

## **Progressive Building Society Pension Scheme ('the Scheme') – Implementation Statement 1<sup>st</sup> January 2024 – 31<sup>st</sup> December 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 1<sup>st</sup> January 2024 – 31<sup>st</sup> December 2024 ('the Scheme Year').

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

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

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

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

A summary of the key points is set out below.

### **BlackRock**

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

The manager provided basic fund-level information on engagements which covered the Scheme's reporting period. Despite this, Minerva was able to confirm that the activity appeared to broadly comply with BlackRock's own engagement approach, and so complies with the Scheme's approach.

### **BNY Mellon**

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

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

### **LGIM**

For all funds but the Multi Asset Fund, LGIM stated that there was no voting or engagement information to report due to nature of the underlying holdings.

In relation to the Multi Asset Fund, it was determined by Minerva that the managers public voting policy and disclosures are broadly in line with good practice as represented by the International Corporate Governance Network ('ICGN') Voting Guidelines Principles, bearing in mind the Scheme's stewardship expectations. However, Minerva noted that disclosures were limited in relation to Shareholder Rights. LGIM provided a summarised voting record that was in line with the Scheme'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 Trustees' policy. The manager provided basic fund-level information on engagements that was in line with the Scheme'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 Scheme's approach.

### **M&G**

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

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

### **Vontobel**

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

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

### **AVCs**

The Scheme holds AVCs and the Trustees have determined they will not be covered in this Statement on the grounds of materiality.

### **Annuities**

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

### **Final Comments**

Since last year, BNY Mellon has continued to provide good levels of information. Vontobel has improved by providing detailed engagement information where this had previously been basic. Improvement is needed from BlackRock and LGIM to provide more detail on engagements. 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.



# Progressive Building Society Pension Scheme

Spence and Partners Ltd

## Implementation Statement (IS):

Voting & Engagement Information (VEI) Report

Scheme Reporting Period:  
1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024

10<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:**

*Progressive Building Society Pension Scheme  
Statement of Investment Principles  
October 2024*



## 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 Scheme for members. Such matters are assessed for materiality and impact within a broader risk-management framework, which take account of the Trustees' funding timeframe and views on the Society's covenant.

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 investment managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustees will assess that this corresponds with their responsibilities to the beneficiaries of the Scheme 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 will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

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 Scheme and their investments;
- Use ESG ratings information provided by their investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via their investment consultant.

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

## **1.2 Non-Financial Considerations**

The Trustees have not considered non-financial 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 Scheme invests in pooled funds and so the Trustees acknowledge that the funds' investment strategies and decisions cannot be tailored to the Trustees' policies. However, the Trustees set their investment strategy and then select managers that best suits their strategy taking into account the fees being charged, which acts as the investment managers' incentives.

The Trustees use the fund objective/benchmark as a guide on whether their investment strategy is being followed and monitor 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 that they invest in.

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

The Trustees will monitor the 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 they achieve, but do expect that by investing in those companies with better financial and non-financial performance over the long term, this will lead to better returns for the Scheme. The Trustees believe that the annual fee paid to the investment managers incentivises them to do this.

If the Trustees feel that the investment 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 investment 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 compared to its objective.

The Trustees assess the performance of the funds, where possible, 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 Investment managers' remuneration is considered as part of the manager selection process and is also monitored regularly with the help of their investment consultant to ensure it is in line with the Trustees' policies.

***How the Trustees monitor portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range***

The Trustees 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 manage. This is monitored on an annual basis.

The Trustees have delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their investment consultant.

