

Institute of Chartered Secretaries and Administrators (“ICSA”) Pension and Assurance Scheme Implementation Statement

Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees’ policies in relation to the exercising of rights (including voting rights), attached to the Scheme’s investments, and engagement activities have been followed during the year ended 30 June 2023 (“the reporting year”). In addition, the Statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

Background

In Q2 2019, the Trustees received training on Environmental, Social and Governance (“ESG”) issues from their Investment Adviser, XPS Investment Limited (“XPS”) and discussed their beliefs around those issues. This enabled the Trustees to consider how to update their policy in relation to ESG and voting issues. In June 2020, the Trustee received further training in relation to voting and engagement issues which enabled them to refine their policies in relation to such issues. The Trustees’ policy was documented in the Statement of Investment Principles dated 24 September 2020. A new Statement of Investment Principles was issued in November 2022 to reflect the changes of the new investment strategy. No changes were made to the Trustee’s ESG, voting and engagement policies during the reporting year.

The Trustees’ policy on ESG, voting and engagement

The Trustees encourage their Investment Managers to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact, and corporate governance including executive pay as part of their decision-making processes.

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

The Trustees support the UK Stewardship Code published by the Financial Reporting Council (“FRC”) and encourage the Investment Managers to adopt the Code or an alternative equivalent overseas code. The Trustees also pay regard to the FRC two tier categorisation of signatories. The Trustees are also in support of the investment managers aligning themselves with the Paris Climate Agreement target of net zero carbon emission by 2050. The investment managers are able to demonstrate this common goal through support of the Net Zero Asset Managers Initiative (“NZAMI”). The NZAMI launched in December 2020 and aims to galvanise the asset management industry to commit to a goal of net zero emissions in order to mitigate financial risk and to maximise long-term value of assets. The Trustees consider the arrangements with the Investment Managers to be aligned with the Scheme’s overall strategic objectives.

Investment Managers are incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Managers as part of the Scheme’s investment strategy – and hence the fees they receive – are dependent upon them doing so.

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

change risks into consideration within their decision-making as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of Investment Managers, accordingly.

Appointments of Investment Managers are expected to be long-term, but the Trustees will review the appointment of the Investment Managers in accordance with their responsibilities.

The Trustees monitor the performance of the funds against the agreed performance objectives.

The Trustees receive quarterly performance monitoring reports from the Investment Adviser which consider performance over the quarter, one- and three-year periods. If there are concerns, the Trustees may carry out a more in-depth review of a particular Investment Manager.

Fund manager remuneration is considered as part of the manager selection process. It is also monitored regularly with the help of the Investment Adviser to ensure it is in line with the Trustees' policies and with fee levels deemed by the Investment Adviser to be appropriate for the particular asset class and fund type.

The Trustees also require the Investment Managers to report on actual portfolio turnover periodically, including details of the costs associated with turnover, how turnover compares with the range that the Investment Manager expects and the reasons for any divergence.

Manager selection exercises

One of the main ways in which this updated policy is expressed is via manager selection exercises: the Trustees seek advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

During the reporting year, there have been no such manager selection exercises and neither did the Trustee invest in any new funds.

Ongoing governance

The Trustees, with the assistance of XPS, monitor the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the Trustees' requirements as set out in this statement. Further, the Trustees have set XPS the objective ensuring that any selected managers reflect the Trustees' views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the Trustees believe that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the Trustees have not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers. Stewardship and ESG matters are therefore discussed during Trustee meetings, as appropriate.

All the Scheme's current Investment Managers are signatories to the United Nations supported Principles for Responsible Investment (PRI). The Trustees would also expect any future Investment Managers appointed by them to be signatories. Signing the Internationally recognised Principles for Responsible Investment allows firms to publicly demonstrate a commitment to responsible investment and requires them to report on their responsible investment activities.

The Trustees support the UK Stewardship Code published by the Financial Reporting Council ("FRC") and encourage the Investment Managers to adopt the Code. The latest list of signatories of the UK Stewardship Code was published in February 2023. All of the Scheme's Investment Managers are signatories, with Partners Group being granted signatory status in shortly after the Scheme year end in August 2023.

Currently, Legal and General Investment Management ("LGIM") and Payden & Rygel are signatories of the Net Zero Asset Management Initiative. To date the Partners Group are not a signatory of this initiative. The Trustees would expect any future Investment Managers appointed by them to be signatories to the NZAMI.

