APPENDIX 3: Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 5 April 2023. This statement has been produced in accordance with The Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 and the guidance published by the Pensions Regulator. The table later in the document sets out how, and the extent to which, the policies in both the DB Section and DC Section of the SIP have been followed.

Investment Objectives of the Scheme

The Trustee believes it is important to consider the policies in place in the context of the investment objectives they have set. The objectives of the Scheme included in the SIP are as follows:
DB Section

The Trustee believes its prime objective is to invest the Scheme assets in such a manner that it is likely that the Scheme liabilities can be met.

The estimated liabilities are a series of projected cash flows calculated on assumptions contained in the actuarial valuation. In theory, the matching assets would be a portfolio of UK government bonds that provided the projected cash flows to cover all future economic scenarios. Given the discrete number of UK government bonds available, such a combination is unlikely to exist in practice. It is nonetheless a valid reference point against which to assess investment strategies that can be implemented in practice.

In agreeing to adopt this investment objective, the Trustee has taken into account the Company's view that some risk should be taken in an attempt to reduce the cost of providing the benefits which would be expected from adopting a fully matched investment strategy.

There is a broad target benchmark split between asset classes for the DB Section. The strategic framework including benchmarks is outlined in the Investment Implementation Policy Document ('IIPD').

The Trustee selected their strategic benchmark to reflect that the Scheme liabilities would change in value in a similar manner to changes in the level of the UK government bond markets. The Trustee expects that there will be a small return premium above government bonds from non-government bonds and a larger return premium from equity markets and alternative assets, including property. The Trustee expects there will be periods when equities, property and credit underperform government bonds and is prepared (as is the Company) to accept this risk.

Implementation of the strategy is via a range of active investment managers whose roles are set out in the IIPD, as well as Insight (the LDI manager) and BlackRock (the passive currency manager). The Trustee used Bank of New York Mellon as the overall global custodian of the Scheme assets.

When considering appropriate investments for the Scheme, the Trustee has obtained and considered the written advice of a suitability qualified investment advisor. The advice received and arrangements implemented are, in the Trustee's opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

DC Section

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives.

The Trustee assumes that most members do not have the knowledge or desire to manage their pension investments. The Trustee regards it as its duty to make available (as the default investment option) a fund which:

- is suitable for most members;
- is dynamically managed; and
- has a risk and reward profile that reflects the period until its participating members reach retirement age.

The Trustee also regards its duty to be making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs if they wish to do so. The Trustee has developed an objective to group these investments into 'tiers' based on the amount of member engagement and involvement required in investment management.

The investment objective of each default fund, known as the Target Date Fund, is designed and managed for an investor saving to retire in or around the years stated in its name (the "target date"). The investment manager's aim is to maximise, for such a typical investor, their eventual retirement income while taking account of their decreasing capacity to afford losses as they approach and, possibly, go past the target date of retirement. On retirement, the investor is assumed to use their built-up pension savings to provide pension income from the options available when they retire. The Target Date Funds will progressively move from riskier, capital growth–oriented assets, such as equities and property, into lower-risk, retirement income protection oriented assets, such as bonds as it approaches and passes its target date. The investment manager seeks to ensure that the mix of assets remains appropriate given the Target Date Fund's aim and will also employ a dynamic asset allocation strategy which seeks to mitigate the effects of large market movements without detracting from long-term returns. The investment manager will manage the Target Date Funds in such a way that, for an individual investing over the whole term of each Target Date Fund, a return of CPI plus 4% per annum is targeted.

A formal review of the default strategy is completed every three years by the Trustee and the last review was completed in 2021. The next review of the strategy has commenced and will conclude in the new Scheme year. The Trustee undertakes a review of the performance of the default funds each quarter against the aims and objectives as set out in the SIP. The review included the following key areas:

- Value of Assets in the TDFs
- Commentary submitted by AllianceBernstein, including performance & asset allocation decisions
- Fees & Charges
- Details of performance of all Tier 2-4 Funds
- Consideration of whether all TDF Vintages had outperformed or underperformed their objective

Over the year, the quarterly reviews concluded that the default strategy and its returns remain consistent with the Trustee's objectives as set out in the SIP and that the TDFs remain an appropriate default investment vehicle for the Scheme with the focus being on the longer term; particularly when considering the current high inflation environment and the focus on the long term objective of returns greater than CPI +4%. As such, the Trustee has made no changes to the Scheme's default arrangement as a result of these quarterly reviews.

Trustee review of the SIP for the year ended 5 April 2023

During the year the Trustee reviewed the Scheme's SIP, with a revised SIP agreed at the September 2023 Investment Committee meeting. The following updates were made to the SIP over the year:

- Removing Abrdn from the fixed income portfolio as part of the LDI updates in September 2022
- Including the DB Section's commitment to a Muzinich Private Debt fund
- Including the DB Section's commitment to a Ninety One Private Debt fund.
- With the improving funding position, the Trustee commenced a 3 year strategy review earlier than planned

The Trustee consulted with the Company in finalising the SIP. The SIP is available online (https://www.abfpensions.com/media/eiylvewy/statement-of-investment-principles-march-2023.pdf).

Assessment of how the policies in the SIP have been followed for the year to 5 April 2023

In the opinion of the Trustee, the SIP has been followed throughout the year for both DB & DC Sections.

The information provided in this section highlights the work undertaken by the Trustee during the year for the long term benefit of the Scheme. It also sets out how this work followed the Trustee's policies in the SIP, relating to the Scheme as a whole and the default investment arrangement. The SIP is attached as an Appendix and sets out the policies referenced below.

Requirement 1 – Securing compliance with the legal requirements about choosing investments

Detail of the Trustee's policy:

The Trustee obtains advice from their investment adviser, who can provide expert advice enabling the Trustee to choose investment vehicles that can fulfil the Scheme's investment objectives. In the Trustee's opinion this is consistent with the requirements of Section 36 of the Pensions Act 1995.

How the requirements have been met over the year to 5 April 2023:

DB Section: The Trustee receives advice from its investment advisers at the quarterly Investment Sub-Committee meetings. Since the start of the year, advice was provided on a wide range of issues, including:

- A quarterly review of the asset allocation of the investment portfolio in line with the SIP;
- Increasing the level of interest rate hedging provided by the Insight LDI portfolio;
- Increased monitoring of the collateral sufficiency of the LDI portfolio, including sourcing collateral at short notice during the UK Gilts Crisis of September 2022;
- Ensuring compliance with the UK EMIR Phase 6 of the Uncleared Margin Rules;
- Termination of the Scheme's Abrdn holding;
- Commitment to a new private debt vintage with Muzinich;
- Appointing Ninety One as a new manager to the Scheme's DB Section Private Debt portfolio;
- Production of the Scheme's first Task Force on Climate Related Financial Disclosures report, including carrying out the necessary Trustee training;
- The future evolution of the DB Section's investment strategy;

DC Section: The Trustee reviews reports from the investment managers to determine the performance of both the default funds and tiered funds each quarter against their aims and objectives.

In addition to this, advice around the production of the Scheme's first Task Force on Climate Related Financial Disclosures report has also been provided for the DC Section.

The Trustee received advice from Mercer in relation to the default investment option for future Additional Voluntary Contributions ("AVCs"). Effective from 1 April 2023, all legacy Unit-Linked and With Profit AVC arrangements were closed and all further contributions were redirected to the current DC section default arrangement - the AllianceBernstein Target Date Funds. Members were given the choice to select a different investment option from the current investment platform. Follow up advice in relation to the mapping of existing assets to the DC arrangements will take place once full member analysis has been completed in the next Scheme year.

