's Vote Rationale:**

Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.

**Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?**

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

**Next Steps / Implications of the Outcome:**

LGIM continues to undertake extensive engagement with Shell on its climate transition plans

**Relevance to Manager's Stated Policy:**

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Public Storage	02/05/23	0.17%	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	For	34.7% of votes cast were in support of the resolution

**Why a 'Significant Vote?'**

High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

**Manager's Vote Rationale:**

Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

**Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?**

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

**Next Steps / Implications of the Outcome:**

LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

**Relevance to Manager's Stated Policy:**

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Woolworths Holdings Ltd.	22/11/23	0.01%	Resolution 3.2 - Re-elect Christopher Colfer as Member of the Audit Committee	Against	Pass
<b>Why a 'Significant Vote?'</b>							
Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.							
<b>Manager's Vote Rationale:</b>							
Remuneration - Accountability - Escalation - A vote against is applied as LGIM has had concerns with remuneration practices for consecutive years. Diversity: A vote against is applied as LGIM expects a company to have a diverse board, with at least one-third of board members being women. We expect companies to increase female participation both on the board and in leadership positions over time.							
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>							
LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
<b>Next Steps / Implications of the Outcome:</b>							
LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.							
<b>Relevance to Manager's Stated Policy:</b>							
Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability			
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	23andMe Holding Co.	06/09/23	<0.01%	Resolution 1.3: Elect Director Richard Scheller	Withhold	Not stated

#### Why a 'Significant Vote?'

Thematic - Investor Rights: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of one-share one-vote and our support for equality of voting rights.

#### Manager's Vote Rationale:

WITHHOLD votes are warranted for director nominees Neal Mohan, Valerie Montgomery Rice, and Richard Scheller given the board's failure to remove, or subject to a sunset requirement, the supermajority vote requirement to enact certain changes to the governing documents, and the classified board, each of which adversely impacts shareholder rights. WITHHOLD votes are further warranted for non-independent director nominee Richard Scheller due to the company's lack of a formal nominating committee. Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. We expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

#### Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

#### Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

#### Relevance to Manager's Stated Policy:

Company Board

Audit, Risk & Internal Control

Remuneration

Shareholder & Bondholder Rights

Sustainability

We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	BP Plc	27/04/23	1.12%	Resolution 4 - Re-elect Helge Lund as Director	Against (against management recommendation)	Not stated

**Why a 'Significant Vote?'**

High Profile Meeting and Engagement: We consider this vote to be significant given our long-standing engagement with the company on the issue of climate.

**Manager's Vote Rationale:**

Governance: A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, we note concerns around the governance processes leading to the decision to implement such amendments.

**Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?**

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

**Next Steps / Implications of the Outcome:**

LGIM will continue to engage with the company and monitor progress.

**Relevance to Manager's Stated Policy:**

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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**We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach**



Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund – 75% GBP	Amazon.com, Inc.	24/05/23	1.06%	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	For (Against Management Recommendation)	29% of votes cast were in support of the resolution (resolution failed)

#### Why a ‘Significant Vote?’

Pre-declaration and Thematic – Diversity: LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.

#### Manager’s Vote Rationale:

A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company’s diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as we believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.

#### Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

#### Next Steps / Implications of the Outcome:

LGIM will continue to engage with the company and monitor progress.

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager’s stated approach, and so is also consistent with the Scheme’s approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund –	Alphabet Inc.	02/06/23	0.85%	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share	For (against management recommendation)	30.7% of votes cast were in support of the resolution (resolution failed)

#### Why a 'Significant Vote?

High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

#### Manager's Vote Rationale:

Shareholder Resolution - Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.

#### Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

#### Next Steps / Implications of the Outcome:

LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.

#### Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	Meta Platforms, Inc.	31/05/23	0.68%	Resolution 1.9 - Elect Director Mark Zuckerberg	Withhold (against management recommendation)	Not stated

#### Why a 'Significant Vote?

Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote). Thematic - Investor Rights: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of one-share one-vote and our support for equality of voting rights.

#### Manager's Vote Rationale:

Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns. Shareholder rights: A vote against is applied because LGIM supports the equitable structure of one-share-one-vote. We expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure. WITHHOLD votes are further warranted for Mark Zuckerberg, the owner of the supervoting shares.

#### Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM publicly communicates its vote instructions on its website the day after the company meeting, with a rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.

