

## **Hoburne Pension Fund ('the Fund') – Implementation Statement 1st December 2023 – 30<sup>th</sup> November 2024**

This Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Department for Work and Pensions for the period from 1st December 2023 – 30<sup>th</sup> November 2024 ('the Fund Year').

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

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

The Trustee has appointed Minerva Analytics ('Minerva') to obtain voting and investment engagement information ('VEI') on the Fund's behalf. Each of the Scheme's investment managers are signatories to the UK Stewardship Code.

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

A summary of the key points is set out below.

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

(LDI Fund range)

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

CT provided basic LDI counterparty-level engagement information although this was not in line with the Fund's reporting period. From this, Minerva was able to confirm that the activity appeared to broadly comply with CT's own engagement approach and so complies with the Fund's approach.

### **Jupiter**

(Strategic Bond Fund)

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

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

### **LGIM**

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

It was determined by Minerva that LGIM's public voting policy and disclosures are broadly in line with good practice as represented by the International Corporate Governance Network ('ICGN') Voting Guidelines Principles. However, Minerva noted that disclosures were limited in relation to

Shareholder Rights. LGIM provided a summarised voting record that was in line with the Fund's reporting period. Significant votes were also provided. From this, Minerva was able to confirm that the manager's voting activity was in line with the Trustee's policy.

LGIM provided basic fund-level information on engagements, although this was not in line with the Fund's reporting period. Despite the basic level of information, Minerva was able to confirm that the activity appeared to broadly comply with LGIM's own engagement approach and so complies with the Fund's approach.

#### Annuities

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

#### **Final Comments**

Since last year, Jupiter has continued to provide good levels of information.

Further improvement is needed from CT and LGIM specifically in relation to the detail on engagements and to provide this information in line with the Fund's reporting period.

LGIM could also improve by providing further detail on Shareholder Rights in their public voting policy and disclosures. Minerva's voting policy assessment has been updated for 2025 to reflect their latest thinking on what constitutes good practice and this year, Minerva determined that there were limited disclosures on Shareholder Rights.

Last year, Minerva determined that LGIM's public voting policy and disclosures were aligned with good practice across all assessed policy pillars.



**Hoburne Pension Fund**

Dalriada Trustees Limited

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

Scheme Reporting Period:

1<sup>st</sup> December 2023 to 30<sup>th</sup> November 2024

19<sup>th</sup> March 2025

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# 1 SIP Disclosures

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

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

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

Source of Information:

*Hoburne Pension Fund  
Statement of Investment Principles  
October 2023*



## 1.1 Financially Material Considerations

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

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

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

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

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

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

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

## 1.2 Non-Financial Considerations

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

## 1.3 Investment Manager Arrangements

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

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

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

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

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

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

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

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

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

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

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

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

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

The fund managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of its investment consultant to ensure it is in line with the Trustees' policies.

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

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

The Trustees define target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manager.

This is monitored on an annual basis.

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

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

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



# 2 Sourcing of Voting and Engagement Information

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

**Table 2.1: Summary of Available Information**

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

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

## Table Key

### Full Info Available

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

### Part Info Available

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

### No Info to Report

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

### No Info Provided

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



## Minerva Says:

### Voting Activity

There was voting information disclosed for the following Scheme investments:

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

### Significant Votes

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

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

### Engagement Activity

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

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

# 3 Voting and Engagement

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

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

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

## 3.1 Stewardship

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

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

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

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

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

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

The following table sets out:

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

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

Fund Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
<b>Columbia Threadneedle</b>	Real Dynamic LDI Fund	Mobius Platform	DB Fund	01/12/23	30/11/24	N/A
	Nominal Dynamic LDI Fund	Mobius Platform	DB Fund	01/12/23	30/11/24	N/A
	Short Profile Nominal Dynamic LDI Fund	Mobius Platform	DB Fund	01/12/23	30/11/24	N/A
<b>Jupiter</b>	Strategic Bond Fund	Mobius Platform	DB Fund	01/12/23	30/11/24	N/A
<b>LGIM*</b>	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	Mobius Platform	DB Fund	01/12/23	30/11/24	ISS
	Dynamic Diversified Fund	Mobius Platform	DB Fund	01/12/23	30/11/24	ISS

