DB Implementation Statement

1. Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations (the “Regulations”). Change made under those Regulations amongst other things require that the Trustee produce an annual Implementation Statement (the “Statement”) which outlines the following:

- A summary of any review and the changes made to the Statement of Investment Principles ("SIP") over the year in respect to investment of Defined Benefit assets;
- Evidence on how and the extent to which the Trustee has fulfilled the objectives and policies included in the SIP over the year;
- Describe the voting behaviour by, or on behalf of the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the Plan year and state any use of the services of a proxy voter during that year.

This document sets out the details, as outlined above. This Statement has been prepared by the Trustee with the support of the investment adviser, Aon Solutions UK Limited, and covers the Plan year from 1 April 2020 to 31 March 2021.

2. Overview of Trustee actions

This Statement sets out the actions undertaken by the Trustee to review how the service providers and investment managers have implemented the stewardship policy as set out in the SIP and includes voting and engagement information that has been gathered from the managers.

The Trustee's primary concern when setting the investment strategy is to act in the best interests of the beneficiaries, seeking the best return that is consistent with a prudent level of risk. The Trustee believes that promoting corporate responsibility and ensuring the highest standards of governance is consistent with this objective.

The Trustee has reviewed the voting policies for the appointed investment managers and deemed that these policies are appropriate. The Trustee monitors voting and engagement activity and will periodically review amendments to managers’ policies. The Trustee expects the managers to exercise its voting rights wherever possible and to promote positive change in the companies in which they invest on the Plan's behalf.

2 (i). SIP changes over the period

The Plan’s SIP was reviewed and updated in September 2020 to reflect the following changes:

- Assets transferred from the FTSE All Share 5% capped fund and split between the World Equity Index Fund and the World Equity Index Fund – GBP Hedged, within the Legal &General Client Specific Unitised Fund.
- Implementation of a new Private Equity investment with Blackstone.
- Expansion of Trustee policies on cost transparency and how asset managers are incentivised, in particular, how the Trustee incentivises asset managers to fulfil the Trustee’s long-term objectives, policies on cost transparency, policies on voting and stewardship and how asset managers’ policies align with the Trustee’s and those of the sponsoring employers in relation to sustainability.

Following these changes, the SIP remained in place until 31 March 2021, without change.

The SIP is expected to be further updated after 31 March 2021 as the Common Investment Platform (“CIP) is restructured.

2 (ii). Meeting the Trustee's overriding funding principles for the DB structure

The Trustee outlines in the Plan's SIP several key objectives and policies.

The primary objective of the DB structure of the Plan is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis.

The Trustee's overriding funding principles for the DB structure, and how these have been met by the Trustee are:

Overriding principle	Actions taken by the Trustee
To build up assets to provide for accrued benefits and new benefits for active members as they are earned. The Trustee continues to monitor the assets versus the liabilities on an ongoing basis.	The Trustee worked in conjunction with its advisers in relation to the triennial actuarial valuation. This was most recently undertaken as at 31 March 2019, to assess whether the Plan has sufficient assets to cover the liabilities on an ongoing basis.
To recover any funding shortfall over an agreed time frame. The Trustee and the Employers have agreed recovery plans to address the deficit in funding.	As part of the last triennial valuation, as at 31 March 2019, the Trustee reviewed the deficit funding requirement and agreed with the relevant employers the recovery plan for each Section. The Sections of the Plan have received the deficit contributions, as expected.
To ensure that there are always sufficient assets of the Plan (at their realisable value) to meet 100% of benefits as they fall due for payment to members.	The Trustee, in conjunction with the Plan's administrator and investment adviser, has ensured that there has been sufficient cash available to meet benefits as they fall due. Where necessary, the Trustee has disinvested assets.

2 (iii). Meeting the Trustee's policies set out in the SIP

The SIP includes policies in the following areas. The below information confirms how these policies have been met during the scheme year.

Investment strategy review

The Trustee undertook an investment strategy review, during the scheme year, alongside the most recent triennial actuarial valuation. As part of this, the Trustee considered the Plan's long-term goals and funding plan, along with the investment return required over time. The Trustee's investment adviser proposed changes which it deemed to be in line with the over-riding principles for the DB structure.