Requirement 2 – Kinds of investments to be held

Detail of the Trustee's policy:

DB Section: The Trustee has considered various combinations of assets and investment approaches that might minimise the required degree of risk for a level of return expectation consistent with the Scheme's objectives and liability profile.

DC Section: A range of asset classes are included within the default investment option (within the blended funds used), including developed market equities, emerging market equities, money market investments, and pre-retirement funds. It is the Trustee's policy to utilise both active and passive management within the default investment option, depending on the asset class.

The Trustee has also made available a range of individual self-select fund options for investment in addition to the default investment option. A range of asset classes has been made available, including: equities, diversified growth funds, money market investments, gilts, index-linked gilts, corporate bonds and pre-retirement funds. It is the Trustee's policy to offer both active and passive management options to members where appropriate, depending on the asset class.

How the requirements have been met over the year to 5 April 2023:

DB Section: On a quarterly basis, the Trustee reviewed its investment strategy. After considering the Scheme's liability profile and requirements of the Statutory Funding Objective, the Trustee considered their appetite for risk (including financially material risks such as Environmental, Social and Governance risks, including climate change). This took account of the Sponsoring Employer's appetite for risk and the strength of the Sponsoring Employer's covenant.

The basis of the Trustee's strategy is to divide the DB Section's assets between a "growth" portfolio, comprising assets such as equities, property, and Multi Asset Credit, and a "stabilising" portfolio, comprising of assets such as UK Gilts, UK index Linked Gilts, Private Debt and liability driven investments ("LDI").

The Trustee did not allocate to any new asset classes over the year but did disinvest their allocation to absolute return bonds, allocating the proceeds to the LDI portfolio.

The Trustee regards this strategic distribution of the assets to be appropriate for the Scheme's objectives and liability profile.

The Trustee also considered the future evolution of the DB Section's investment strategy, including the combination of asset classes that could be held, with a view to begin transitioning to an updated strategy in the coming Scheme year.

DC Section: The default investment option was last subject to its formal triennial review in 2021. This represents an important exercise for the Trustee that covers the majority of the investment policies the Trustee has in place. The investments (fund type, management style and asset allocations) used in the default strategy were reviewed as part of this exercise. No changes to the type of investments used in the default have been made since this review and the strategy remains consistent with this policy detailed in the SIP.

As part of the triennial review, the Trustee also undertook a review of the alternative glidepath available to members along with a review of the self-select fund range. The Trustee concluded that the available range of funds/types of investments available to members continued to be appropriate and provided members with options across the risk/return spectrum. The details of the types of investment referenced in the SIP remains consistent with the fund range offered to members.

The Trustee is planning on conducting a review of the default strategy as well as the range of self-select fund range in the coming Scheme year as well as the potential introduction of further illiquid assets in the form of private debt funds.

Requirement 3 – The balance between different kinds of investments

Detail of the Trustee's policy:

DB Section: The Trustee has considered various combinations of assets and investment approaches that might minimise the required degree of risk for a level of return expectation consistent with the Scheme's objectives and liability profile.

DC Section: Members can combine the investment funds in any proportion in order to achieve the desired level of return and risk in line with their own attitude towards and tolerance of risk.

Within the default option, the strategic asset allocation is set to achieve the expected return required to meet the objective of the default option.

How the requirements have been met over the year to 5 April 2023:

DB Section: The Trustee reviews the strategic asset allocation on a quarterly basis throughout the year to ensure it meets its objectives based on the changing membership profile.

The target allocation to the growth and stabilising portfolios did not change over the course of the year. However, within the stabilising portfolio the Trustee increased its allocation to LDI assets, given an increase in the target level of hedging and collateral within the portfolio. This increase in allocation was funded by terminating the Scheme's absolute return bond allocation with Abrdn.

Despite the target asset allocation varying significantly from the actual asset allocation, the Trustee agreed to maintain the prevailing asset allocation given it was comfortable with the level of investment risk the Scheme was running and pending the forthcoming investment strategy review.

DC Section: The strategic asset allocation of the default investment option is reviewed on a triennial basis. The last review was completed in 2021. This confirmed that the strategic asset allocation was appropriate to meet the stated aims and objectives of the default. A review of self-select options also formed part of the triennial investment review - no changes were made to the self-select fund range.

The Trustee receives a quarterly investment performance report which monitors the risk and return of options within the Scheme.

As the assets of the DC section are invested in pooled fund vehicles the investment restrictions applying to these funds are determined by the investment manager. The Trustee is satisfied that the investment manager's policy on investing in individual securities held in each vehicle provides adequate diversification of investments. The investments held within the Scheme are consistent with the policies in the SIP.

Requirement 4 – Risks, including the ways in which risks are to be measured and managed

Detail of the Trustee's policy:

DB Section: The degree of investment risk the Trustee is willing to take depends on the financial health of the DB Section and its liability profile. The Trustee monitors these with a view to altering the investment objectives, risk tolerance and/or return target should there be a significant change in either. The Trustee also regularly considers the strength of the Employer covenant and factors this into the level of risk being considered.

DC Section: The Trustee recognises risk (both investment and operational) from a number of perspectives in relation to the self-select funds and the default investment option.

How the requirements have been met over the year to 5 April 2023:

DB Section: As detailed in the risk table in the SIP, the Trustee considers both quantitative and qualitative measures for these risks when deciding investment policies, strategic asset allocation, the choice of investment managers, funds and asset classes.

The Scheme maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarises existing mitigations and additional actions.

The Trustee considered climate change risk as part of the scenario analysis carried out within the Scheme's TCFD report. Given the funding level, the DB investment strategy demonstrated robustness with respect to the potential impact of climate change across the scenarios and time-periods considered.

DC Section: The default investment option manages investment and other risks through a strategic asset allocation consisting of equities, multi-asset funds, bonds and money market. Risk is not considered in isolation but in conjunction with expected investment returns and outcomes for members.

During the year, the Trustee modelled the exposure of the TDFs to climate risk and engaged the investment manager of the default Target Date Funds, AllianceBernstein, on their climate intensity reduction target. The DC TDFs were found to be materially impacted by climate risk under a failed transition climate scenario. The Trustee noted the allocation to sustainable investments, which is expected to provide some protection from these risks. Further, AllianceBernstein considers climate risk amongst other risks as part of the investment strategy decisions and the results from the climate scenario analysis will be considered as part of the review of the DC arrangements taking place in 2023.

Requirement 5 – Expected return on investments

Detail of the Trustee's policy:

DB Section: The Trustee selected the strategic benchmark to reflect that the Scheme's liabilities would change in value in a similar manner to changes in the level of the UK government bond markets. The Trustee expects that there will be a small return premium above government bonds from non-government bonds and a larger return premium from equity and alternative investment markets such as property. The Trustee expects there will be periods when equities, property and credit underperform government bonds and is prepared (as is the Company) to accept and manage this risk.

DC Section: The funds available are expected to provide an investment return commensurate with the level of risk being taken.
In designing the default, the Trustee has explicitly considered the trade-off between risk and expected returns, to generate returns in excess of inflation during the growth phase and de-risk towards the retirement date to protect funds from significant falls when the time frames to recover these losses are shorter.

How the requirements have been met over the year to 5 April 2023:

The investment performance reports from investment managers are reviewed by the Trustee on a quarterly basis.

DB Section: The investment performance reports details how each investment manager is delivering against their specific mandates and benchmarks. The Trustee assesses the performance of all investment managers using both a qualitative and quantitative review. This also includes assessing the diversification of the portfolio in terms of asset type, geographical position and the current inflation environment.