### Minerva Says

As shown in the table above:

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

# 4 Exercise of Voting Rights

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

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

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

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

<b>Asset manager</b>	LGIM (Legal & General Investment Management)
<b>Relevant Scheme Investment(s)</b>	<ul style="list-style-type: none"> <li>▪ Dynamic Diversified Fund</li> <li>▪ Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged</li> </ul>
<b>Key Points of Manager's Voting Policy</b>	LGIM's latest ' <a href="#">Global corporate governance and responsible investment policy</a> ' sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM have this to say in terms of their overall approach:

When developing our policies, we consider broader global guidelines and principles such as those provided by the United Nations Global Compact, OECD and ILO conventions and recommendations as well as local market regulatory expectations. The extent to which we apply these policies allows some leeway for those markets that are still developing their governance policies. Although there is no 'one-size-fits-all' solution to building a sustainable business model, we look for the companies in which we invest to demonstrate that sustainability is effectively integrated into their long-term strategy and daily operations. Companies should aim to minimise any negative impact their businesses have on the environment, while innovating to find better solutions. Their strategies should include ways to make a positive impact on society, embrace the value of their workforce and supply chains, while delivering positive long-term returns to shareholders.

LGIM's voting policy is built on the assessment of 5 key policy areas:

#	Policy Area	Examples of Topics Covered
1	<b>Company Board</b>	Board Leadership, Board Independence, Board Diversity, Board Committees, Succession Planning, Board Effectiveness, Stakeholder Engagement
2	<b>Audit, Risk &amp; Internal Control</b>	External and Internal Audit, Whistleblowing, Cybersecurity and Climate Risks
3	<b>Remuneration</b>	Remuneration Committee, Remuneration Transparency, Fixed Remuneration, Variable Pay, Service Contracts and Termination Payments
4	<b>Shareholder &amp; Bondholder Rights</b>	Voting Rights and Share-Class Structures, Amendments to Articles, Capital Management, Mergers and Acquisitions, Shareholder Proposals and Political Donations
5	<b>Sustainability</b>	Material ESG Risks & Opportunities, Governance and Accountability, Sustainability Themes, Reporting and Disclosure

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

**Yes**

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

### Minerva Says

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

# 5 Manager Voting Policy

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

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

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

**Table 5.1: Voting Policy Alignment**

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

Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
Jupiter	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comments	Jupiter have confirmed to us that they do not have a formal bond voting policy as such. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.						
LGIM	Aligned	Aligned	Aligned	Aligned	Aligned	Limited Disclosures	Aligned
Comments	<b>Shareholder Rights:</b> LGIM has disclosed limited information publicly on its approach regarding anti-takeover provisions. The public policy also lacks details around the rights of shareholders to hold special meetings, and proxy access.						

**Table Key**

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



## Minerva Says

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

- Jupiter have confirmed that they do not have a formal proxy voting policy for bond investments.
- LGIM's publicly available voting policy provides limited information on key aspects of good corporate governance practice.



# 6 Manager Voting Behaviour

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

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

**Table 6.1: Manager Voting Behaviour**

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
Jupiter	Strategic Bond Fund	6	80	77.0%	88.0%	11.0%	0.0%
	<b>Comments</b>						
	The manager provided a summarised voting record for the Funds shown above that covered the Scheme's specific investment holding period.						
LGIM	Dynamic Diversified Fund	10,150	102,856	99.8%	76.4%	22.9%	0.6%
	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	7,292	72,360	99.8%	80.7%	18.3%	1.0%
	<b>Comments</b>						
	The manager provided a summarised voting record for the Funds shown above that covered the Scheme's specific investment holding period.						
From the summarised information provided, we can see that the manager has voted at almost all investee company meetings for these two Funds, which is in line with the Trustees' expectations of its managers.							