#### Next Steps / Implications of the Outcome:

LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

#### Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
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We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund – 75% GBP	McDonald's Corporation	25/05/23	0.24%	Resolution 5 – To Adopt Policy to Phase Out Use of Medically-Important Antibiotics in Beef and Pork Supply Chain	For (Against Management Recommendation)	16.3% of votes cast were in support of the resolution (resolution failed)

#### Why a 'Significant Vote'?

Pre-declaration and Thematic – Health: LGIM considers this vote to be significant as Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and we consider AMR to be a systemic risk.

#### Manager's Vote Rationale:

Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and we consider AMR to be a systemic risk. The resolution asks McDonald's to adopt a company-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains and to set targets with timelines, metrics for measuring implementation, and third-party verification. In line with the shareholder resolution on AMR that LGIM has co-filed (see resolution 6) and our conviction that AMR is a systemic risk, we will be voting FOR

#### Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?

LGIM pre-declared its vote intention for this meeting on the LGIM Blog. As part of this process, a communication was set to the company ahead of the meeting.

#### Next Steps / Implications of the Outcome:

LGIM will continue to engage with the company and monitor progress.

#### Relevance to Manager's Stated Policy:

Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability
---------------	--------------------------------	--------------	---------------------------------	----------------

We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach



## Minerva Says

- LGIM's reported 'Significant Vote' information seems to be broadly consistent with their stated voting policy, and so is also consistent with the Scheme's expectations.

# 8 Manager Engagement Information

The Trustee has set the following expectation in the Scheme's SIP in relation to its managers' engagement activity:

**The investment managers should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.**

**If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment consultant, to influence the investment manager's policy. If this fails, the Trustees will review the investments made with the investment manager.**

The Trustee believes that an important part of responsible oversight is for the Scheme's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's managers to engage with investee companies where they have identified any such issues.

The following table(s) summarises the engagement activity of the manager(s):

**Table 8.1: Summary of Engagement Information Provided**

Manager	Engagement Information Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
Columbia Threadneedle	YES	FUND	PART	The manager provided <b>basic LDI counterparty-level engagement information</b> covering the period from <b>01/01/23 to 31/12/23</b> , rather than for the Scheme's specific investment holding period
Jupiter	YES	FUND	YES	The manager provided <b>detailed fund-level engagement information</b> for the Scheme's specific investment holding period
LGIM	YES	FUND	PART	The manager provided <b>basic fund-level engagement information</b> covering the period from <b>01/01/23 to 31/12/23</b> , rather than for the Scheme's specific investment holding period

## Table Key

**GREEN = A positive result.** The manager has provided engagement information / fund level info available / matches the Scheme's reporting / investment holding period

**ORANGE = A 'partial' result.** We had to try to source engagement information / firm level info available / does not match the Scheme's reporting / investment holding period

**RED = A negative result.** No engagement information was located at any level

# Columbia Threadneedle

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
CT LDI Funds – LDI Counterparties	01/01/23	31/12/23	15	-	-	-	-	-	-

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>Columbia Threadneedle's general approach to engagement is set out in a document titled 'Responsible Investment: Global Policy and Approach'. They go on to say the following, but do not set out any specific engagement priorities or themes in the document:</p> <p><i>'Proactive engagement is an integral part of our approach to research, investment and the stewardship of client capital. This includes a focus on sustainability risks, operational excellence, capital allocation policies and managerial incentives, among others. Underpinned by collaboration across asset classes and thematic and sectorial disciplines, we ensure an informed approach to our engagement. A consultative, research driven approach to engaging corporate leadership and management contributes to investment insights, appropriate escalation and our exercise of proxy voting rights.'</i></p> <p>They have the following additional commentary on their engagement approach in another report, but again have not identified any specific engagement priorities or themes:</p> <p><i>'Having identified the ESG issues we consider material to the creation and protection of long-term investor value, we use in-depth dialogue to encourage investee companies to improve performance and move towards best practice in managing those issues. Our engagement encompasses a spectrum of ESG issues, across a range of sectors and geographies. We monitor the outcomes of our engagement and report on our progress.'</i></p> <p><i>In encouraging companies to move towards best practice in managing ESG issues, we refer to international codes and standards where relevant, such as the International Labour Organization Core Conventions, UN Guiding Principles on Business and Human Rights, the UN Global Compact, and national corporate governance principles and codes of best practice. However, any such standards are often only a starting point, as we tailor our engagement to individual companies and to how the ESG issues under discussion apply to their specific circumstances.'</i></p> <p><i>Our preferred approach is to use constructive, confidential dialogue, typically working one-to-one with companies, but also taking a collaborative approach where this has more impact and is in line with our objectives. We engage at different levels within companies depending on the nature of our objectives, including the board, executive management and operational specialists.'</i></p>
Additional information on Engagements provided by the Manager	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> <li>engagement objectives</li> </ul>