The Trustee delegates functions to the Investment Sub-Committee (the "ISC"), which are set out in the Terms of Reference appended to the SIP. Between September and December 2020, the ISC, with the support of the Trustee's investment adviser, agreed to restructure the Common Investment Platform ("CIP") structure. The existing structure was made up of a Growth Fund, housing the highest risk and return investment managers, and a Bond Fund, housing all the lower risk liability matching investment managers. The reasoning for the CIP restructure was to provide the Sections greater flexibility in implementing their strategies.

The CIP restructure saw the creation of three additional CIP Funds to deliver the flexibility needed to tailor individual Section's investment strategies. The Plan's investment managers were reallocated across the new CIP Fund structure, which now includes the Growth Fund, Illiquid Growth Fund, Liquid Credit Fund, Gilt Fund and Hedging Fund.

Alongside this, the Trustee reviewed suitable target returns and portfolios for each of the underlying Sections. Allocations across each of the five CIP Funds were agreed for each Section, depending on its specific risk and return objectives.

Over the coming year, the Trustee will review the investment manager line-up of each of the five CIP Funds and, where appropriate, consider changes, with the support of their investment adviser.

Risk management

As part of the investment strategy review, the Trustee considered the investment risks which it believes that each Section is exposed to. These include:

- The maturity and cashflow profile of the section;
- The strength of the covenant provided by the sponsoring employers.
- Variation in interest rates and inflation;
- Environmental, social and governance issues (ESG), including climate change; and
- Capital market risk and the benefits of diversification by market and within markets to mitigate market concentration.

In line with the policy set out in the SIP, the Trustee maintained a risk register setting out specific risks faced by the Plan and measures in place to monitor or mitigate these risks. Investment risks are categorised in terms of strategic, implementation, market and regulatory risks. Each risk identified is managed through a combination of ongoing monitoring and specific risk controls, with the aim of reducing both likelihood or impact of risks materialising and thus the impact on the Plan. The Investment Sub Committee met on a quarterly basis and reviewed the risk register.

The Trustee reports on the risks associated with its investments annually in the investment risk disclosure report accompanying the Plan's Annual Report. This report covers the action taken by the Trustee to monitor the risks associated within the DB Sections of the Plan, considering separately market risks, credit risk, interest rate risk, inflation risk and other price risk.

Appointment of investment advisers, investment managers and custodian

Over the year, the Trustee appointed Blackstone Strategic Capital Holdings to manage a private equity mandate, within the Illiquid Growth CIP Fund. The total commitment agreed was $312.5m. The Trustee's investment adviser undertook due diligence on the Trustee's behalf in advance of this appointment. The appointment was in line with the kinds of investment to be held by the Plan that are outlined within the SIP. The Plan may invest in quoted and unquoted securities of UK and overseas markets including equities, fixed interest and index linked bonds, cash, property and commodities, either directly or through pooled funds. The Trustee considers all of these classes of investment to be suitable in the circumstances of the Plan.

Reporting and monitoring investment performance

To monitor that asset allocation and performance was in line with expectations outlined in the SIP, the Trustee received quarterly investment reports from its investment adviser, Aon. The reports outlined the valuation of all investments held, monitored the performance of these investments and recorded any transactions encountered during each period under review. Investment returns were compared with appropriate performance objectives and monitored the relative performance of these investments. The asset allocation was also monitored and compared to the strategic asset allocation for each Section.

Within the monitoring reports, the Trustee also received an overview of each manager rating produced by Aon's manager research team.

Actuarial funding update

The Trustee monitored the funding level on a annual basis, considering the current funding level within the context of the long-term funding objective.

Cashflow monitoring

The Trustee's administration team at Equiniti monitored the cashflow requirements of the Plan's sections on a regular basis. The Trustee disinvested from assets when required to fulfil pension obligations. The Plan held sufficient cash buffers so that assets were readily accessible for cashflow purposes to minimise need for disinvestments. The cash buffers were reviewed on an ad-hoc basis.

Stewardship policy

The Trustee sets out, in its voting and engagement policy within the SIP, that it recognises the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies in which it invests. The Trustee acknowledges that ultimately this protects the financial interest of the Plan. As such, the Trustee expects its investment managers to carry out the Trustee's rights and duties as shareholders, including voting and engaging with underlying companies to promote good corporate governance, accountability and positive change where necessary.