## Minerva Says

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

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

# 7 Significant Votes

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

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

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

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Apple Inc.	28/02/24	0.50%	Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy	Against	Fail
<b>Why a 'Significant Vote?'</b>							
Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.							
<b>Manager's Vote Rationale:</b>							
Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and nondiscrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.							
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>							
LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics							
<b>Next Steps / Implications of the Outcome:</b>							
N/A							

Relevance to Manager's Stated Policy:

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Shell Plc	21/05/24	0.30%	Resolution 22: Approve the Shell Energy Transition Strategy	Against	Pass

Why a 'Significant Vote'?

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

Manager's Vote Rationale:

Climate change: A vote against is applied. We acknowledge the substantive progress the company has made in respect of climate related disclosure over recent years, and we view positively the commitments made to reduce emissions from operated assets and oil products, the strong position taken on tackling methane emissions, as well as the pledge of not pursuing frontier exploration activities beyond 2025. Nevertheless, in light of the revisions made to the Net Carbon Intensity (NCI) targets, coupled with the ambition to grow its gas and LNG business this decade, we expect the company to better demonstrate how these plans are consistent with an orderly transition to net-zero emissions by 2050. In essence, we seek more clarity regarding the expected lifespan of the assets Shell is looking to further develop, the level of flexibility in revising production levels against a range of scenarios and tangible actions taken across the value chain to deliver customer decarbonization. Additionally, we would benefit from further transparency regarding lobbying activities in regions where hydrocarbon production is expected to play a significant role, guidance on capex allocated to low carbon beyond 2025 and the application of responsible divestment principles involved in asset sales, given portfolio changes form a material lever in Shell's decarbonization strategy.

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

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

Next Steps / Implications of the Outcome:

N/A

Relevance to Manager's Stated Policy:

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	McDonald's Corporation	22/05/24	0.05%	Resolution 6: Adopt Antibiotics Policy	For	Not stated

Why a 'Significant Vote'?

Thematic - Health: This shareholder resolution is considered significant due to LGIM's Health Policy states our expectation that companies within the restaurant/out-of-home sector (e.g. fast-food companies) should require all their meat suppliers to comply with the WHO guidelines. LGIM filed a resolution at the McDonald's 2024 AGM, which was subject to a 'no-action' ruling by the SEC. However did support this resolution, also proposed at the McDonald's 2024 AGM.

Manager's Vote Rationale:

Shareholder proposal Health AMR: A vote in favour is applied as LGIM considers AMR a systemic risk. The phasing out of medically important antibiotics for disease prevention will contribute to stemming the rise of AMR. In line with LGIM's health policy we would like to see the company applying the WHO guidelines on use of medically important antimicrobials in food-producing animals? throughout for its entire meat portfolio within its whole supply chain.

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

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

Next Steps / Implications of the Outcome:

N/A

Relevance to Manager's Stated Policy:

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Prologis, Inc.	09/05/24	0.28%	Resolution 1a: Elect Director Hamid R. Moghadam	Against	Not stated
<b>Why a 'Significant Vote?'</b>							
Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO.							
<b>Manager's Vote Rationale:</b>							
Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.							
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>							
LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
<b>Next Steps / Implications of the Outcome:</b>							
N/A							
<b>Relevance to Manager's Stated Policy:</b>							
<b>Company Board</b>		<b>Audit, Risk &amp; Internal Control</b>		<b>Remuneration</b>		<b>Shareholder &amp; Bondholder Rights</b>	<b>Sustainability</b>
<b>We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach</b>							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Dynamic Diversified Fund	Accenture plc	31/01/24	0.08%	Elect Director Julie Sweet	Against	Pass
<b>Why a 'Significant Vote'?</b>							
Thematic - Board Leadership: LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO							
<b>Manager's Vote Rationale:</b>							
Joint Chair/CEO: A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight concerns.							
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>							
LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics							
<b>Next Steps / Implications of the Outcome:</b>							
N/A							
<b>Relevance to Manager's Stated Policy:</b>							
<b>Company Board</b>		<b>Audit, Risk &amp; Internal Control</b>	<b>Remuneration</b>	<b>Shareholder &amp; Bondholder Rights</b>	<b>Sustainability</b>		
<b>We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach</b>							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	Meta Platforms, Inc.	29/05/24	1.07%	Resolution 1.1: Elect Director Peggy Alford	Against	Not stated