Over the 3 years to date, the Scheme has returned 5.5% p.a. relative to a benchmark return of 5.0% p.a and the Scheme's funding position has improved.

DC Section: The review by the Trustee on a quarterly basis includes the risk and return characteristics of the default and the self-select fund choices.

The Trustee ensures that performance reports include risk and return metrics when completing their review by monitoring the returns against their aims and objectives. The Trustee also assesses the growth of the funds versus inflation and equity volatility.

Requirement 6 – Realisation of investments

Detail of the Trustee's policy:

DB Section: The Trustee considers the liquidity of the investments in the context of the likely needs of member benefits.

DC Section: The Trustee's administrators will realise assets following member requests on retirement or earlier where required.

How the requirements have been met over the year to 5 April 2023:

DB Section: Most years, due to the maturity of the Scheme, some assets are sold to meet benefit payments, fund capital calls for the private debt programme or to meet margin calls for the currency hedge programme. There was a requirement over the Scheme year to disinvest due to the weakening of Sterling against the six main currencies in the currency hedge programme the Trustee has established. As such there was a requirement to sell assets to meet our obligations which meant the Scheme was receiving cash as margin.

Whilst certain funds are not gated (particularly the Property and Private Debt assets), the Trustee has developed strategies for daily liquidity. The diverse asset allocation contains both liquid and illiquid assets to ensure all financial obligations can be met.

This liquidity strategy was tested over the UK Gilt Crisis of September 2022, during which the Scheme's interest rate and inflation hedging levels were maintained. Over this period the Trustee met the collateral requirements of the Scheme's LDI portfolio, with support of a short-term loan from the Company.

In the normal course of events, if a disinvestment is required, the Trustee takes the decision to source the liquidity based on the asset allocation.

DC Section: The Trustee receives an administration report on a quarterly basis to ensure that core financial transactions are processed within SLAs and regulatory timelines. As confirmed in the DC Chair Statement, the Trustee is satisfied that all requirements were met throughout the year with 100% of the of SLAs being met.
All funds invest in daily priced pooled investment vehicles, accessed by an insurance contract. This means that the Trustee can readily have access to the cash to settle member obligations. The Trustee therefore has no concerns regarding the liquidity of any of the Scheme's assets.

Requirement 7 – Financially material considerations over the appropriate time horizon of the investments, including how those considerations are taken into account in the selection, retention and realisation of investments

Detail of the Trustee's policy:

DB and DC Section common policies: The Trustee considers financially material considerations in the selection, retention and realisation of investments. Consideration of factors such as environmental, social and governance (ESG) is delegated to the investment manager.

Investment managers are expected to evaluate these factors, including climate change considerations, then exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.

Items listed in Sections 4.3, 4.4, 4.5 and 5.2 of the SIP are in relation to what the Trustee considers "financially material considerations".

How the requirements have been met over the year to 5 April 2023:

DB Section: Each investment manager's investment report is reviewed for performance by the Trustee on a quarterly basis. The Trustee also considers their ratings (both general and ESG specific) from the Trustee's investment advisers. All of the investment managers remained highly rated by either the investment adviser or the Investment Committee during the year. However, following a fall in conviction and a period of poor performance the Trustee exited the Abrdn Absolute Return Bonds strategy over the course of the year, utilising the proceeds to top-up the Insight LDI portfolio.

The Scheme's SIP includes the Trustee's policy on ESG factors, stewardship and Climate Change. The Trustee's policy is to delegate responsibility for exercising of ownership rights (including engagement and voting rights) to the investment managers, but acknowledge that any actions taken by the investment managers are on the Trustee's behalf.

In order to improve their understanding, the Trustee has undertaken investment training on responsible investment. This was provided by their investment consultant to cover ESG factors, stewardship, climate change and ethical investing. The Trustee has also produced the Scheme's first TCFD report and as such has considered the exposure of the Scheme to climate risk, through climate related scenario modelling; set carbon intensity reduction targets for the DB Section's aggregate equity portfolio and fixed income - public investment grade credit portfolio; and gathered climate related metric data and considered how this has developed over the Scheme Year.

The Trustee keeps their policies under regular review with the SIP subject to review at least annually.
Where investment managers may not be highly rated from an ESG perspective the Trustee continues to monitor the investment manager closely. When implementing a new investment manager, the ESG rating of the investment manager is considered.

The Trustee acknowledges that investment managers in fixed income do not have a high ESG rating assigned by the investment consultant due to the nature of the asset class where it is harder to engage with the issuer of debt.

DC Section: As per the DB Section, the Trustee considers the investment manager ratings (both general and ESG specific) from the Trustee's investment advisers to ensure compliance with the SIP. The Scheme's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, Stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustee in relation to voting rights and stewardship. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

The TCFD report includes the Scheme's DC Section and the Trustee has set carbon intensity reduction targets for the DC Target Date Funds.

Requirement 8 – The extent (if at all) to which non-financial matters are taken into account in the selection, retention and realisation of investments

Detail of the Trustee's policy:

DB and DC Section common policies: Non-financial matters are taken into consideration by the Trustee.
How the requirements have been met over the year to 5 April 2023:

DB Section: Each quarter the Trustee considers both quantitative and qualitative analysis provided by its investment consultant. This includes detailed analysis of the market cycle to identify opportunities for future investment or risk reduction measures.
DC Section: As per the DB Section, the Trustee acknowledges that key non-financial matters are taken into consideration.

Requirement 9 – The exercise of the rights (including voting rights) attaching to the investments

Detail of the Trustee's policy:

DB and DC Section common policies: Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice.

How the requirements have been met over the year to 5 April 2023:

DB & DC Sections: The Trustee has delegated their voting rights to the investment managers.
Investment managers are expected to provide voting summary reporting on a regular basis, at least annually, and details of the voting activity of relevant managers, including most significant votes are included in this Statement. The reports are reviewed by the Trustee to ensure that they align with the Trustee's policy.

Over the year the Trustee has determined their engagement priorities, which are detailed later in this report and in the SIP, and defined what they consider to be significant votes based upon these priorities. An overview of engagement activities is provided later in this Statement.

During the year, the Trustee has increased its focus and consideration of climate change investing time to, in particular, meet its obligations relating to TCFD reporting.

Requirement 10 – Undertaking engagement activities in respect of the investments (including the methods by which, and the circumstances under which, the Trustee would monitor and engage with relevant persons about relevant matters).

Detail of the Trustee's policy:

DB and DC Section common policies: Investment managers are expected to evaluate these factors, including climate change considerations, and exercise voting rights and stewardship obligations attached to the investments in line with their own corporate governance policies and current best practice. As part of this monitoring, the Trustee may engage with the Scheme's investment managers where appropriate to understand the activity undertaken in relation to the Scheme's engagement priorities. The Trustee has determined their own engagement priorities which are outlined later in this Statement.

Outside of those exercised by investment managers on behalf of the Trustee, no other engagement activities are undertaken.
How the requirements have been met over the year to 5 April 2023:

DB & DC Sections: Investment managers are expected to provide reporting on a quarterly basis, and on an annual basis they should provide stewardship monitoring results. These are reviewed by the Trustee to ensure that they are complying with their obligations.

As the Scheme invests in certain pooled funds, the Trustee requires their investment managers to engage with the investee companies on their behalf.

Over the year, the Trustee has undertaken training and carried out work, with their investment consultant, to meet the reporting requirements of TCFD. The first report was produced with respect to the current Scheme year. The Trustee will continue to undertake further training to enhance their understanding on ESG factors, stewardship and climate change.
The Trustee believes their investment managers are voting responsibly on their behalf and in line with the Trustee's investment policy.