The Trustee believes good management of companies should lead to more sustainable and predictable returns. The investment managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies. The Trustee has reviewed the voting policies of their investment managers and determined that these policies are appropriate. The Trustee monitors voting and engagement activity and will periodically review amendments to investment managers' policies. The investment manager's voting and engagement policies (and any amendments) were reviewed on the Trustee's behalf by Aon as part of the production of this implementation statement.

When appointing new investment managers, the Trustee considered the investment managers' approach to voting and engagement. Aon's manager research team discuss the engagement policies of fund managers as part of their fund rating review and the Trustee receive and review manager monitoring information on a quarterly basis that includes a score for management of Environmental, Social and Governance issues.

Further details relating to the voting and engagement behaviour of the investment managers are included in this statement.

Climate risk policy

The Trustee has not at this stage made explicit allowance for climate change in framing its strategic asset allocation, although this will be reviewed periodically. Instead, the Trustee does expect the active investment managers to take into account all financially material factors, including climate change, in the selection of assets within their portfolios and to be able to demonstrate their approach when challenged.

The Plan is currently progressing towards meeting the requirements as set out as part of the Task Force on Climate-related Financial Disclosures ("TCFD"). The TCFD establishes a set of eleven clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change. The increased transparency encouraged through the TCFD recommendations is intended to lead to decision-useful information and therefore better-informed decision-making on climate-related financial risks. Aligning the Plan to the TCFD can be a long process and requires careful planning. The requirements are oriented around four pillars that represent the core elements of how organisations operate. For pension scheme trustees, these are:

- Governance: disclose the trustees' governance around climate-related risks and opportunities;
- Strategy: disclose the actual and potential impacts of climate-related risks and opportunities on the pension scheme where such information is material;
- Risk management: disclose how the trustees identify, assess and manage climate-related risks and opportunities;
- Metrics and targets: disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Regulations impact the Plan from 1 October 2021 and the Trustee will be preparing its first TCFD report in 2022 for the Trustee Report and Accounts. Aon are currently working with the Trustee to achieve the requirements in respect to the following disclosures:

- 1a Describe the board's oversight of climate-related risks and opportunities;
- 1b Describe management's role in assessing and managing climate-related risks and opportunities;
- 2a Describe the climate-related risks and opportunities identified over the short, medium and long term;
- 2b Describe the impact of climate related risks and opportunities
- 2c Describe the resilience of the strategy taking into consideration different climate-related scenarios;
- 3a Describe the process for identifying and assessing climate-related risks;
- 3b Describe the process for managing climate-related risks;
- 3c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management;
- 4a Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process;
- 4b Disclose greenhouse gas emissions and the related risks;
- 4c Describe the targets used to manage climate-related risks and opportunities and performance targets.

Arrangements with Investment Managers

The Trustee regularly monitored the Plan’s investments to consider the extent to which the investment strategy and decisions of the investment managers are aligned with the Trustee’s policies, including those on non-financial matters. This includes monitoring the extent to which investment managers:

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

The Trustee has received quarterly reports and updates from its investment adviser and reviewed engagement information on an annual basis.

Monitoring Costs

The Trustee is aware of the importance of monitoring their investment managers' total costs and the impact these costs can have on the overall value of the Plan’s assets. The Trustee recognises that in addition to annual management charges, there are a number of other costs incurred by their investment managers that can increase the overall cost incurred by their investments.

The Trustee has collected annual cost transparency reports covering all of their investments in line with the appropriate Cost Transparency Initiative (CTI) template for each asset class. This allows the Trustee to understand exactly what they are paying their investment managers.

3. Voting and Engagement Activity – Equity and Diversified Growth (Multi-Asset) Funds

The Plan's DB section invests in the following equity funds or those with material equity allocations:

Manager	Fund Name
Legal & General Investment Management ("LGIM")	All World Equity Index Fund
Legal & General Investment Management ("LGIM")	LGIM Synthetic Equity
Legal & General Investment Management ("LGIM")	FTSE RAFI All World 3000 Equity Index Fund
MFS Investment Management ("MFS")	MFS Global Equity Fund
Pictet Asset Management ("Pictet")	Dynamic Asset Allocation Fund

The Trustee was not required to cast votes during the scheme year as assets are held within pooled funds where ownership and voting responsibilities rest with the fund managers.