#### Why a 'Significant Vote'?

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

#### Manager's Vote Rationale:

Diversity: A vote against is applied as LGIM expects a company to have at least one-third women on the board. Lead Independent Director: A vote against is applied as LGIM expects companies to elect an independent lead director where there is a combined Board Chair and CEO. Remuneration: A vote against has been applied as LGIM expects companies to obtain annual shareholder approval of executive directors pay and non-executive directors fees. Remuneration: A vote against is applied because LGIM does not support the use of corporate jets for private use. Remuneration - Malus & Clawback: A vote against is applied as LGIM expects all incentives to be subject to clawback if the vested award is later deemed to be unjustified. Remuneration - Shareholding Guidelines: A vote against is applied as the company does not have a shareholding guideline in place for executives. LGIM believes a shareholding requirement is a good way to align with long term shareholder interests because executives are expected to maintain a proportion of earned shares at risk over the medium term. Remuneration - Performance conditions: A vote against is applied as LGIM expects a sufficient portion of share incentive awards to be assessed against long term performance conditions to ensure alignment of remuneration with company performance. Remuneration - Performance period: A vote against is applied as LGIM expects performance to be measured over a three year period. A WITHHOLD vote is further warranted for Peggy Alford in her capacity as chair of the compensation, nominating, & governance committee due to consecutive years of high director pay without reasonable rationale disclosed.

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

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

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

N/A



Relevance to Manager's Stated Policy:

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	Danaher Corporation	07/05/24	0.16%	Resolution 4: Reduce Ownership Threshold for Shareholders to Call Special Meeting	For	Not stated

Why a 'Significant Vote'?

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

Manager's Vote Rationale:

Shareholder Resolution - Shareholder rights: A vote in favour is applied as the current threshold necessary to call a special meeting is high and this resolution is seeking to reduce the threshold.

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

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

Next Steps / Implications of the Outcome:

N/A

Relevance to Manager's Stated Policy:

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	Booking Holdings Inc.	04/06/24	0.12%	Resolution 4: Amend Clawback Policy	For	Not stated

**Why a 'Significant Vote?'**

Shareholder Resolution - Remuneration: LGIM believes that clawback is an important safeguard for the compensation committee to enable them to clawback any compensation payments that were unjustly paid out.

**Manager's Vote Rationale:**

Shareholder Resolution - Remuneration: LGIM believes that clawback is an important safeguard for the compensation committee to enable them to clawback any compensation payments that were unjustly paid out.

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

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

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

N/A

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

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	Regeneron Pharmaceuticals Inc.	14/06/24	0.09%	Resolution 4: Adopt Simple Majority Vote	For	Not stated
<b>Why a 'Significant Vote?'</b>							
High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.							
<b>Manager's Vote Rationale:</b>							
Shareholder Resolution - Shareholder rights: A vote in favour is applied as reducing the supermajority vote requirement will improve minority shareholder rights.							
<b>Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?</b>							
LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.							
<b>Next Steps / Implications of the Outcome:</b>							
N/A							
<b>Relevance to Manager's Stated Policy:</b>							
Company Board	Audit, Risk & Internal Control	Remuneration	Shareholder & Bondholder Rights	Sustainability			
We believe this voting activity is consistent with the manager's stated approach, and so is also consistent with the Scheme's approach							

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	The Boeing Company	17/05/24	0.09%	Resolution 6: Report on Median Gender/Racial Pay Gap	For	Not stated

**Why a 'Significant Vote?'**

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

**Manager's Vote Rationale:**

Shareholder Resolution - Inequality - Gender Pay Gap transparency: A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.