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

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

Changes in investment strategy or changes in the view of the investment managers 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
<b>BlackRock</b>	Corporate Bond Up To 5 Years Index Fund	No Info to Report	No Info to Report	<b>Part Info Available</b>
<b>BNY Mellon</b>	Newton Global Dynamic Bond Fund	No Info to Report	No Info to Report	Full Info Available
	LPI Income Property Fund	No Info to Report	No Info to Report	No Info to Report
	Matching Core Funds (4 funds)	No Info to Report	No Info to Report	No Info to Report
<b>LGIM*</b>	Multi Asset Fund	Full Info Available	Full Info Available	<b>Part Info Available</b>
	Over 15 years Gilts Index	No Info to Report	No Info to Report	No Info to Report
	Over 15 years Index-Linked Gilts Index	No Info to Report	No Info to Report	No Info to Report
<b>M&amp;G</b>	Total Return Credit Investment Fund	No Info to Report	No Info to Report	Full Info Available
<b>Vontobel</b>	TwentyFour Strategic Income Fund	No Info to Report	No Info to Report	Full 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 and/or engagement 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 and/or engagement 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 recipient of our information request 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 Scheme's investments in the following funds:

- LGIM Multi Asset Fund

Significant Votes

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

- LGIM Multi Asset Fund

Engagement Activity

There was reportable engagement information provided for the Scheme's investments with the following managers:

- BlackRock Corporate Bond Up To 5 Years Index Fund
- BNY Mellon Newton Global Dynamic Bond Fund
- LGIM Multi Asset Fund
- M&G Total Return Credit Investment Fund
- Vontobel TwentyFour Strategic Income Fund

# 3 Voting and Engagement

The Trustees are required to disclose the voting and engagement activity over the Scheme year. The Trustees 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 Voting and Engagement Policy and Funds

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 manager on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.***

***The investment manager 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 their 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>BlackRock</b>	Corporate Bond Up To 5 Years Index Fund	Mobius Platform	DB Fund	01/01/2024	31/12/2024	N/A
<b>BNY Mellon</b>	Newton Global Dynamic Bond Fund	Mobius Platform	DB Fund	01/01/2024	08/04/2024	N/A
	LPI Income Property Fund	Mobius Platform	DB Fund	01/01/2024	31/12/2024	N/A
	Matching Core Funds (4 funds)	Mobius Platform	DB Fund	01/01/2024	31/12/2024	N/A
<b>LGIM</b>	Multi Asset Fund	Mobius Platform	DB Fund	01/01/2024	31/12/2024	ISS
	Over 15 years Gilts Index	Mobius Platform	DB Fund	01/01/2024	31/12/2024	N/A
	Over 15 years Index-Linked Gilts Index	Mobius Platform	DB Fund	01/01/2024	31/12/2024	N/A
<b>M&amp;G</b>	Total Return Credit Investment Fund	Mobius Platform	DB Fund	09/04/2024	31/12/2024	N/A
<b>Vontobel</b>	TwentyFour Strategic Income Fund	Mobius Platform	DB Fund	01/01/2024	31/12/2024	N/A

### Minerva Says

As shown in the table above:

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

# 4 Exercise of Voting Rights

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

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

**Asset manager** LGIM (Legal & General Investment Management)

**Relevant Scheme Investment(s)** Multi Asset Fund

## Key Points of Manager's Voting Policy

LGIM's latest '[Global corporate governance and responsible investment policy](#)' sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM 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	Example of Topics Covered
1	<b>Company Board</b>	Board Leadership, Board Independence, Board Diversity, Board Committees, 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

**Yes**

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

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

**Minerva Says**

- LGIM clearly set out how they approach their stewardship responsibilities for listed companies on behalf of their clients. In our view the available information demonstrates a clear and thoughtful approach from the firm.
- From the information available, we believe that the voting approach is consistent with the Scheme’s voting 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
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**

**Limited Disclosures**

**No Disclosures**

Not Available

This aspect of the manager's voting policy is aligned with good practice

This policy pillar could only be partially assessed on the information available in the manager's voting policy

This policy pillar could not be assessed due to a lack of information in the manager's voting policy

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:

- LGIM's public voting policy is, in our view, broadly in line with good practice, and is what we would expect to see from such a large asset steward.