3i to 3iii below reflect significant votes cast by the fund managers during the scheme year.

Each of the managers use the services of respective proxy voting organisations (such as Institutional Shareholder Services ("ISS") and Glass, Lewis & Co ("GL")) for various services that may include research, vote recommendations, administration, vote execution.

Voting statistics for each fund over the period are shown in the Appendix.

3 (i). Legal & General Investment Management ("LGIM")

LGIM provided voting and engagement information in relation to equity funds at a firm level only, as detailed below. The Synthetic Equity Fund gains exposure to equity markets through derivative instruments, for which voting and engagement are not applicable (and as a result, no voting statistics appear in the Appendix for the Synthetic Equity Fund).

Voting

LGIM make use of the ISS proxy voting platform to electronically vote and augment their own research and proprietary environmental, social and governance assessment tools, but do not outsource any part of the strategic decisions. They have put in place a custom voting policy with specific instructions that apply to all markets globally, which seek to uphold what they consider to be minimum best practice standards all companies should observe. Even so, LGIM retain the ability to override any voting decisions based on the voting policy if appropriate, for example, if engagements with the company have provided additional information.

Voting Example: Pearson

In September 2020, LGIM voted against a remuneration policy put forward by an investee company Pearson.

The company put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy at an extraordinary general meeting ("EGM"), which was tied to the appointment of a proposed CEO. Shareholders supportive of the new leadership were therefore unable to separately evaluate the remuneration policy.

LGIM spoke with the chair of Pearson's board in relation to plans for the change in leadership and discussed the shortcomings of the company's current remuneration policy. Additionally, LGIM relayed their concerns prior to the EGM that the performance conditions within the remuneration policy were not appropriate and should be re-evaluated to best align management incentives with those of the shareholders.

In the absence of any changes to the proposal, LGIM took the decision to vote against the amendment to the remuneration policy. In all, 33% of shareholders voted against the remuneration policy and the appointment of the new CEO. While the proposal received sufficient support to be passed, the engagement highlighted concerns around governance, which LGIM has stated will be challenged through continued engagement going forward.

Engagement

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues
2. Formulate the engagement strategy
3. Enhancing the power of engagement
4. Public Policy and collaborative engagement
5. Voting
6. Reporting to stakeholders on activity

More information can be found on LGIM's engagement policy here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf

Engagement Example: Proctor and Gamble

An example of engagement over 2020 was with Proctor and Gamble ("P&G"). P&G uses both forest pulp and palm oil as raw materials within its household goods products. A key issue identified was that the company has only obtained certification from the Roundtable on Sustainable Palm Oil for one third of its palm oil supply, despite setting a goal for 100% certification by 2020. Furthermore, two of their Tier 1 suppliers of palm oil were linked to illegal deforestation.

Following a resolution proposed by Green Century that P&G should report on effort to eliminate deforestation (that was voted on in October 2020), LGIM engaged with the P&G, the resolution proponent, and with the Natural Resource Defence Counsel to fully understand the issues and concerns.

Through this round of engagements, LGIM decided to support this resolution as although P&G has introduced a number of objectives and targets to ensure their business does not impact deforestation, LGIM felt it was not doing as much as it could. LGIM has asked P&G to respond to the CDP Forests Disclosure and continue to engage on the topic and push other companies to ensure more of their pulp and wood is from FSC-certified sources.

More detail on this engagement example can be found here: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/cg-quarterly-report.pdf

3 (ii). MFS Investment Management ("MFS") Global Equity Fund

Voting

The manager has entered into an agreement with ISS to perform various proxy voting-related administrative services, such as vote processing and recordkeeping functions. While the manager also receives research reports and vote recommendations from ISS and GL, the manager analyses all proxy voting issues within the context of their own Proxy Policies.