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

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

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

N/A

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

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



## Minerva Says

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

# 8 Manager Engagement Information

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

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

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

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

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

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

Manager	Engagement Information Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
Columbia Threadneedle	YES	FIRM	PART	The manager provided <i>basic firm level information</i> for the period from <i>01/01/24 to 31/12/24</i> rather than for the Scheme's reporting period
Jupiter	YES	FUND	YES	The manager provided <i>detailed fund level</i> engagement information covering the Scheme's reporting period.
LGIM	YES	FUND	PART	The manager provided <i>basic fund-level engagement information</i> for the period from <i>01/01/24 to 30/11/24</i> rather than for the Scheme's reporting period

## Table Key

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

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

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

# Columbia Threadneedle

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Only firm level engagement info provided	01/01/23	31/12/24	20	45.0%	15.0%	40.0%	-	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>Columbia Threadneedle's general approach to engagement is set out in their '<a href="#">Responsible Investment Engagement Policy</a>':</p> <p><i>'At Columbia Threadneedle Investments we strive to be responsible stewards of our clients' assets allocating their capital within our framework of robust research and good governance. We embrace our role as active investors to encourage positive change both for our managed assets and reo clients. We dynamically interact with issuers to enhance their long-term viability, performance, and sustainability to create value for our clients as well as society. Targeted Responsible Investment (RI) engagement with issuers is an important part of our investment approach. Active ownership enhances insights, encourages change, and helps create future value. In addition, we believe that engagement on environmental, social, and governance issues can have a positive impact on corporate performance and investment returns, as well as on society or the environment.</i></p> <p><i>We define engagement for the purposes of this policy as having constructive dialogue with issuers on environmental, social and governance (ESG) risks that could have a material negative impact on their businesses and, where necessary, encouraging improvement in ESG management practices. Our purpose with engagement is to support long-term investment returns by mitigating risk, capitalising on opportunities linked to ESG factors, and reducing any material negative impact that our investment decisions could have on these factors. We believe that we can play a part in building a more sustainable and resilient global economy by encouraging issuers to improve their ESG practices. This can also help drive positive impacts for the environment and society that are in line with the achievement of the United Nations Sustainable Development Goals (SDGs).'</i></p> <p><i>'Our preferred approach to conducting engagement is to use constructive, confidential dialogue, typically interacting one-to one with issuers and building a relationship of trust over time as long-term investors. When it is more effective to take a collaborative approach to bring about change, we may form or join coalitions with other investors, non-governmental organisations (NGOs) or industry groups, whilst ensuring that we adhere to all applicable anti-trust competition legal and regulatory requirements and any other applicable limitations when doing so. (...) Speaking with a unified voice can allow investors to communicate their concerns more effectively, whilst gaining power and legitimacy from the perspective of corporate management. Furthermore, collaborations can help build knowledge and skills whilst enhancing engagement efficiency. We are a member of several investor coalitions actively pursuing collaborative engagements. We engage at different levels within issuers depending on the nature of our Objectives, including with the board, executive management, investor relations, sustainability leadership, and operational specialists.'</i></p> <p>They have identified the following specific engagement priorities/themes:</p> <p><i>'Our engagements focus on financial performance, sustainability risks and opportunities, operational excellence, capital allocation policies and managerial incentives, among other topics. Collaboration across asset classes and thematic and sectoral disciplines ensures an informed approach. Our engagement programme is structured around seven high level themes:</i></p>

- Climate change
- Environmental stewardship, including biodiversity
- Labour standards
- Human rights
- Public health
- Business conduct
- Corporate governance.

Underlying each theme is a range of subthemes to help focus our engagement. We monitor the outcomes of our engagement and report on our progress to our clients and through public reporting.'