# 6 Manager Voting Behaviour

The Trustees believe 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	% Voted Against	% Abstain
	LGIM Multi Asset Fund	10,792	107,220	99.8%	76.7%	22.4%	0.9%	
<b>Comments</b>								
<b>LGIM</b>	The manager provided a summarised voting record for the Multi Asset Fund that covered the Scheme's reporting period.							
	From the summarised information provided, we can see that the manager has voted at almost all investee company meetings, which is in line with the Trustees' expectations of their managers.							

## Table Key

**Available Information** matches the Scheme's specific reporting period / investment holding period

**Available Information** is for a different period than the Scheme's reporting period / investment holding period

**Information** was not provided by the manager

Not Applicable

## Minerva Says

For the Scheme's managers where voting data was provided in response to our information requests, 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 manager 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)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Tesla, Inc.	13/06/24	0.09%	Resolution 2: Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Pass
<b>Why a ‘Significant Vote?’</b>							
High Profile meeting: This resolution is considered significant as it pertains to one of our key stewardship ‘sub-themes’, executive pay.							
<b>Manager’s Vote Rationale:</b>							

Remuneration - Quantum - One-off Awards: A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. A vote AGAINST this proposal is warranted. While most NEOs received modest or no compensation for FY23, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.

**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:**

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

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

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Meituan	14/06/24	0.06%	Resolution 2: Elect Wang Xing as Director	Against	Pass

**Why a 'Significant Vote?'**

Thematic - Climate: LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: <https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/>

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

**Manager's Vote Rationale:**

Joint Chair/CEO: A vote against is applied as LGIM expects the roles of Board Chair and CEO to be separate. These two roles are substantially different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. Climate Impact Pledge: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. A vote AGAINST the election of Wang Xing and Mu Rongjun is warranted given that their failure to ensure the company's compliance with relevant laws and regulations raise serious concerns on their ability to fulfill their fiduciary duties in the company.

**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:**

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

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

**Company Board**

**Audit, Risk & Internal Control**

**Remuneration**

**Shareholder & Bondholder Rights**

**Sustainability**

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Xcel Energy Inc.	22/05/24	0.05%	Resolution 1i: Elect Director Christopher Polcinski	Against	Pass
<b>Why a 'Significant Vote'?</b>							

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

**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. Remuneration - Accountability - Escalation: A vote against is applied as LGIM has had concerns with the remuneration practices for the past year. Independence: A vote against is applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.

**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:**

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

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

**Company Board**

**Audit, Risk & Internal Control**

**Remuneration**

**Shareholder & Bondholder Rights**

**Sustainability**

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Danaher Corporation	07/05/24	0.03%	Resolution 4: Reduce Ownership Threshold for Shareholders to Call Special Meeting	For	Fail
<b>Why a ‘Significant Vote?’</b>							

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:**

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

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

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

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Multi Asset Fund	Mirvac Group	15/11/24	0.02%	Resolution 2.1: Elect Jane Hewitt as Director	Against	Pass

**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:**

Auditor independence - Accountability: LGIM notes concerns with the auditor's independence given their long tenure and/or excessive non-audit fees being paid. As shareholders are not afforded a separate resolution to vote on the auditor's ratification, a vote against the Audit Committee member is warranted to highlight our concerns. Diversity: LGIM notes that following the AGM, the board will have 29% female representation. LGIM expects a company to have a diverse board, with at least one-third of board members being women. LGIM notes the out-of-cycle resignation of Samantha Mostyn which dips the company below one third female diversity and encourage the board to increase female participation both on the board and in leadership positions following the AGM.

**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:**

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

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

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



**Minerva Says**

The reported 'Significant Vote' information seems to be consistent with the manager's stated voting policy, and so is consistent with the Scheme's expectations of them.