Requirement 11 – How the arrangement with the investment manager incentivises the investment manager to align its investment strategy and decisions with the Trustee's policies mentioned in sub-paragraph (b) of the legislation (2-8 of this Statement).

Detail of the Trustee's policy:

DB and DC Section common policies: The Trustee's policy on aligning investment manager appointments with the investment strategy is set out in Section 9 of the SIP.

Investment managers are chosen based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class being selected for.

As the Trustee invests in certain pooled investment vehicles they accept that they have no ability to specify the risk profile and return targets of the investment manager, but appropriate mandates can be selected to align with the overall investment strategy.

The investment strategy for the segregated mandates is set out in the IIPD.

How the requirements have been met over the year to 5 April 2023:

DB Section: The Trustee continually reviews and amends the mandate for each investment manager where appropriate. Benchmarks are established for each investment manager against which performance is monitored.

There is a broad target benchmark split between asset classes for the DB Section. The strategic framework including benchmarks is outlined in the IIPD.

DB & DC Sections: The Trustee continually meets with the investment managers to challenge decisions made including voting history and engagement activity to ensure best performance over the medium to long term.

The investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed. If the Trustee is dissatisfied, then they will consider replacing the investment manager.

Over the course of the year the Trustee terminated their appointment of Abrdn within the DB Section following a loss of conviction and period of underperformance.

Requirement 12 – How the arrangement incentivises the investment manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt

Detail of the Trustee's policy:

DB and DC Section common policies: The Trustee's policy in relation to incentivising investment managers to consider long-term financial and non-financial performance is set out in section 10 of the SIP.

The Trustee regularly meets with their investment managers and challenges their strategic policies. The Trustee regularly reviews the decisions made by their investment managers and can challenge such decisions to try to ensure the best long-term performance over the medium to long term. Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Trustee is dissatisfied, then they will look to replace the investment manager.

How the requirements have been met over the year to 5 April 2023:

DB & DC Sections: The Trustee has met with seven of their investment managers at Board meetings during the year to discuss matters such as their mandates, performance and appetite for risk.

The Trustee delegates authority to senior management of the pensions department to regularly meet on an ongoing basis with their investment managers to discuss the contractual arrangements they have in place, to ensure it continues to incentivise the investment manager to make decisions based on medium to long term financial and non-financial performance. This ensures each investment manager's target performance is consistently reviewed to match the Trustee's objectives.

Requirement 13 – How the method (and time horizon) of the evaluation of the investment manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in sub-paragraph (b) of the legislation (2-8 of this Statement).

Detail of the Trustee's policy:

DB and DC Section common policies: The Trustee recognises their time horizon is a long-term proposition as set out in Section 11 of the SIP. As such investment managers are assumed to be held for a suitably long time. Investment managers' performance net of fees is therefore reviewed over both short and long-term horizons. Remuneration is agreed ahead of the investment manager appointment and is reviewed on a regular basis.

How the requirements have been met over the year to 5 April 2023:

DB & DC Sections: The Trustee receives investment performance reports from their investment consultants on a quarterly basis, which present performance information over 1 quarter, 6 month, 1 year, 3 year, 5 year periods and since inception.

As well as considering each investment manager's style over the course of an economic cycle, the Trustee reviews absolute performance and in many cases relative performance against a suitable index used as a benchmark. Investment managers are also monitored constantly for qualitative as well as quantitative performance, with a focus on the long term strategy of the Trustee whilst being mindful of short term returns. Over the course of the year the Trustee terminated their appointment of Abrdn within the DB Section following a loss of conviction and period of underperformance.

The investment managers are generally remunerated by way of a fee calculated as a percentage of assets under management. This fee basis is reviewed with each investment manager as part of the informal reviews carried out by senior members of the pensions management team. As part of the annual value for members assessment, the Trustee reviews the DC investment managers' fees.

Requirement 14 – How the Trustee monitors portfolio turnover costs incurred by the investment manager, and how they define and monitor targeted portfolio turnover or turnover range.

Detail of the Trustee's policy:

DB and DC Section common policies: The Trustee's policy in relation to the monitoring of portfolio turnover costs is set out in Section 12 of the SIP.

How the requirements have been met over the year to 5 April 2023:

DB & DC Sections: The Trustee asks their investment managers to provide portfolio turnover and turnover costs in their presentations to the Trustee.

The Trustee also receives MiFID II reporting from their investment managers. All reporting is analysed to ensure consistency between reporting periods and any inconsistencies are investigated with the investment manager.

DC Sections: DC Transaction costs are disclosed in the annual DC Chair's Statement. The transaction costs for each fund cover the buying, selling, lending and borrowing of the underlying securities in the fund. An investment manager can also factor in anti-dilution mechanisms into the total transaction costs.

The Trustee is required to assess these costs for value on an annual basis. However, at present, the Trustee notes a number of challenges in assessing these costs:

- No industry-wide benchmarks for transaction costs exist.
- The methodology leads to some curious results, most notably "negative" transaction costs.
- Explicit elements of the overall transaction costs are already taken into account when investment returns are reporting, so any assessment must also be mindful of the return side of the costs.

As noted in the most recent Chair's Statement, dated 5 April 2023, there is little flexibility for the Trustee to impact transaction costs as they invest in pooled funds. While the transaction costs provided appear to be reflective of costs expected of various asset classes and markets that the Scheme invests in, there is not as yet any "industry standard" or universe to compare these to. As such, any comments around transaction costs at this stage can only be viewed as speculative. However, the Trustee will continue to monitor transaction costs on an annual basis and developments on assessing these costs for value. In particular, the Trustee does undertake charging and cost comparisons with other large pension schemes with publicly available data.

Requirement 15 – The duration of the arrangement with the investment manager

Detail of the Trustee's policy:

DB and DC Section common policies: There is no set duration for the investment manager appointments, with the exception of Private Debt managers. All appointments are regularly reviewed as to its continued suitability and could be terminated either because the Trustee is dissatisfied with the investment managers' ongoing ability to deliver the mandate promised or because of a change of investment strategy by the Trustee.

For Private Debt managers, at the time of appointment the life of the fund is established, however this could be extended in line with the Investment Management Agreement (IMA).

How the requirements have been met over the year to 5 April 2023:

DB Section: All investment managers agreements, with the exception of the Private Debt managers, have no set duration. As at the 5 April 2023, the Trustee had invested in 25 private debt funds using a series of vintages via LLP structures for defined number of years. In accordance with the IMA each Fund has the ability to extend the lifetime of the fund for a prescribed time period.

All Private Debt contracts the Trustee has engaged in remain open and during the year the Trustee agreed to make new commitments to 2 private debt funds in order to retain its strategic exposure to the asset class.

DC Section:

The DC investment managers' appointments have no set duration. However, if the Trustee is not satisfied with an Investment Manager, they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustee requirements, the Trustee will remove the Investment Manager and appoint another after taking advice and following necessary due diligence.

The available fund range and Default Investment Option are reviewed on at least a triennial basis. An Investment Manager's appointment may be terminated if it is no longer considered to be optimal and does not have a place in the default strategy or general fund range. No managers were terminated over the course of the year, however some DC funds were closed due to lack of economic activity and commercial viability.

Engagement and Voting

Voting Policy

The Trustee's policy is to delegate responsibility for exercising of ownership rights (including engagement and voting rights) to the investment managers, but acknowledge that any actions taken by the investment managers are on the Trustee's behalf and accept responsibility on those actions.