Voting Example: Comcast Corporation

An example of a vote against management took place in June 2020 in relation to reporting on lobbying payments and policy at Comcast Corporation. MFS took the stance that additional reporting on the company's lobbying-related practices and policies, including its indirect lobbying through trade associations and other organisations, would benefit shareholders in assessing the risks associated with the company's public policy engagements. MFS continue to engage with the company on this issue as the outcome was unsuccessful.

Engagement

Proxy-led engagement activity is conducted on a firm-wide level. The manager's proxy voting team engages in a dialogue or written communication with a company or other stakeholders, when they believe that the discussion will enhance the manager's understanding of certain matters on the company's proxy statement that are of concern to shareholders. The manager may also engage in such dialogue regarding certain thematic topics of focus for its proxy voting committee.

Engagement Example: Cognizant

In December 2020 MFS engaged with Cognizant. The focus of engagement was to discuss board composition, executive compensation, sustainability, diversity and culture. MFS met with the chairman of the board and chair of the compensation committee to discuss strategy, diversity and inclusion, board refreshment, proposed compensation changes and sustainability. This engagement is still ongoing. MFS will continue to analyse and discuss the evolution of the company's executive compensation plan, the company's ongoing sustainability efforts, its corporate culture initiatives, as well as any other topics relevant to the company.

3 (iii). Pictet Asset Management ("Pictet") Dynamic Asset Allocation Fund

Voting

Pictet Asset Management ("Pictet") use the services of third-party specialists (ISS) to provide research and to facilitate the execution of voting decisions at all relevant company meetings worldwide and to assist in performing their proxy voting responsibilities. Pictet's proxy voting policy is based on generally accepted standards of practice in corporate governance, including those relating to board compensation, executive remuneration, risk management and shareholder rights. Pictet typically use the recommendations of ISS to inform voting decisions but may deviate from voting recommendations on a case-by-case basis in order to act in the best interests of their clients. Such divergences may be initiated by Investment teams or by the ESG team and is supported by detailed written rationale.

If Pictet believe the subject of a vote could present a material concern from an ESG perspective, they will continue to monitor and engage with the company. If warranted, Pictet will consider actions as part of their escalation strategy, including future voting decisions.

Pictet consider a vote to be significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or if Pictet hold an important stake in the company.

Voting Example: Mitchells & Butlers

An example of a vote against management took place in March 2021 with Mitchells & Butlers regarding the approval of a restricted share plan. Pictet did not communicate their voting intention to the company ahead of the vote. Pictet did not support this plan as the company was replacing performance shares with restricted shares, the latter being time-based instruments without conventional performance conditions, and the introduction of the plan and its relevance to company strategy had not been supported with sufficient rationale. The resolution was ultimately approved by shareholders.

Engagement

Pictet consider it their fiduciary duty to engage selected corporate issuers in order to positively influence a company's ESG performance which would protect or enhance the value of Pictet's clients' investments. Pictet engage management to adopt appropriate policies, practices and disclosure in line with established best practice but focus on those that lag behind or where accidents or events bring to light structural weaknesses in their governance and/or management of environmental and social issues.

Pictet state that of the 271 engagements that they undertook over the period to Q1 2021, 46 were on Environmental issues, 80 on Social and 145 on Governance related issues. Pictet's data collection and publication practices on engagement is something they are working to improve and investing in firm wide.

Engagement conducted by Pictet is coordinated by their in-house ESG team and involves participation from investment teams. For each engagement, they set or support defined objectives, track progress and in some cases, if the objectives are not met, may reduce or sell their holdings.

Engagement Example: Mining Industry

An example of engagement during the period was involving a holding of a company in the mining sector. The first engagement for this particular case study example was in November 2020 via Sustainalytics. This engagement is designed to address issues that arise in relation to companies' failings on governance issues and/or significant deviations from relevant international norms and standards such as the UN Global Compact, OECD Guidelines for Multinational Enterprises, as well as human rights and environmental conventions.

Pictet's objective from the engagement was to ensure the company looks to resolve poor management practices that have that have negatively affected indigenous people, heritage sites, and the local environment. Pictet state that they have been pleased with the progress of this engagement to date and will continue this dialogue with the company throughout 2021. Pictet will continue to monitor this case and vote accordingly in line with their voting and engagement policy objectives.