# 8 Manager Engagement Information

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

*The investment manager 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 their 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 believe 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
<b>BlackRock</b>	<b>YES</b>	<b>FUND</b>	<b>YES</b>	The manager provided <b>basic fund level engagement information</b> covering the Scheme's reporting period
<b>BNY Mellon (Newton)</b>	<b>YES</b>	<b>FUND</b>	<b>YES</b>	The manager provided <b>detailed fund level engagement information</b> covering the Scheme's reporting period
<b>LGIM</b>	<b>YES</b>	<b>FUND</b>	<b>YES</b>	The manager provided <b>basic fund level engagement information</b> covering the Scheme's reporting period
<b>M&amp;G</b>	<b>YES</b>	<b>FUND</b>	<b>YES</b>	The manager provided <b>detailed fund level engagement information</b> covering the Scheme's reporting period

Vontobel	YES	FUND	YES	The manager provided <b>detailed fund level engagement information</b> covering the Scheme's reporting period
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### 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

## BlackRock

Fund(s)	Breakdown of Engagement Topics Covered					Outcomes	
	Environmental	Social	Governance	Other	Resolved	Open	
Corporate Bond Up To 5 Years Index Fund	25.5%	21.8%	52.7%	0.0%	Not Stated	Not Stated	
	No. of Engagements	275	31/12/24	01/01/24	Period Start	Period End	

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>BlackRock explains their approach to engagement in their <a href="#">Investment Stewardship Engagement Priorities Summary</a> document:</p> <p>'BIS takes a constructive, long-term approach to our engagement with companies, reflecting the investment horizons of the majority of our clients. An engagement is a meeting between BIS and a company's board and management that helps improve our understanding of the company's business model and material risks and opportunities, to inform our voting decisions on behalf of clients who authorize us to vote on their behalf. In these two-way conversations, we listen to and learn directly from company directors and executives and ask questions relevant to their business. Either a company or BIS can request an engagement. Many of the engagements are initiated by companies to discuss their long-term strategy, risk and opportunity set, and management's plan to deliver financial returns through business cycles. The ongoing, multiyear nature of our engagements allows us to build strong relationships with company leadership and mutual understanding on key matters of corporate governance and the drivers of long-term financial performance.</p> <p>BIS' Engagement Priorities reflect the five themes on which we most frequently engage companies, where they are relevant and a source of material business risk or opportunity. As such, how these themes are managed may have an impact on companies' ability to deliver the long-term financial returns on which our clients depend to meet their investing goals. The majority of BIS' engagements are focused on corporate governance because, in our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' financial interests.'</p> <p>BlackRock's Engagement Priorities:</p> <ol style="list-style-type: none"> <li>1. Board quality and effectiveness - quality leadership, board composition, effectiveness, diversity and accountability</li> </ol>