Engagement Priorities

The Trustee's engagement priorities are based on their belief that ESG issues, across each of the three factors, may have a material impact on investment performance. As such the Trustee has determined what they consider the most salient topic within each of the three ESG factors, as listed below.

Engagement Priority	Rational
Environment: Climate Change	Climate-related financial impacts are driven by the associated transition to a low-carbon economy and the physical damages of different climate outcomes. The Trustee believes climate change issues present risks and opportunities that increasingly may require explicit consideration
Social: Human rights including modern Slavery	Workforce and supply chain safety and human rights practices should avoid contributing to modern slavery, exploitation and other human rights abuses – these can contribute to economic instability, the threat of social tension and subsequent political instability which, in turn, may have a negative impact on investment performance. The Trustee notes alignment of this priority with the Company's Supplier Code of Conduct and the commitments made therein.
Governance: Executive remuneration	Executives have significant influence over the financial success of the companies which they manage. Therefore, executive remuneration policies can have a meaningful impact on the return of investors in companies. These policies should attract and retain talent whilst ensuring alignment of incentives with company and shareholder objectives.

Significant Votes

The Trustee considers a vote to be significant if the holding makes up more than 2% of the relevant fund's value and:

- It relates to any of the Trustee's engagement priorities, as set out above; or
- It has a direct financial impact on the company.

Any vote on exposures that make up more than 5% of the relevant fund are also considered significant, irrespective of the purpose of the vote.

The Trustee reports on the most significant votes later in this report.

Engagement and Ownership for DC Default Strategy

The investments within the default strategy are accessed via third-party investment funds - most are managed by BlackRock and Amundi. These investment managers are responsible for engaging with the companies within which they invest, as well as exercising the attached ownership rights (i.e. voting powers), to influence corporate policies/behaviours and hold company management to account. AllianceBernstein (AB) monitors third-party investment managers' policies and actions to ensure that they align as closely as possible with their own. AB meet with each manager quarterly on ESG including on the topic of Stewardship, and they receive their voting data quarterly and are increasingly also receiving detailed engagement content.

Below are the latest available summary statistics of the investment managers' engagement and voting track records, as well as specific examples.

Manager	Engagement	Voting
BlackRock	• Engaged with 2,588 global issuers • 3,886 total recorded engagements • Engagements by key priority / theme: o Board quality and effectiveness – 2,349 o Strategy, purpose and financial resilience – 2,118 o Incentives aligned with financial value creation – 1,509 o Climate and natural capital – 2,115 o Company impacts on people – 1,469	• 18,272 meetings voted • 173,326 total proposals voted • 13% of votes were against management • 17% of votes were in favour of shareholder proposals o 24% of Environment/Climate-related shareholder proposals supported o 17% of Social/Health/Human Rights-related shareholder proposals supported
Amundi	• Engaged with 2,115 global issuers • Engagements by key priority / theme: o Transition towards a low carbon economy – 1,104 o Natural capital preservation – 344 o Social cohesion – 315 o Product, client, societal responsibility – 235 o Strong governance for sustainable development – 355 o Dialogue to foster a stronger voting exercises – 1,031	• 10,208 meetings voted • 107,297 total proposals voted • Voted on 99% of proposals for which they were eligible • 21% of votes were against management • 68% of votes were in favour of shareholder proposals o 87% of Environment/Climate-related shareholder proposals supported o 81% of Social/Health/Human Rights-related shareholder proposals supported

Voting and engagement metrics cover the year to 31 December 2022 and represent the aggregate of Blackrock and Amundi exposures held by AB, not only the underlying funds that ABF TDF invests in.
Source: BlackRock, Amundi, AllianceBernstein.

Specific Examples of Engagement Activity

Engagement Example – AllianceBernstein

Nestle: Over the Scheme Year, AllianceBernstein Responsible Investment team have engaged with Nestle across multiple strategies run by them, details of which are provided below.

Much of the cocoa that Nestle sources is grown in West Africa, which has significant issues with child labour, deforestation and poverty

Nestle's income accelerator program (IAP) aims to reach all of its cocoa supply chain by 2030. The IAP provides both cash incentives and support to farmers. The incentives are linked to key performance indicators (KPIs) – e.g. farmers receive €100 for enrolling all children in school, good agricultural practices, planting 10 trees, diversified incomes, and meeting all KPIs. To support empowerment, half the pay goes to each spouse.

The manager met the Head of Cocoa Sustainability Issues and other representatives. Considering IAP requires all farmers to have bank accounts and access mobile payments, they asked whether they are tracking the issue of access. Nestle informed them that they have partnered with both local mobile companies to help farmers setup mobile banking.

It was noted that Nestle appears to be making meaningful progress on the root causes of child labour. This process is continuously evolving and the manager will continue engaging with them to monitor progress.

Engagement and Ownership for DC Self Select Funds

Due to the number of DC Self Select Funds in the Scheme, it would not be possible to disclose all the voting information from the external investment managers in this statement and given the vast majority of assets and members (circa 98%) are invested in the target date funds the Trustee has elected to focus on these assets. The Trustee has not specified additional voting and engagement behaviours for these Funds as the voting and engagement for the Funds is outsourced for the DC Self Select Funds investment managers to carry it out.

Engagement and Ownership of Legacy AVC Funds

Due to the nature of the Legacy AVC Funds, it has not been possible to obtain the information from the policies which are mainly with-profit insurance policies. The Trustee has not specified additional voting and engagement behaviours for these Funds as the voting and engagement for the Funds is outsourced for the Legacy AVC Funds investment managers to carry it out.

Engagement and Ownership for DB Investment Strategy

The investments within the DB Investment strategy are segregated between investment managers with equity, bond, property and derivative portfolios. Each investment manager within the equity portfolio is responsible for engaging with the companies within which they invest, as well as exercising the attached ownership rights (i.e. voting powers), to influence corporate policies/behaviours and hold company management to account. The Trustee monitors third-party investment managers' policies and actions to ensure that they align as closely as possible with our own. Some managers within the bond portfolio also hold investments that have voting rights attached to them and these managers are also reported below.

Below are the latest available summary statistics of the equity investment managers' engagement and voting track records, as well as specific examples.

Manager	Engagement	Voting
Artemis	• Artemis have been unable to provide the primary engagement topics since engagement does not form part of the investment process in the SmartGARP strategy.	• 156 meetings voted • 2,047 total proposals voted • 96.3% of eligible votes were cast • 88.5% of votes were with management recommendations • 11.5% of votes were against one or more management recommendations • 0.2% of votes were abstained from • In 53.7% of meetings at least one vote was cast against management, withheld or abstained
Beachpoint	• Engaged with 18 global companies • 26 total recorded engagements • The primary engagement topics are split as follows: o 42% environmental matters o 8% social matters o 12% governance matters o 38% other mattes	• 11 meetings voted • 76 total proposals voted • All eligible votes were cast • 1.2% of votes were against one or more management recommendations • No votes were abstained from • 9.1% of meetings at least one vote was cast against management