4. Engagement Activity – Private Equity & Debt

The Plan invests in a number of private equity and debt strategies and acknowledges the ability to engage and influence companies may be less relevant then for public equity holdings, more so if a vehicle is in the later stages of its investment lifecycle. From the information received, the Trustee is encouraged that the managers are aware and active in their role as a steward of capital.

The following examples demonstrate some of the engagement activity being carried out on behalf of the Plan over the year.

4 (i). HPS Investment Partners ("HPS") Core Senior Lending Fund, Private Loan Opportunities Fund, Specialty Loan Fund III

Voting

HPS Investment Partners ("HPS") state that although generally not applicable to the Firm's business, they have the authority to vote client securities on behalf of its clients via ISS. HPS exercises voting authority over client proxies with the intent to ensure that they vote proxies in the best interests of its clients.

Engagement Example: Project Parker

An example of engagement relevant to both the Core Senior Lending Fund and Private Loan Opportunities Fund is Project Parker, with the aim to help develop the portfolio company's ESG policy. The company did not have a formalised ESG policy or framework, but rather had some relevant pieces for a potential ESG framework. Over several video conferences in Q1 2021, HPS reviewed these materials and provided guidance on how to develop a specific framework relevant to the specific industry.

As a result of HPS's initial engagement, the Company is currently creating a formalised ESG policy and HPS continue to help the Company with documenting their ESG goals into a formalised framework.

4 (ii). Partners Group ("Partners") Direct Equity, Global Value, Multi Asset Credit strategies

The Fund was invested in several private equity and debt vehicles over the period, the voting and engagement policy for the manager is detailed at a firm level below.

Voting

Where appropriate, Partners use GL proxy voting services, who have been instructed to vote in-line with Partners Group's Proxy Voting Directive. Wherever the recommendations for GL, Partners proxy voting directive, and the company's management differ, Partners vote manually on those proposals.

Engagement

Partners state clear expectations with newly acquired assets through a standard ESG onboarding process. In 2020, this resulted in 39 tailored ESG engagements across their direct investment portfolio comprising at least 3 target ESG projects per year. Collectively, these engagements mean that Partners have over 100 ongoing ESG value creation projects across private equity, private real estate and private infrastructure as at 31 March 2021.

Partners' ESG strategy is anchored in their Responsible Investment Policy, which describes their overall approach to responsible investment, including how they integrate material environmental, social and governance factors, alongside commercial and financial considerations, into their sourcing, due diligence and ownership practices across all of the asset classes in which they invest.

Partners state that for each engagement of a private asset investment into a company, they discuss their commitment to ESG and ambition with company management. The Partners Investment and Industry Value Creation teams discuss topics most relevant to the company or asset's business and stakeholders, identify key ESG improvement opportunities, and define the vision and strategy for a company or asset's ESG engagement with Partners.

For more information, please refer to the firm's website for the latest Corporate Sustainability Report: https://www.partnersgroup.com/en/sustainability/

Engagement Example: COVID-19 Pandemic

An example of engagement during the period for the multi-asset credit funds was in relation to the management of the impacts of COVID-19. Partners Group implemented continuous engagement during the pandemic to measure the impacts and follow up on business strategy. The company is now able to deliver services remotely where it could not before and is also not expected to face liquidity issues in the near term. In addition, the company has now sold off its Property division, and proceeds received have strengthened its balance sheet.

5. Engagement Activity – Fixed Income and Real Estate

The Plan also invests in a number of fixed income and real estate strategies and the Trustee recognises that the ability for managers to engage and influence companies may be less direct than in comparison to public equity holdings, though note that the managers are aware and active in their role as stewards of capital.

The following examples demonstrate some of the engagement activity being carried out on behalf of the Plan over the year.

5 (i). Barings Global Loan Fund, Global High Yield Credit Strategies

For the Barings Global Loan Fund and Global High Yield Credit Strategies, the number of engagements was not tracked during the reporting period. However, Barings have recently launched an in-house proprietary ESG system that enables its investment teams to systematically track and monitor all its engagements going forward. It allows the recording and detailing of engagement focus areas, the objectives, milestones, and timelines for each engagement. It also allows Barings to monitor the success or failure of each milestone and objective.