Additional information on Engagements provided by the Manager

Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:

- engagement objectives
- collaborative engagements
- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

Comparison of the Manager's Engagement Activity vs the Trustees' Policy

The following example of engagement activity was provided by the manager for the Pensions Property Fund:

**Q1 2024 – Barclays PLC – Environment-related Engagement**

**Engagement Details:**

'We have engaged several times with Barclays on their climate risk management, including as a co-lead investor through the IIGCC bank working group.'

**Engagement Outcomes:** 'The company provide significantly enhanced climate risk management in their latest climate updates. The company introduced additional financed emissions targets for agriculture, commercial real estate, and aviation. They also provided updates to their residential real estate target. The company became the first UK bank to publish a transition finance framework. They also updated their climate change statement introducing restrictions and tightened conditions for financing to the oil and gas sector. This is significant as Barclays have lagged in this specific area and faced reputational risks as a result.'

Is Engagement Activity in Line with the Trustees' Policy?

**Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we were disappointed with the lack of engagement details at fund level that also covered the Scheme's investment period.**



Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Strategic Bond Fund	01/12/23	30/11/24	23	73.9%	13.0%	4.3%	8.7%	0%	100%

Aspect of Engagement Activity	Details
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<b>Key Points of the Manager's Engagement Policy</b>	<p>Jupiter's general approach to engagement is set out in their 'Responsible Investment Policy'. They state the following in terms of their overall approach, but do not set out any specific engagement priorities or themes:</p> <p><i>'Engagement is central to our active ownership approach. It advances our responsible investment goals, builds lasting relationships with companies, and provides our investment teams with greater investment insights. Our investment teams maintain a dialogue with companies to inform their investment decisions and carry out strategic engagement, based on ESG materiality. To be effective, engagement must be focused and have well-defined targets, objectives, and outcomes. We do not believe that volume of engagement is a reliable indicator of successful active ownership.'</i></p> <ul style="list-style-type: none"> <li>• <b>Investment-led:</b> Investment managers are responsible for capital allocation decisions and lead engagement, supported by the Stewardship Team.</li> <li>• <b>Monitoring/escalation:</b> We regularly engage with companies to monitor material ESG issues that will impact the long-term success of an investment. Engagement should be proactive as reactive engagement may not achieve good outcomes for investors. We also use proactive dialogue to discuss our expectations around material ESG issues.</li> <li>• <b>Misalignment:</b> Concerns may arise at investee companies because of a misalignment with shareholder interests or negative impacts for stakeholders. Where appropriate, we will use engagement with company management and boards of directors as an escalation tool to resolve such situations.</li> <li>• <b>Time horizon:</b> Many material ESG issues are complex and interconnected, and outcomes take time. We are committed to long-term engagement goals, however to protect client interests we reserve the right to exit an investment if we conclude that progress is insufficient or does not meet our strategic objectives.</li> <li>• <b>Direct and collaborative engagement:</b> Our primary tool is direct engagement with companies. We also engage in collective engagement where such action aligns with our own objectives. Collective engagement enables us to leverage our influence and is particularly useful when considering systemic risks such as climate and biodiversity. In addition to working with other shareholders, collective engagement can be extended to investor bodies, NGOs, charities, and trade organisations.</li> <li>• <b>Regulatory, industry and policy engagement:</b> We engage with industry bodies, policymakers and regulators where appropriate and we believe there is an opportunity to contribute to the agenda while representing client interests'</li> </ul>
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<b>Additional Information on Engagements Provided by the Manager</b>	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> <li>▪ engagement objectives</li> </ul>
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- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

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

**20/09/24 - Yara – Engagement primarily on an ‘Environmental’ matter**

**Engagement Type:** Virtual Meeting (e.g. Zoom, Skype)

**Engagement Details:** ‘Yara is the largest user of natural gas in Europe. They seem very knowledgeable about their production methods and how carbon emissions can be minimised, but they are not moving to zero emission technology rather they are relying heavily on carbon capture and the increase in fertiliser efficiency in how and when it is spread on the soil. .