	<p>2. Strategy, purpose, and financial resilience - <i>'We engage on long-term corporate strategy, purpose, and financial resilience to understand how boards and management are aligning their business decision-making with the company's purpose and adjusting strategy and/or capital allocation plans as necessary as business dynamics change.'</i></p> <p>3. Incentives aligned with financial value creation - <i>'Executive compensation is an important tool used by companies to support long-term financial value creation. In our experience, well-structured compensation policies reward the successful delivery of strategic, operational, and/or financial goals, encourage an appropriate risk appetite, and align the interests of shareholders and executives through equity ownership. For these reasons, appropriate and transparent compensation policies are a focus in many of BIS' engagements with companies our clients are invested in. To aid our understanding, we find it helpful when companies make clear in their disclosures the connection between compensation policies and outcomes and the financial interests of long-term shareholders.'</i></p> <p>4. Climate and natural capital - <i>'BIS' approach under our benchmark policies to material climate-related risks and the opportunities presented by the low-carbon transition is based on our fundamental role as a fiduciary to our clients. The low-carbon transition may present different challenges and potential rates of change for companies across sectors. With this in mind, when discussing climate- and transition-related risks with companies, we generally focus our conversations where the transition is most likely to materially impact a company's long-term financial performance.'</i>  <i>'The management of nature-related risks and opportunities is a component of the ability to generate long-term financial returns for companies whose strategies or supply chains are materially reliant on natural capital. For these companies, we rely on disclosures to assess the board's risk oversight and to understand how nature-related impacts and dependencies are considered within their strategies. While natural capital is a broad term, we focus on three key components — land use and deforestation, water, and biodiversity — which can affect the long-term financial returns of companies with material exposure. Based on our assessment, companies with material nature-related risks and opportunities stand to benefit from the robust management of these components, which may lead to operational efficiency, management capabilities, and innovation.'</i></p> <p>5. Company impacts on people - <i>'In our engagements, BIS focuses on understanding the effectiveness of boards and management in ensuring a company has the workforce necessary for delivering long-term financial performance. Our discussions cover material workforce-related risks and opportunities, which may include how a company's business practices foster a workforce culture inclusive of a variety of perspectives; enhance job quality and employee engagement; enable career development; promote positive labor relations, safe working conditions, and fair wages; and consider human rights. BIS finds it helpful when companies provide shareholders with the necessary information to understand their approach to human capital management (HCM) and how it aligns with the company's stated strategy and business model.'</i>  <i>'BIS engages with companies on how they manage the human rights issues that are material to their businesses and monitor the effectiveness of their human rights practices on a best-efforts basis. We are focused on the governance of this business risk, where appropriate.'</i></p>
<p><b>Additional information on Engagements provided by the Manager</b></p>	<p>Whilst the manager provided a list of engagements undertaken on investments in the period shown above, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> <li>▪ engagement objectives</li> <li>▪ collaborative engagements</li> <li>▪ process for escalating ineffective engagement and</li> <li>▪ whether any fintech solution was used to facilitate engagement</li> </ul>
<p><b>Comparison of the Manager's Engagement Activity vs the Trustees' policy</b></p>	<p>An example of a reported engagement for the Corporate Bond Up To 5 Years Index Fund is shown below:</p> <p><b>12/03/24 – National Australia Bank Ltd – Engagement on Environmental and Social Issues</b></p> <p><b>Engagement Method:</b> video call</p>

**Engagement Details:**

*Environmental = Biodiversity / Climate Risk Management / Water and Waste*

*Social = Community Relations / Diversity and Inclusion / Health and Safety / Human Capital Management / Indigenous Peoples Rights / Privacy and Data Security / Social Risks and Opportunities / Supply Chain Labour Management*

**Engagement Outcome:** Not stated.

**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 believe that the manager should be able to provide more details in relation to engagement activity undertaken at fund level.**

# BNY Mellon

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered					Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open	
Newton Global Dynamic Bond Fund	01/01/24	08/04/24	1	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%

## Aspect of Engagement Activity

### Details

BNY states in its latest stewardship policy disclosure statement that each of the investment managers has its own unique engagement policy with issuers in all of the jurisdictions in which they invest. Accordingly, Newton's '[Stewardship and sustainability policy](#)' from September 2024 has the following to say with regards the manager's engagement approach:

*'In seeking to be an active steward, Newton is committed to the responsible allocation, management and oversight of capital to create long-term economic value for our clients.'*

*'Our core approach to investing is about engagement rather than exclusion, and about trying to mitigate risks that have the potential to cause material financial impact to our clients' best long-term economic interests. We prefer to engage with companies and support them to develop and enhance their practices or business models where appropriate, rather than using divestment or denial of capital as the only option.'*

*'We emphasise purposeful dialogue with issuers to constructively challenge boards and management on financially material aspects of their decision-making where we believe it can result in improved long-term financial outcomes for our clients. We set clear and outcome-focused objectives which can be evaluated over a suitable time horizon and can be linked back to a relevant investment thesis.'*

In their Stewardship and sustainability policy, the manager identified the following key engagement themes:

- **Environmental:** Climate / Nature and biodiversity / Pollution / Product life cycle / Water
- **Social:** Human rights / Human capital management / Tax
- **Governance:** Board leadership / Capital management / Anti-takeover mechanisms / Related-party transactions / Reporting and audit / Executive pay / Transparency, accountability and shareholder rights

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

An example of a reported engagement for the Global Dynamic Bond Fund is:

### **27/03/2024 – Barclays Plc – Engagement on Environmental Issues**

**Engagement Goal/Objective:** 'Climate transition risk and net zero strategy = Strengthen disclosures about its engagement process with clients on their transition, Climate transition risk and net zero strategy = Strengthen disclosures about the key metrics used in its client transition framework.'