For the Investment Managers that have been accepted as signatories, whilst this is a positive indicator of a manager’s overall stewardship practices, it is important to assess and monitor stewardship at a fund-level. This is because stewardship processes and the degree to which stewardship is integrated into the investment process can differ across a manager’s funds. Additionally, stewardship should be assessed in conjunction with the fund’s wider approaches to ESG integration and climate change to ensure a well-rounded assessment.

All the managers publish their policies in relation to responsible investment and aim to embed ESG considerations into their investment processes. The Trustees, with the assistance of advisors, will review the policies from time to time and assess the extent to which ESG factors are incorporated in practice into the funds in which the Scheme invests.

The Trustees note that XPS Pensions Group has joined the Net Zero Investment Consultants Initiative (NZICI) in a further step to support the global goal of net zero greenhouse gas emissions by 2050 or sooner. In addition to this XPS Investment Limited is a signatory to the UK Stewardship Code, both these initiatives are viewed as a very positive development in XPS’ support of wider global ESG practices.

Adherence to the Statement of Investment Principles

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

Voting activity

The main asset class where the investment managers will have voting rights is equities. The Scheme has specific allocations to both public and private equities, and investments in equities will also form part of the strategy for the diversified growth fund in which the Scheme invests. A summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisations is shown below. This voting information has been provided by the investment managers. The Trustees have selected significant votes on the basis they are linked to key ESG issues including, but not limited to: climate change; other climate issues such as natural capital; executive remuneration; governance; independence; modern slavery or other factors such as the size of the holding. Where the manager has provided a selection of significant votes, the Trustee has reviewed the rationale for significant votes provided by the managers and is comfortable with the rationale provided, and that this is consistent with their policy. The Trustees, with the help of their Investment Consultant, have considered the information the Investment Managers have been able to provide on significant voting, and have deemed the below information as most relevant. It is worth noting that the Scheme also invests in Liability driven investments (“LDI”) and an Absolute Return Bond Fund.

Legal and General Investment Management (“LGIM”)

Voting Information

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

The manager voted on 99.9% of resolutions of which they were eligible out of 70780 eligible votes.

Investment Manager Client Consultation Policy on Voting

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

Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society,

academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.

Investment Manager Process to determine how to Vote

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

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

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

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

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

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

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

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>

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

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with their position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. They have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with their voting policies by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Shell Plc	Resolution 25 - Approve the Shell Energy Transition Progress	Against (against management recommendation)	80% (Pass)
A vote against is applied, though not without reservations. LGIM 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. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.			
BP Plc	Resolution 4 - Re-elect Helge Lund as Director	Against (against management recommendation)	90% (Pass)
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, they note concerns around the governance processes leading to the decision to implement such amendments. LGIM will continue to engage with the company and monitor progress.			
Amazon.com, Inc.			29% (Fail)

	Resolution 13 – Report on Median and Adjusted Gender/Racial Pay Gaps	For (Against Management Recommendation)	
<p>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 they 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. LGIM will continue to engage with the company and monitor progress.</p>			
NVIDIA Corporation	Resolution 1i - Elect Director Stephen C. Neal	Against (against management recommendation)	89.2% (Pass)
<p>A vote against is applied as LGIM expects a company to have at least one-third women on the board and as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>			
Alphabet Inc.	Resolution 18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share	For (against management recommendation)	30.7% (Fail)
<p>A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.</p>			

Voting Information

LGIM Dynamic Diversified Fund

LGIM voted on 99.81% of resolutions of which they were eligible out of 96858 eligible votes.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Prologis, Inc.	Resolution 1j - Elect Director Jeffrey L. Skelton	Against (against management recommendation)	86% (Pass)

<p>LGIM applied a vote against as LGIM expects a company to have at least one-third women on the board. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.</p>			
Shell Plc	Resolution 25 - Approve the Shell Energy Transition Progress	Against (against management recommendation)	80% (Pass)
<p>A vote against is applied, though not without reservations. LGIM acknowledges 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, they 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. LGIM continues to undertake extensive engagement with Shell on its climate transition plans</p>			
American Water Works Company, Inc.	Resolution 5 - Oversee and Report a Racial Equity Audit	For (against management recommendation)	39.1% (Fail)
<p>A vote in favour is applied as LGIM supports proposals related to diversity and inclusion policies as they consider these issues to be a material risk to companies. LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.</p>			
Tencent Holdings Limited	Resolution 3a - Elect Jacobus Petrus (Koos) Bekker as Director	Against (against management recommendation)	88.4% (Pass)
<p>A vote against has been applied because LGIM expects the Committee to comprise of independent directors. LGIM will continue to engage with the company and monitor progress.</p>			
Public Storage	Resolution 5 - Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	For (against management recommendation)	34.7% (Fail)
<p>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. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.</p>			