	<ul style="list-style-type: none"> <li>▪ collaborative engagements</li> <li>▪ process for escalating ineffective engagement and</li> <li>▪ whether any fintech solution was used to facilitate engagement</li> </ul>
Comparison of the Manager's Engagement Activity vs the Scheme's Expectations	<p>The following example of engagement activity was provided by the manager for LDI fund counterparties:</p> <p><b><u>H2 2023 – Citigroup Inc – Environmental-themed Engagement</u></b></p> <p><b><u>Engagement Details:</u></b></p> <p><i>'Bank enhanced its climate risk management practices. This includes a second year publication of a TCFD report, published 2030 targets for four additional loan portfolios, and - among others - expanded climate activities around the firm including the expansion of capacity on their Climate Risk team. We see clear movement in their practices. Lagging the US leading bank as well as European banks, further engagement will occur.'</i></p> <p><b><u>Engagement Outcomes:</u></b> 'Not stated'.</p>
Is Engagement Activity in Line with the Scheme's Expectations?	<p><b>Whilst we believe that the manager's engagement approach is consistent with the Scheme's expectations, we were disappointed with the limited information provided.</b></p>

## Jupiter

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Strategic Bond Fund	01/12/22	30/11/23	9	33.3%	33.3%	11.1%	22.2%	0%	100%
Aspect of Engagement Activity	Details								
Key Points of the Manager's Engagement Policy	<p>Jupiter's general approach to engagement is set out in their 'Responsible Investment Policy'. They state the following in terms of their overall approach, but do not set out any specific engagement priorities or themes:</p> <p><i>'Engagement is central to our active ownership approach. It advances our responsible investment goals, builds lasting relationships with companies, and provides our investment teams with greater investment insights. Our investment teams maintain a dialogue with companies to inform their investment decisions and carry out strategic engagement, based on ESG materiality. To be effective, engagement must be focused and have well-defined targets, objectives, and outcomes. We do not believe that volume of engagement is a reliable indicator of successful active ownership.'</i></p>								



- **Investment-led:** Investment managers are responsible for capital allocation decisions and lead engagement, supported by the Stewardship Team.
- **Monitoring/escalation:** We regularly engage with companies to monitor material ESG issues that will impact the long-term success of an investment. Engagement should be proactive as reactive engagement may not achieve good outcomes for investors. We also use proactive dialogue to discuss our expectations around material ESG issues.
- **Misalignment:** Concerns may arise at investee companies because of a misalignment with shareholder interests or negative impacts for stakeholders. Where appropriate, we will use engagement with company management and boards of directors as an escalation tool to resolve such situations.
- **Time horizon:** Many material ESG issues are complex and interconnected, and outcomes take time. We are committed to long-term engagement goals, however to protect client interests we reserve the right to exit an investment if we conclude that progress is insufficient or does not meet our strategic objectives.
- **Direct and collaborative engagement:** Our primary tool is direct engagement with companies. We also engage in collective engagement where such action aligns with our own objectives. Collective engagement enables us to leverage our influence and is particularly useful when considering systemic risks such as climate and biodiversity. In addition to working with other shareholders, collective engagement can be extended to investor bodies, NGOs, charities, and trade organisations.
- **Regulatory, industry and policy engagement:** We engage with industry bodies, policymakers and regulators where appropriate and we believe there is an opportunity to contribute to the agenda while representing client interests'

Additional Information on Engagements Provided by the Manager

The manager provided the following additional information:

- engagement objectives;

No engagement objectives have been set – ‘...this is not an article 8 or 9 fund’.

- collaborative engagements;

‘We have engaged with JBS via FAIRR 1st March 2023 - more details can be provided on request’.

- process for escalating ineffective engagement;

‘We continue to request meetings with management until we are happy with the engagement’.

- whether any fintech solution was used to facilitate engagement.

No fintech solutions used.