Yara have sites based all over the World and as such my opening question was why they use next to zero renewables in their production of fertiliser.

Natural gas is the main fuel source for Yara, with close to a 94 percent share of all fuel consumed; p134 Yara Integrated Report 2023: “Yara’s energy consumption is largely driven by the production of ammonia, the key component in our fertilizers, accounting for almost 90 percent of our energy consumption. We focus on improving the energy efficiency of our ammonia units, which is also one of the main levers to reduce GHG emissions. To achieve this, we set specific energy and GHG reduction targets for each plant, benchmark our performance, conduct energy efficiency diagnostics and audits, and implement the resulting systematic improvement actions. “

If you look at their Norwegian sites alone, you would imagine their access to renewables would be very good.

Their view is that the amount of renewable energy that is available is not enough for them and the technology needed to move to electricity from gas to produce nitrates via electrolysis is not mature enough to mean it is a viable option cost wise. If it were then others would be producing green ammonia which Yara could be purchasing and making into finished fertiliser. This explains their rational to use CCS in new factories. They also can switch between producing Urea which releases CO2 and Nitrates which can be produced without CO2 assuming CCS.’

**Engagement Outcome:** The engagement is marked as ‘Ongoing’

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

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

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

# LGIM

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Dynamic Diversified Fund	01/01/23	31/12/23	4,237	65.9%	14.2%	14.5%	5.4%	Not Stated	Not Stated
Global Equity Market Weights (30:70) Index Fund - 75% GBP Currency Hedged	01/01/23	31/12/23	3,208	58.6%	17.1%	17.6%	6.7%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>LGIM's Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies, taking the following six step approach:</p> <ol style="list-style-type: none"> <li>1. Identify the most material ESG issues</li> <li>2. Formulate a strategy</li> <li>3. Enhance the power of engagement (e.g., through public statements)</li> <li>4. Collaborate with other stakeholders and policymakers</li> <li>5. Vote</li> <li>6. Report to shareholders</li> </ol> <p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 6 engagement topics:</p> <ol style="list-style-type: none"> <li>1. Climate: Keeping 1.5°C alive</li> <li>2. Nature: Supporting a world that lives in harmony with nature, recognising the economic value of natural capital</li> <li>3. People: Improving human capital across the corporate value chain</li> <li>4. Health: Safeguarding global health to limit negative consequences for the global economy</li> <li>5. Governance: Strengthening accountability to deliver stakeholder value</li> <li>6. Digitisation: Establishing minimum standards for how companies manage digitisation-related risks</li> </ol>
Additional information on engagements provided by the Manager	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> <li>▪ engagement objectives</li> <li>▪ collaborative engagements</li> <li>▪ process for escalating ineffective engagement and</li> </ul>

	<ul style="list-style-type: none"> <li>whether any fintech solution was used to facilitate engagement</li> </ul>
<p>Comparison of the Manager's Engagement Activity vs the Trustees' Policy</p>	<p>Set out below is an example of engagement activity reported by LGIM in the Dynamic Diversified Fund:</p> <p><b><u>17/04/24 – Suncorp Group Ltd – Environmental -themed Engagement Activity</u></b></p> <p><i>Engagement Type: Written.</i></p> <p><i>Issue Theme: Environment – Climate Impact Pledge.</i></p> <p><i>Engagement Details: Not provided.</i></p> <p><i>Engagement Outcome: Not provided.</i></p>
<p>Is Engagement Activity in Line with the Trustees' Policy?</p>	<p><b>Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to provide more information relating to engagements undertaken at fund level.</b></p>

### Minerva Says

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

# 9 Conclusions

## 9.1 Assessment of Compliance

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

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

**Table 9.1: Summary Assessment of Compliance**

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

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

### Table Key

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

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

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

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

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



## Minerva Says

### Overall Assessment:

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

### Notes

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

## LGIM Information Disclaimer

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

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

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