Partners Group

Voting Information
Partners Fund
Partners voted on 100% of resolutions of which they were eligible out of 877 eligible votes.
Investment Manager Client Consultation Policy on Voting

Partners do not consult with clients before voting.

Investment Manager Process to determine how to Vote

Partners voting is based on the internal Proxy Voting Directive.

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

Size of the holding in the fund

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

Partners hire services of Glass Lewis & Co, which is one of the leading global proxy voting service providers, and they have been instructed to vote in-line with Partners Proxy Voting Directive. Wherever the recommendations for Glass Lewis, Partners proxy voting directive, and the company's management differ, Partners vote manually on those proposals.

Top 5 Significant Votes during the Period

Company	Voting Subject	How did the Investment Manager Vote?	Result
Confluent Health	Partners Group controls the Board, please see below the ESG efforts of the portfolio company	Control of board	n.a.
Confluent has also expanded its stakeholder benefits program. For instance, in 2022, the company launched stock options for all physical therapists and made significant investments in benefits, including reduced Eligible Employee premiums and increased communication around its wellness programs.			
EyeCare Partners	Partners Group controls the Board, please see below the ESG efforts of the portfolio company	Control of board	n.a.

<p>Meanwhile, several initiatives were implemented to improve stakeholder benefits. For instance, significant investment in benefits were made in 2021 and 2022. In addition, the company increased communication around its ECP Cares Foundation, a non-profit organization dedicated to giving back to ECP team members in need. Meanwhile, Incident Frequency Rate (IFR) measures were established and are being captured to drive root-cause analysis and drive prevention strategies. This has engaged employees and helped to increase employee retention to 31% (exceeding the target of 27%).</p> <p>Lastly, baselines and specific initiatives were established based on the doctor and employee engagement surveys conducted during the first half of 2022.</p>			
Pharmathen	Partners Group controls the Board, please see below the ESG efforts of the portfolio company	Control of board	n.a.
<p>The company has a strong ESG culture as reflected in its core mission of making a positive impact on the lives of people by ensuring that they enjoy better health.</p>			
PremiStar	Partners Group controls the Board, please see below the ESG efforts of the portfolio company	Control of board	n.a.
<p>In the meantime, Premistar has engaged a third party ESG consultant to identify material sustainability topics and craft a longer term ESG journey and strategy.</p> <p>Premistar is looking to hire an ESG manager and sales strategy employee, as the company aims to launch an energy efficiency sales strategy with customers.</p>			
Rovensa	Partners Group controls the Board, please see below the ESG efforts of the portfolio company	Control of board	n.a.
<p>Health and Safety (H&S) remains a top priority for Rovensa, as illustrated by the roll out of its 'STAR Program' across all manufacturing plants globally to achieve a zero-harm culture adoption worldwide.</p> <p>The board and management are aligned on the importance of H&S and have been working with the H&S team on the STAR Program to reduce the company's lost time injury frequency rate (LTIFR). In 2022, Rovensa has reduced its LTIFR by around 40% compared to the prior-year period.</p>			

*Partners Group focused exclusively on their private market investments over the reporting year, as such their engagement is not via voting, but via direct involvement and have therefore provided case studies for illustration.

Although the Payden & Rygel Fund that the Scheme invests in does not have any specific voting rights XPS have undertaken ESG analysis on the Payden and Rygel Absolute Return Bond Fund. XPS believes that Payden & Rygel have strong firm views and commitments although their ESG team only consists of 2 persons. ESG is clearly integrated across asset classes and good examples to support description of processes were provided. Payden & Rygel use purpose-driven engagement with investments using examples to substantiate, although we cannot be certain how much engagement activity takes place within the Fund as data which was supplied last year was not supplied this year. There continues to be no evidence that climate change is considered and ESG

information is not part of standard client reporting. XPS have given the Fund an overall Amber rating with respect to ESG.