Comparison of the Manager’s Engagement Activity vs the Scheme’s Expectations

The following example of an engagement activity undertaken in the Strategic Bond Fund was provided by the manager:

21/03/23 – Barclays – Engagement on Environmental and Social issues

Engagement Topics: Carbon Emissions / Workforce Diversity

**Engagement Details:**

*'The Jupiter Fixed Income team have extensively engaged with Barclays on a range of topics, from the reduction of greenhouse gas emissions within the companies they invest, to the gender pay gap and diversity and inclusion at board level.'*

**Engagement Outcome:**

*'Barclays full response to us on this was as follows:*

*We are aware of the FCA's recently issued policy statement and (as noted in our 2021 Annual Report) responded to the consultation last year. We already publish the gender make-up of our board and senior management in our D&I Report, and we publish data on our board ethnicity in line with the recommendations of the Parker Review.*

*We currently meet the target of having at least one senior board positions filled by a woman, following the appointment of Anna Cross as our Group Finance Director in April this year. Our Board gender diversity is currently 38%, exceeding both the Hampton Alexander target and our own Board Diversity Policy target of 33%. We also reported on the gender diversity of our Board Committees in our 2021 Annual Report (see p127).*

*We currently meet the target of having at least one member of the Board from a minority ethnic background. We have two Board members from an ethnically diverse background (15%), exceeding the Parker Review target and our own Board Diversity Policy target.*

*We will keep our targets under review in light of the FCA Policy Statement, and also the FTSE Women Leaders Review new diversity target recommendations.*

*As noted in our 2021 Annual Report, capturing the benefits of diversity of background and opinion is at the forefront of our search for new Board members, and we remain committed to continuing to bring the very best, diverse talent we can attract to the Board.'*

The engagement is marked as 'Ongoing'

Is Engagement Activity in Line with the Scheme's Expectations?

**The activity appears to be consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.**

# LGIM

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Dynamic Diversified Fund	01/01/23	31/12/23	2,410	61.5%	11.6%	21.1%	5.8%	Not Stated	Not Stated
Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	01/01/23	31/12/23	1,658	44.8%	14.5%	31.3%	9.4%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>LGIM's Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies, taking the following six step approach:</p> <ol style="list-style-type: none"> <li>1) Identify the most material ESG issues</li> <li>2) Formulate a strategy</li> <li>3) Enhance the power of engagement (e.g., through public statements)</li> <li>4) Collaborate with other stakeholders and policymakers</li> <li>5) Vote</li> <li>6) Report to shareholders</li> </ol> <p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 5 engagement topics:</p> <ol style="list-style-type: none"> <li>1. Climate Change</li> <li>2. Remuneration</li> <li>3. Diversity (Gender and Ethnicity)</li> <li>4. Board Composition</li> <li>5. Strategy</li> </ol>
Additional information on engagements provided by the Manager	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> <li>▪ engagement objectives</li> <li>▪ collaborative engagements</li> <li>▪ process for escalating ineffective engagement and</li> <li>▪ whether any fintech solution was used to facilitate engagement</li> </ul>

<p>Comparison of the Manager's Engagement Activity vs the Scheme's Expectations</p>	<p>Set out below is an example of engagement activity reported by LGIM in the Dynamic Diversified Fund:</p> <p><b><u>24/07/23 – Experian Plc – Social-themed Engagement Activity</u></b></p> <p><i>Engagement Type: Written.</i></p> <p><i>Issue Theme: Social – Gender Diversity.</i></p> <p><i>Engagement Details: Not provided.</i></p> <p><i>Engagement Outcome: Not provided.</i></p>
<p>Is Engagement Activity in Line with the Scheme's Expectations?</p>	<p><b>Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to provide more information relating to engagements undertaken at fund level.</b></p>

### Minerva Says

As can be seen from the previous tables, the Scheme's managers' 'Engagement Activity' appears to broadly comply with their own engagement approaches, and so also complies with the Scheme's approach.

# 9 Conclusions

## 9.1 Assessment of Compliance

In this report, Minerva has undertaken an independent review of the Scheme's external asset managers' voting and engagement activity. The main objective of the review is for Minerva to be in a position to say that the activities undertaken on the Scheme's behalf by its agents are aligned with its own policies.