**Key Takeaways:** 'Climate transition risk and net zero strategy = - Barclays has identified its lagging clients in terms of climate transition and is in the process of engaging with them.

- The bank has engaged high-emitting clients to discuss their positioning compared to peers and potential improvements are suggested to client's based on the bank's framework.
- It prioritizes lower-scoring quintile clients in its transition framework, with a focus on high-emission sectors like energy and power as well.
- The bank did not provide in depth details around their engagement process. However, we communicated our expectations around disclosing more details around its engagement process, which was received constructively.

Climate transition risk and net zero strategy = -Barclays' conveyed that it's client transition framework focuses on its worst performing clients, however, we felt it did not disclose in-depth details around its rating methodology.

- The bank looks at 80 different sector specific qualitative and quantitative variables, including forwarding looking factors.
- The bank has conducted around 1,250 counterparty assessments which covers all high emitting clients and have done deep dive into 300 of these, with whom the bank will engage further.
- However, the bank failed to offer more details around its scoring methodology, like factor weights, sector-based material topics, sector-wise score distribution etc. We have communicated our expectations of more disclosures around these to the bank.'

**Engagement Outcome:** 'Climate transition risk and net zero strategy = We communicated our expectation to the bank that they should disclose more around its engagement process within its client transition framework, with a focus on key topics of discussion, expectations around best in class practice and escalation process. Climate transition risk and net zero strategy = We were pleased to see progress by the bank on its client transition framework. However, we believe that the effectiveness of the framework largely depends on its scoring methodology and engagement process. The bank received our feedback positively.'

**Additional information on Engagements provided by the Manager**

**Comparison of the Manager's Engagement Activity vs the Trustees' policy**

	<p><b>Next Steps:</b> <i>Climate transition risk and net zero strategy = We will monitor the bank's reporting on its client transition framework and aim to engage with the bank later in the year or early next year to put forward our asks again if needed. Climate transition risk and net zero strategy = We will monitor the bank's reporting on its client transition framework and aim to engage with the bank later in the year or early next year to put forward our asks again if needed.'</i></p>
<p><b>Is Engagement Activity in Line with the Trustees' Policy?</b></p>	<p>The engagement activity is consistent with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.</p>

## LGIM

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered			Outcomes	
	Environmental	Social	Governance	Other	Resolved	Open		
Multi Asset Fund	01/01/24	31/12/24	4,495	65.5%	14.6%	5.2%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
<p><b>Key Points of the Manager's Engagement Policy</b></p>	<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>

From LGIM's most recent Active Ownership Report the manager has identified the following as their top 6 engagement topics:

1. Climate: Keeping 1.5°C alive
2. Nature: Supporting a world that lives in harmony with nature, recognising the economic value of natural capital
3. People: Improving human capital across the corporate value chain
4. Health: Safeguarding global health to limit negative consequences for the global economy
5. Governance: Strengthening accountability to deliver stakeholder value
6. Digitisation: Establishing minimum standards for how companies manage digitisation-related risks

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

Set out below is an example of engagement activity reported by LGIM in the Multi Asset Fund:

**18/12/24 - London Stock Exchange Group PLC – Governance-themed Engagement Activity**

**Engagement Type:** *Written.*

**Issue Theme:** *Governance / Remuneration.*

**Engagement Details:** *Not provided.*

**Engagement Outcome:** *Not provided.*

**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 details in relation to engagement activity undertaken at fund level.**

# M&G

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Ongoing
<b>Total Return Credit Investment Fund</b>	<b>09/04/24</b>	<b>31/12/24</b>	<b>6</b>	<b>83.3%</b>	<b>0.0%</b>	<b>16.7%</b>	<b>0.0%</b>	<b>83.3%</b>	<b>16.7%</b>