Manager	Engagement	Voting
Calamos	• The Calamos Global Team does not presently engage company management with specific objectives.	• 61 meetings voted • 1,125 total proposals voted • 94.5% of eligible votes were cast • 99.6% of votes were with management recommendations • 0.4% of votes were against one or more management recommendations • No votes were abstained from • In 8.2% of meetings at least one vote was cast against management
CQS	• Engaged with 72 different corporate issuers and banks • 85 total recorded engagements	• 5 total proposals voted • 80.0% of eligible votes were with management recommendations • 20.0% of eligible votes were against one or more management recommendations
Liontrust	• Engaged with 1 global company on social and environmental matters	• 42 meetings voted • 755 total proposals voted • 80.9% of eligible votes were cast • 89.2% of votes were with management recommendations • 10.8% of votes were against one or more management recommendations • 4.4% of votes were abstained from • In 66.7% of meetings at least one vote was cast against management
Schroders	• Engaged with 160 global companies • 507 total recorded engagements • The primary engagement topics are split as follows: o 78% environmental matters o 11% social matters o 10% governance matters	• 585 meetings voted • 7,428 total proposals voted • 95.8% of eligible votes were cast • 84.8% of votes were with management recommendations • 11.0% of votes were against one or more management recommendations
Veritas	• Engaged with 13 global companies • 21 total recorded engagements • The primary engagement topics are split as follows: o 76% environmental matters o 5% social matters o 19% governance matters	• 24 meetings voted • 408 total proposals voted • All eligible votes were cast • 88.5% of votes were with management recommendations • 11.5% of votes were against one or more management recommendations • No votes were abstained from • In 54.1% of meetings at least one vote was cast against management

Specific Examples of Engagement

Engagement Example – Beachpoint

Moss Creek is a private Exploration & Production (E&P) company with highly economic assets in the northern Midland Basin of the Permian and has instituted a number of leading practices to mitigate environmental damage and promote responsible production. The company, however, lags on their ESG disclosure, lacking any comprehensive reporting of material ESG issues. Beachpoint led an engagement with Moss Creek, aimed at consulting them on how to best prioritize, measure, and report on material ESG considerations identified. During the engagement, Beachpoint highlighted the issues most material for the E&P sector, as well as providing details around best industry practices.

Following the start of the engagement in Q2 2022, Moss Creek has since set quantitative decarbonisation targets and reported on the performance of their newly defined sustainability goals during their Q3 2022 earnings call. They have released an ESG report, which will be published on an annual basis, outlining their ESG strategy and identification of their most material KPIs. Beachpoint believes this represents an important step for the company to identify, measure, and report on specific ESG goals, which includes their best-in-class approach to water recycling.

Engagement Examples – Calamos

Although Calamos does not presently engage company management with specific objectives; the manager does have frequent interactions with companies and ESG-related issues are discussed and documented. Some of examples of which are provided below.

Prysmian: The company designs, produces and installs a variety of cables utlized in the energy and telecom industries. The Calamos Investment Team discussed the company's EUR 1.2b sustainability-linked term loan that is determined by ESG KPIs, including net zero emissions, gender diversity, and supply chain sustainability. Prysmian was able to qualify for financing at attractive rates due to decarbonisation targets and ratio of female white-collar employees hired as percentage of total group hires. The company is also a key enabler of renewable energy, such as offshore wind farms, due to its expertise in design, production, and installation of submarine cable systems and components. Lastly, Prysmian plays a significant role in connecting power transmission and distribution grids that will help meet carbon reduction targets.

ASML: ASML is a leading global semiconductor equipment company, with a strong focus on the energy supply situation. The Calamos Investment Team discussed with the company primary strategic objectives - securing the energy resources required for their business, while also implementing efforts to incorporate an increasing proportion of green energy themselves in order alleviate risks or energy shortages. In addition to continuing to source more of their own energy from renewal resources, ASML is also starting to collaborate with suppliers to ensure those companies in their supply chain have alternatives to secure the energy they need.

Rolls Royce: Rolls Royce is a manufacturer of aerospace, marine and industrial gas turbines for aircraft. The Calamos Investment Team discussed the company's and broader industry's outlook for electric aviation (reducing carbon emissions) and nuclear power generation, given Rolls' development of modular reactors. Also discussed with management were views on addressing remuneration targets to focus on both financial metrics as well as ESG-related KPIs. Lastly, the Team noted the company's exposure to hydrogen engines for power production.

Engagement Examples – CQS

Jadex: CQS have been supporting Jadex, a material science manufacturer, in making progress towards a net zero commitment. Initially, CQS discussed the idea of decarbonisation with Jadex in March 2022. At this time, the CFO informed them that they would be working to calculate baseline greenhouse gas emissions before establishing any targets. In November 2022, CQS followed up and Jadex told them that they would work towards reducing their operational impact on the planet however they did not set any specific targets. In February 2023, CQS caught up with them again and they revealed that they have released their first ESG report and announced a decarbonisation target of 10% reduction in scope 1 & 2 emissions by 2025.

Engagement – Liontrust

Sage Group: Sage Group is an enterprise software company that was engaged by Liontrust in October 2022 on their ESG Metrics. The Liontrust Responsible Capitalism team met with Sage and discussed ESG metrics and diversity, equity and inclusion. Sage outlined its carbon reduction targets and shared outcomes from its employee engagement survey as well as details of its global gender diversity targets.

Engagement – Schroders

Over the Scheme Year, and in particular in Q2 2022, Schroders engagement focused on the topic of reducing emissions, which is in line with their broader initiative on accelerating progress towards net zero. Specifically, each company was asked for a commitment to move to net zero by the middle of this century with firm near, mid and long term targets set that include scope 1, 2 and relevant scope 3 emissions. Furthermore, detailed transition plans were requested to be published as well as progress updates.

Schroders were pleased to note the positive approach already employed by several companies held on the QEP desk. Where Schroders felt that companies are lagging their peers in this transition, they set out their intention to vote against individual board members and not support any 'Say on Climate ' proposals. This being a new type of proposal to seek shareholder approval of climate targets, policy or plans. By not supporting, they hope to challenge the company to do more.

Schroders also highlighted their reactive engagement with **Kimberley Clark** over Q4 2022. The company faced allegations of forced labour within their supply chain, specifically concerning a Malaysian supplier. Schroders sought to understand what action the company is taking as a result, though few specificities were able to be shared with litigation ongoing. However, Schroders were pleased to hear of the steps that had already been taken to better their due diligence processes. Kimberley Clark had already invested in mechanisms to improve supply chain standards and are working with stakeholder groups more proactively to improve communication channels. They are also increasing access to new data sources in the hope this can help identify high risk suppliers in the future.

US based telco giant **Verizon** was a company engaged with on a range of items during Q1 2023, which Schroders noted that Verizon responded to comprehensively. With a company focus on digital inclusion, it has lobbied for government subsidies to help provide reliable broadband to rural communities in the US. Verizon confirmed they were awarded subsidies to support upgrading their wireline network from copper to fibre in multiple locations, improving connectivity and internet speeds. Labour-related allegations centred on anti-union practices are being levelled at the organisation so Schroders also took the opportunity to better understand this situation, particularly Verizon's union relationships. They noted that all unfair labour practice allegations have now been withdrawn and that they recently extended their collective bargaining agreements, covering union represented employees, to 2026. This helped allay concerns on the company's working relationship with the unions. Finally, given the absence of a publicly available biodiversity policy Schroders requested information on its current programmes or policies in place and highlighted the importance of disclosing these along with any targets. The company confirmed several practices to mitigate their impact on biodiversity. Verizon have also committed to the sustainable sourcing of paper with an enterprise-wide paper sourcing and use policy, while all of the organisation's e-waste (outside of fibre optic cables) is re-used or recycled.

Engagement – Veritas

Canadian Pacific Railway

Rationale – Encourage alignment of Science Based Targets (SBT) with a 1.5 degree Celsius pathway.

What was done - As part of Veritas's TCFD work, they have focussed on SBT alignment. It is their belief that emission reduction targets that are not Science-Based are not meaningful. Therefore, they encourage all companies in which they are invested, to adopt an effective Science-Based climate strategy that preferably incorporates a 1.5 degrees Celsius warming scenario encompassing the entire value chain. They expect Science-Based Targets to receive verification by an independent body. During the 1st half of 2022, following an extensive review of each company's climate strategy and commitments to align their business with Net Zero, Veritas categorised companies into the following groups:

- List A - Companies that do not have SBTs,
- List B - Companies that have SBTs that have not received independent verification and
- List C - Companies that have SBTs. However, the targets are not aligned with 1.5°C temperature pathway.