Set out in the following table is Minerva's assessment of each manager's compliance with the Scheme's approach:

**Table 9.1: Summary Assessment of Compliance**

Fund / Product Manager	Investment Fund/ Product	Does the Manager's Reported Activity Follow the Scheme's Expectations?				UK Stewardship Code 2020 Signatory?	Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
Columbia Threadneedle	Nominal Dynamic LDI Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT
	Real Dynamic LDI Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT
	Short Profile Nominal Dynamic LDI Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT
Jupiter	Strategic Bond Fund	YES	N.I.R.	YES	N/A	YES	COMPLIANT
LGIM*	Dynamic Diversified Fund	YES	YES	YES	ISS		COMPLIANT
	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	YES	YES	YES	ISS	YES	COMPLIANT
	Managed Property Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.

\* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

### Table Key

**GREEN**=Positive outcome e.g., Manager's reported activity follows the Scheme's expectations

**ORANGE**=An issue exists e.g., the information provided does not match the Scheme's reporting / investment holding period

**BLUE**=Manager has confirmed that there is no voting, 'Significant Votes' or engagement information to report (N.I.R.)

**RED**=Negative outcome e.g., no information provided (N.I.P.); Manager is not a signatory to the UK Stewardship Code 2020

**GREY**=Not Applicable e.g., there has been no 'Proxy Voter' used due to the nature of the investments held



## Minerva Says

### Overall Assessment:

**We believe that the Scheme's managers have broadly complied with the Scheme's Voting and Engagement requirements of them.**

### Notes

- 1) The preceding table shows that Minerva has been able to determine that:
  - For the managers where Voting and 'Significant Vote' information was available, their overall approaches are broadly in step with the Scheme's requirements
  - For the managers where Engagement information was available, their overall approaches are also broadly in step with the Scheme's requirements
- 2) All of the Scheme's investment managers are signatories to the UK Stewardship Code.
- 3) We were disappointed with the inability of some of the Scheme's managers to provide reporting that specifically covered the Scheme's individual investment holding periods, and with some of the voting information disclosed.
- 4) We were also disappointed with the limited engagement information provided by Columbia Threadneedle and LGIM. We believe that, as Stewardship Code Signatories, these asset managers should be able to provide their clients with more useful information on stewardship activities undertaken on their behalf.

## LGIM Information Disclaimer

- i. Carbon dioxide equivalent (CO<sub>2</sub>e) is a standard unit to compare the emissions of different greenhouse gases.
- ii. The choice of this metric follows best practice recommendations from the Task Force on Climate-related Financial Disclosures.
- iii. Data on carbon emissions from a company's operations and purchased energy is used.
- iv. This measure is the result of differences in weights of companies between the index and the benchmark, and does not depend on the amount invested in the fund. It describes the relative 'carbon efficiency' of different companies in the index (i.e. how much carbon was emitted per unit of sales), not the contribution of an individual investor in financing carbon emissions.
- v. LGIM set the following threshold for our reportable funds 1) the assets eligible for coverage e.g. eligible ratio needs to be greater than or equal to 50% and 2) the carbon coverage of the eligible assets e.g. eligible coverage needs to be greater than or equal to 60%.
- vi. Eligibility % represents the % of the securities in the benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt and derivatives are currently not included for carbon reporting). The Coverage % represents the coverage of those assets with carbon scores.
- vii. Derivatives including repos are not presently included and the methodology is subject to change. Leveraged positions are not currently supported. In the instance a leveraged position distorts the coverage ratio over 100% then the coverage ratio will not be shown.
- viii. LGIM define 'Sovereigns' as, Agency, Government, Municipals, Strips and Treasury Bills and is calculated by using: the CO<sub>2</sub>e/GDP, Carbon Emissions Footprint uses: CO<sub>2</sub>e/Total Capital Stock.
- ix. The carbon reserves intensity of a company captures the relationship between the carbon reserves the company owns and its market capitalisation. The carbon reserves intensity of the overall benchmark reflects the relative weights of the different companies in the benchmark.
- x. Green revenues % represents the proportion of revenues derived from low-carbon products and services associated with the benchmark, from the companies in the benchmark that have disclosed this as a separate data point.
- xi. Engagement figures do not include data on engagement activities with national or local governments, government related issuers, or similar international bodies with the power to issue debt securities.
- xii. LGIM's temperature alignment methodology computes the contribution of a company's activities towards climate change. It delivers a specific temperature value that signifies which climate scenario (e.g. 3°C, 1.5°C etc.) the company's activities are currently aligned with. The implied temperature alignment is computed as a weighted aggregate of the company-level warming potential.

Third Party ESG Data Providers: Source: ISS. Source: HSBC© HSBC 2022. Source: IMF (International Monetary Fund). Source: Refinitiv. Information is for recipients' internal use only.

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