Aspect of Engagement Activity	Details
<b>Key Points of the Manager's Engagement Policy</b>	<p>M&amp;G's approach to engagement is set out in their <a href="#">'Engagement Policy'</a>. M&amp;G believe that the long-term success of companies is supported by effective investor stewardship and high standards of corporate governance. They believe that if a company is run well, and sustainably, it is more likely to be successful in the long run.</p> <p>To gain insight, establish relationships and/or to influence and affect change M&amp;G undertake the following measures:</p> <ul style="list-style-type: none"> <li>▪ arranging regular meetings with executive management, the chair and/or other non-executive directors</li> <li>▪ daily monitoring of company announcements</li> <li>▪ reviewing company results (annual and interim)</li> <li>▪ reviewing external research materials (eg, broker research reports)</li> <li>▪ attending company site visits and capital markets days for investors</li> <li>▪ attending broker meetings to discuss investment recommendations</li> <li>▪ engaging in specific discussions with companies on material topics, including: strategy, performance and non-financial matters (including environmental, social and corporate governance factors; capital structures; board performance and understanding how boards are fulfilling their responsibilities; succession planning; remuneration; and culture)</li> <li>▪ attending company engagement / corporate governance meetings (arranged by companies to enhance the engagement process and provide a forum for governance and responsible investment subjects to be discussed)</li> <li>▪ meetings with remuneration committee chairs (in particular where the company is reviewing its remuneration policy, or prior to general meetings where sensitive or contentious resolutions are being put to a shareholder vote)</li> <li>▪ corresponding with non-executive directors in instances where issues have been raised with management, but where progress on these issues is inadequate</li> </ul>

- maintaining a record of all interactions with companies

From M&G's most recent Annual Stewardship Report the manager has identified the following as their key engagement topics:

- Leadership & Governance
- Environment
- Business Model and Innovation
- Social Capital
- Human Capital

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

An example of a reported engagement undertaken for the Total Return Credit Investment Fund is:

**30/10/24 – HSBC HOLDINGS PLC - Governance-themed Engagement**

**Engagement Objective:** 'To ask HSBC to consider some changes to financial metrics in executive remuneration and to provide feedback on the overall structure.'

**Action Taken:** 'M&G held a call with the chair of the remuneration committee.'

**Engagement Result:** 'HSBC is considering changes to its executive remuneration policy in light of the removal of the 2:1 variable to fixed pay cap, to rebase the overall structure and ensure the overall remuneration package is competitive. The cap was first introduced in 2014 by the EU in response to the financial crisis in 2008 and removed in the UK in October 2023. The proposal around re-introducing the pre-2014 structure of the annual bonus and long term incentive scheme for both the CEO and CFO seem sensible. In terms of the performance measures, we suggested cutting back on the number of metrics used, and when considering the changes being proposed to metrics, they should reflect what the strategy of the business is. We did agree that bringing in financed emission targets as soon as possible is the right thing to do, although the bank is not yet ready to do so. The bank will report back on its consultation in the New Year.'

**Engagement Status:** 'Follow Up Planned'

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

**Is Engagement Activity in Line with the Trustees' Policy?**

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

**Vontobel**

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
<b>TwentyFour Strategic Income Fund</b>	<b>01/01/24</b>	<b>31/12/24</b>	<b>12</b>	<b>66.7%</b>	<b>8.3%</b>	<b>16.7%</b>	<b>8.3%</b>	<b>0%</b>	<b>100%</b>

**Aspect of Engagement Activity**

**Details**

TwentyFour have made the following statement in terms of their approach towards engagement activity:

*'The decision to engage with the management of an investee company is primarily based on what TwentyFour investment professionals believe will maximise bondholder value in the long-term, specifically the value of its clients' investments.'*