Engagement Example (Global Loan Fund): Global Software Company

During the year, a global software company held as an investment by the Barings Global High Yield team implemented a number of employee restructuring programmes, including a forced furlough scheme for employees and pausing defined-contribution pension payments. This was undertaken in reaction to disruption caused by the COVID-19 pandemic and as a cost saving exercise. The company is based in Silicon Valley and Barings was concerned about the impact of the restructuring on employee morale and attrition. Barings engaged with senior management to obtain further disclosure on staff turnover and employee satisfaction metrics. Initial data obtained indicated lower morale at the company, but through further engagement Barings was able to understand that performance metrics have been sequentially improving. What Barings discovered through their engagement has been reassuring, and they continue to hold an investment in the company.

5 (ii). Insight Investment Management ("Insight") UK Corporate Bonds

Insight states within its responsible investment policy that it engages as a bondholder with management and other entities to discuss issues such as strategy, deployment of capital, performance, remuneration, risk management and ESG factors. Insight prioritises its engagement dependent on a variety of factors which can include portfolio position, materiality of issue and company access.

Engagement Example: ENEL

An example of engagement was in Q4 2020 with ENEL to discuss their ESG strategy, carbon emissions reduction plans and their inaugural GBP SDG linked bond issue. As part of the Climate Action 100+ initiative, Insight continue to encourage ENEL to establish measures to mitigate climate risk and adapt the business for a low carbon economy.

Insight state that ENEL have been responsive to the engagement and a follow up call with the company chair has been scheduled so that ENEL's team can present solutions and future plans to improve on the areas addressed.

5 (iii). Aberdeen Standard Investments ("ASI") Long Lease Property Fund, Ground Rents Fund (Real Estate)

The Aberdeen Standard Investments Long Lease Property Fund and Ground Rents Fund directly invest in properties rather than companies, therefore information regarding voting is not directly relevant. However, ASI state that they do engage fully with their stewardship responsibilities and regularly engage with the managements of companies in which they are invested. In this way, even in the absence of voting rights, ASI can encourage them to remain ‘good’ companies and become even better businesses.

5 (iv). Columbia Threadneedle Investments ("Threadneedle") Threadneedle Property Unit Trust (Real Estate)

The Columbia Threadneedle Property Unit Trust (TPUT) directly invests in properties rather than companies, therefore information regarding voting is not directly relevant.

Columbia Threadneedle have a five-step process towards ensuring they manage their real estate portfolios responsibly which includes:

- Carrying out due diligence when properties are being considered for acquisition
- Seeking to improve energy & water efficiency, waste management and other sustainable practices in the properties
- Refurbishing with high sustainability standards
- Continuously manage properties with sustainability objectives in mind
- Ensuring portfolios undergo risk and governance controls.

Regarding TPUT specifically, Columbia Threadneedle engages with all stakeholders involved in the property investments to monitor the sustainability of the portfolio. This includes tenants, suppliers, participant's workforce and the local community. For example, Columbia Threadneedle provide questionnaires to their key suppliers about their approach to corporate responsibilities and highlight the need for UK suppliers to comply with the Modern Slavery Act.

6. Conclusion

In respect to Stewardship and Engagement the Trustee believes good management of companies should lead to more sustainable and predictable returns. The Trustee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

Based on the activity over the year by the Trustee and its service providers, the Trustee is of the opinion that the stewardship policy has been implemented effectively in practice. The Trustee note that most of their investment managers were able to disclose strong evidence of voting and engagement activity.

The Trustee expect improvements in disclosures over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Plan through considered voting and engagement.

Appendix – Voting Statistics

This below information relates to the specific funds the Plan invests in.

Voting Statistics over the year to 31 March 2021

Manager	For the period from 1 Apr 2020 – 31 Mar 2021		
	% of resolutions voted on for which the fund was eligible	Of the resolution on which the fund voted, % of resolutions voted against management	% of resolutions abstained
LGIM - All World Equity Index Fund	99.85%	15.96%	0.79%
LGIM - FTSE RAFI All World 3000 Equity Index Fund	99.78%	18.11%	0.38%
MFS - MFS Global Equity	100%	6.41%	1.16%
Pictet - Dynamic Asset Allocation Fund	100%	9.88%	0%

Source: Investment managers.