Each company was sent a custom letter that details our stance on climate change and where Veritas believe the company has fallen short in their efforts thus far.

Outcomes and next steps - Veritas received a letter from Keith Creel, the CEO. The company agrees there is a need for independently verified science-based targets. In July 2021, they released their first climate strategy, which included a SBT-verified target to reduce emission intensity, including Scope 1, 2 and 3 emissions 38% by 2020. They acknowledge that this target is aligned with a well below 2°C pathway rather than 1.5°C. However, they recognise the standard has changed and aligning targets with 1.5°C is necessary; work is underway to determine how this framework can be applied.

Most Significant Votes

The Trustee's definition of a significant vote is provided in a previous section of this Statement. The most significant votes are considered to be all significant votes made by the top three holdings within each mandate. The table below lists the most significant votes cast over the year.

As the Trustee delegates the responsibility for the exercising of voting rights attached to the Scheme's investments to their appointed investment managers. As such the Trustee does not use the direct services of a proxy voter. However, the Scheme's investment managers do utilise proxy voting providers, many of which using a custom voting policy and with final say on any votes determined by the investment manager.

Manager	Vote Information	Outcome
Calamos	**Company:** Taiwan Semiconductor MFG. CO. Ltd **Date of vote:** 20/05/2022 **Resolution summary:** To approve the issuance of employee restricted stock awards for year 2022 **Reason for significance of vote:** Executive remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 3.19%	**How the manager voted:** For **Rationale for vote decision:** In-line with proxy voting policy **Vote Outcome:** Approved **Implications:** None provided
	Company: Microsoft Corporation **Date of vote:** 23/11/2022 **Resolution summary:** Advisory vote to approve named executive officer compensation **Reason for significance of vote:** Executive remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 2.58%	**How the manager voted:** For **Rationale for vote decision:** In-line with proxy voting policy **Vote Outcome:** Approved **Implications:** None provided
	Company: Microsoft Corporation **Date of vote:** 23/11/2022 **Resolution summary:** Shareholder Proposal - Report on Investment of Retirement Funds in Companies Contributing to Climate Change **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 2.58%	**How the manager voted:** Against **Rationale for vote decision:** In-line with proxy voting policy **Vote Outcome:** Not Approved **Implications:** None provided

Manager	Vote Information	Outcome
	Company: ASML Holding NV **Date of vote:** 04/11/2022 **Resolution summary:** Advisory vote on the remuneration report for the Board of Management and the Supervisory Board for the financial year 2021 **Reason for significance of vote:** Executive Remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 2.39%	**How the manager voted:** For **Rationale for vote decision:** In-line with proxy voting policy **Vote Outcome:** Approved **Implications:** None provided
	Company: ASML Holding NV **Date of vote:** 04/11/2022 **Resolution summary:** Proposal to amend the remuneration policy for the Board of Management **Reason for significance of vote:** Executive Remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 2.39%	**How the manager voted:** For **Rationale for vote decision:** In-line with proxy voting policy **Vote Outcome:** Approved **Implications:** None provided
Liontrust	**Company:** Bank of Ireland Group Plc **Date of vote:** 26/05/2022 **Resolution summary:** Approve Remuneration Report **Reason for significance of vote:** Executive remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 4.00%	**How the manager voted:** For **Rationale for vote decision:** Liontrust's proxy advisor, ISS, didn't identify any concerns with the report. **Vote Outcome:** Approved **Implications:** None provided
	Company: Centrica Plc **Date of vote:** 07/06/2022 **Resolution summary:** Approve Climate Transition Plan **Reason for significance of vote:** Climate change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 3.70%	**How the manager voted:** For **Rationale for vote decision:** We voted in favour of this proposal because although a complete schedule of comprehensive short, medium and long-term emissions reduction targets has not been provided, there are a range of timelines and targets, and the Company made a public commitment to get near-term targets approved by the Science Based Targets Initiative (SBTi). Furthermore, other positive aspects include the commitment to the TCFD recommendations and the intention to regularly (every three years) provide shareholders with an advisory vote on climate at future AGMs. However, we noted the concerns cited by our proxy advisor,

Manager	Vote Information	Outcome
		ISS, surrounding the company not having provided short-term targets. **Vote Outcome:** Approved **Implications:** None provided
	Company: ASML Holding NV **Date of vote:** 29/04/2022 **Resolution summary:** Approve Remuneration Report **Reason for significance of vote:** Executive remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 3.60%	**How the manager voted:** For **Rationale for vote decision:** Liontrust's proxy advisor, ISS, didn't identify any concerns with the report. **Vote Outcome:** Approved **Implications:** None provided
Veritas	**Company:** Alphabet Inc. **Date of vote:** 01/06/2022 **Resolution summary:** Amend Omnibus Stock Plan **Reason for significance of vote:** Financial Impact **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.1%	**How the manager voted:** Against **Rationale for vote decision:** Based on evaluation of the estimated cost, plan features, and grant practices using the Equity Plan Scorecard (EPSC), a vote against this proposal is warranted due to the following key factor(s): • The three-year average burn rate is excessive • The disclosure of change-in-control ("CIC") vesting treatment is incomplete (or is otherwise considered discretionary) • The plan permits liberal recycling of shares • The plan allows broad discretion to accelerate vesting. **Vote Outcome:** Approved **Implications:** None provided
	Company: Alphabet Inc. **Date of vote:** 01/06/2022 **Resolution summary:** Increase Authorized Common Stock **Reason for significance of vote:** Financial Impact **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.1%	**How the manager voted:** For **Rationale for vote decision:** None provided **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: Alphabet Inc. **Date of vote:** 01/06/2022 **Resolution summary:** Report on Climate Lobbying **Reason for significance of vote:** Climate Change	**How the manager voted:** Against **Rationale for vote decision:** Veritas believe company already have a number of sufficient disclosures in this area. P.73 in the proxy - Google's U.S. Public Policy Transparency Report for our public policy and lobbying activities provides robust and regularly

Manager	Vote Information	Outcome
	Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio): 6.1%	updated disclosures on topics including our lobbying-related governance and policies, key issues informing our public policy work, regular reporting on our lobbying expenditures, and a list of trade associations in which we participate. Our reporting also includes transparent disclosure on instances where we have engaged in lobbying activity specifically on climate-related issues. For instance, our most recent federal lobbying report, covering Q4 2021, includes our lobbying efforts with regard to U.S. federal energy policy, including the Clean Energy for Americas Act, CLEAN Future Act, and Clean Electricity Performance Program provisions of the Build Back Better Act, all of which align with our advocacy for ambitious federal climate and clean energy policies. **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: Alphabet Inc. **Date of vote:** 01/06/2022 **Resolution summary:** Report on Physical Risks of Climate Change **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.1%	**How the manager voted:** Against **Rationale for vote decision:** Veritas believe that the current disclosures are sufficient as: Alphabet Inc. publish robust, transparent disclosures on their climate strategies, performance, and risk assessment and already publish meaningful information on their approach to climate change and climate risks, through their annual CDP reports and annual Environmental Reports. This disclosure aligns with TCFD's recommendations and contains, among others, a description of: • Their Board's oversight of climate-related risks and opportunities, including oversight responsibilities of the Audit Committee of sustainability risks; • Their processes for identifying and assessing climate-related risks; • Management's role in assessing and managing risks and opportunities; • The climate-related risks and opportunities they have identified over the short, medium, and long term; and • Their Scope 1, Scope 2, and, where appropriate, Scope 3 greenhouse gas emissions. They have set robust climate-related environmental goals understanding the importance of creating a climate transition

Manager	Vote Information	Outcome
		plan, in 2020 they launched their third decade of climate action to accelerate the climate transition. They are now working toward a new set of ambitious goals, which should strengthen their resilience to climate-related risks and help them harness opportunities. By 2030, their goal is to: • Achieve net-zero emissions across all of their operations and value chain; • Become the first major company to run on carbon-free energy 24 hours a day, seven days a week, 365 days a year; • Enable 5 gigawatts of new carbon-free energy through investments in their key manufacturing regions; and • Help more than 500 cities and local governments reduce an aggregate of 1 gigaton of carbon emissions annually. Their annual Environmental Report discloses progress towards these and other sustainability targets. They regularly track progress toward their environmental goals and targets, and share updates with stakeholders. Data and transparency are important markers of the progress they are making to evaluate and address climate-related risks and opportunities. Their existing disclosures provide meaningful insight into how they identify, assess, and mitigate climate-related risks, including physical risks. **Vote Outcome:** Veritas can only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: Alphabet Inc. **Date of vote:** 01/06/2022 **Resolution summary:** Report on Risks of Doing Business in Countries with Significant Human Rights Concerns **Reason for significance of vote:** Human Rights **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.1%	**How the manager voted:** For **Rationale for vote decision:** A vote for this proposal is warranted. Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries. **Vote Outcome:** Not Approved **Implications:** None provided
	Company: Alphabet Inc. **Date of vote:** 01/06/2022	**How the manager voted:** Against **Rationale for vote decision:** A vote against this resolution is warranted, as the company's existing board framework appears adequate to allow for robust oversight of issues related

Manager	Vote Information	Outcome
	Resolution summary: Establish an Environmental Sustainability Board Committee **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.1%	to environmental issues and, absent clear performance concerns, the board is generally given latitude to determine its committee structure. **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: BAE Systems Plc **Date of vote:** 05/05/2022 **Resolution summary:** Approve Remuneration Report **Reason for significance of vote:** Executive Remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.0%	**How the manager voted:** For **Rationale for vote decision:** Red Line G19. The total remuneration package of any director is more than 100 times greater than the average pay of the company's UK workforce. **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: BAE Systems Plc **Date of vote:** 05/05/2022 **Resolution summary:** Approve Final Dividend **Reason for significance of vote:** Financial Impact **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.0%	**How the manager voted:** For **Rationale for vote decision:** None provided **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: BAE Systems Plc **Date of vote:** 05/05/2022 **Resolution summary:** Authorise Issue of Equity **Reason for significance of vote:** Financial Impact **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.0%	**How the manager voted:** For **Rationale for vote decision:** None provided **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: BAE Systems Plc **Date of vote:** 05/05/2022 **Resolution summary:** Authorise Issue of Equity without Pre-emptive Rights **Reason for significance of vote:** Financial Impact	**How the manager voted:** Against **Rationale for vote decision:** Red Line G13 The resolution requests the disapplication of pre-emptive rights. **Vote Outcome:** Approved **Implications:** None provided

Manager	Vote Information	Outcome
	Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio): 6.0%	
	Company: BAE Systems Plc **Date of vote:** 05/05/2022 **Resolution summary:** Authorise Market Purchase of Ordinary Shares **Reason for significance of vote:** Financial Impact **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 6.0%	**How the manager voted:** For **Rationale for vote decision:** None provided **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: Microsoft Corporation **Date of vote:** 13/12/2022 **Resolution summary:** Advisory Vote to Ratify Named Executive Officers' Compensation **Reason for significance of vote:** Executive Remuneration **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 5.9%	**How the manager voted:** For **Rationale for vote decision:** None provided **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided
	Company: Microsoft Corporation **Date of vote:** 13/12/2022 **Resolution summary:** Assess and Report on the Company's Retirement Funds' Management of Systemic Climate Risk **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of portfolio):** 5.9%	**How the manager voted:** Against **Rationale for vote decision:** A vote against this resolution is warranted. The company offers an option to employees that want to invest more responsibly, and the Department of Labor is finalizing rules on how ESG factors should be considered by fiduciaries. **Vote Outcome:** Veritas only provide vote outcomes where they have voted against management. **Implications:** None provided

Manager	Vote Information	Outcome
DC Target Date Fund – Amundi MSCI World Climate Transition	**Company:** Apple Inc. **Date of vote:** 10/03/2023 **Resolution summary:** Report on Civil Rights and Non-Discrimination Audit **Reason for significance of vote:** Human Rights **Approximate Size of fund's /mandate's holding as the date of the vote (as % of underlying portfolio within the Target Date Funds):** 3.9%	**How the manager voted:** Against **Rationale for vote decision:** We do not see that the proponent has demonstrated a deficiency in the Company's current level of disclosure on the matter, and therefore we consider that the proposal is not in shareholders' interest. **Vote Outcome:** None provided **Implications:** None provided
	Company: Tesla Inc. **Date of vote:** 04/08/2022 **Resolution summary:** Report on Corporate Climate Lobbying in line with Paris Agreement **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of underlying portfolio within the Target Date Funds):** 4.8%	**How the manager voted:** For **Rationale for vote decision:** We consider the commitment requested by the proposal as useful for shareholders to assess progress towards Paris Agreement targets. **Vote Outcome:** None provided **Implications:** None provided
	Company: AMERCO **Date of vote:** 18/08/2022 **Resolution summary:** Adopt GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of underlying portfolio within the Target Date Funds):** 4.8%	**How the manager voted:** For **Rationale for vote decision:** We consider the commitment requested by the proposal as useful for shareholders to assess progress towards Paris Agreement targets. **Vote Outcome:** None provided **Implications:** None provided

Manager	Vote Information	Outcome
DC Target Date Fund – Amundi MSCI World SRI	**Company:** Tesla Inc. **Date of vote:** 04/08/2022 **Resolution summary:** Report on Corporate Climate Lobbying in line with Paris Agreement **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of underlying portfolio within the Target Date Funds):** 4.8%	**How the manager voted:** For **Rationale for vote decision:** We consider the commitment requested by the proposal as useful for shareholders to assess progress towards Paris Agreement targets. **Vote Outcome:** None provided **Implications:** None provided
	Company: Tesla Inc. **Date of vote:** 04/08/2022 **Resolution summary:** Report on Eradicating Child Labor in Battery Supply Chain **Reason for significance of vote:** Climate Change **Approximate Size of fund's /mandate's holding as the date of the vote (as % of underlying portfolio within the Target Date Funds):** 4.8%	**How the manager voted:** For **Rationale for vote decision:** Additional disclosure is warranted concerning current policies, procedures, or practices with respect to human rights. A report describing how Tesla's policies and practices governing the sourcing of battery minerals and progress towards cobalt-free battery goals will put the Company on course to eradicate child labor in all forms from its battery supply chain by 2025, would provide shareholders with additional information on how the company is managing any risks associated with this problem. Amundi therefore considers that the proposal has merit. **Vote Outcome:** None provided **Implications:** None provided

Note: No significant votes were cast over the year within the Artemis, BeachPoint, CQS or Schroders mandates within the DB Section of the Scheme. Within the DC Target Date Funds BlackRock are currently unable to provide the percentage holding in the underlying fund and so no significant votes are listed in this report for these funds.