*TwentyFour's investment professionals may engage with company management on a variety of issues, including ESG matters that present a potential material risk to a company's financial performance. The Firm believes that its investment professionals are in the best position to evaluate the potential impact that ESG issues or the outcome of a given proposal will have on bondholder value. As such, all of the Firm's engagement activities are the responsibility of investment professionals and are fully integrated into its investment process.*

*TwentyFour engages with the company management through periodic meetings, visits, and telephone calls during which Firm investment professionals discuss and pose questions on operational, strategic, and other management issues.*

*TwentyFour's investment professionals communicate internally on the status of engagement activities and any outcomes arising.*

*As a fixed income company TwentyFour's proxy voting rights are limited.'*

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

An example of a reported engagement undertaken for the Strategic Income Fund is:

### **12/12/24 – Standard Chartered– Environmental-themed Engagement**

**Engagement Details:** *'We engaged with Standard Chartered regarding their fossil fuel financing lending activities as part of our Carbon Emissions Engagement Policy. We asked for comments on recent trends which have improved but in our view not materially so, and also their long term plans.'*

**Engagement Actions:** *'They have stopped funding new coal plants globally as of 2018. Additionally, they will provide no financing to the expansion of coal power plants or retrofits etc. - they have some criteria for financing where coal is a small but declining portion of revenues and where this threshold increases each year to 2030. Current coal clients will be subject to enhanced due diligence such as they must report on GHG emissions annually to improve transparency and place greater scrutiny on their emissions.'*

*Regarding their oil and gas sector target, this aligns with the International Energy Agency's Net Zero Emissions by 2050 Scenario (IEA NZE). This science-based scenario is consistent with the Paris Agreement commitment to limit global temperature rises to within 1.5°C and is a recognised market standard. Employing the IEA NZE guidelines results in a target reduction in absolute financed emissions of 29% by 2030. In terms of any O&G exclusions, they exclude unconventional O&G extraction - for conventional they have a number of sustainability criteria the lender must meet to be eligible such as a target for zero-routine production flaring and venting for new assets, and for existing assets they are implementing economically viable solutions to eliminate legacy flaring and venting no later than 2030.'*

*Regarding the decision to exit the Science Based Targets initiative (SBTi), they believe the latest proposal for Financial Institutions from the SBTi lacks sector guidance that adequately considers the transition of their clients and markets. As such, they have chosen not to seek SBTi validation for their targets and have instead pursued alternative third-party assurance. They recognise that SBTi has a role to play in the wider sustainability ecosystem and otherwise remain engaged with them on relevant initiatives.'*

**Engagement Outcome:** *'Overall whilst their response was sufficient, we think there is more they can do but we must acknowledge that they are a big lender in less developed markets and the transition away from fossil fuel financing will not happen overnight. We will maintain engagement and monitor updates to their policies.'*

**Additional information on engagements provided by the Manager**

**Comparison of the Manager's Engagement Activity vs the Trustees' policy**

**Is Engagement  
Activity in Line  
with the Trustees'  
Policy?**

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



**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 expectations.

# 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:					Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'	UK Stewardship Code 2020 Signatory?	
<b>BlackRock</b>	Corporate Bond Up To 5 Years Index Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b> LOW CONFIDENCE
<b>BNY Mellon</b>	Newton Global Dynamic Bond Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b> HIGH CONFIDENCE
	LPI Income Property Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Matching Core Funds (4 funds)	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
<b>LGIM*</b>	Multi Asset Fund	YES	YES	YES	ISS	YES	<b>COMPLIANT</b> LOW CONFIDENCE
	Over 15 Years Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Over 15 Years Index-Linked Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
<b>M&amp;G</b>	Total Return Credit Investment Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b> HIGH CONFIDENCE
<b>Vontobel</b>	TwentyFour Strategic Income Fund	N.I.R.	N.I.R.	YES	N/A	YES	<b>COMPLIANT</b> HIGH CONFIDENCE

\* 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 expectations.
  - 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) There was nothing to report for a number of the Scheme's investments, due to the nature of those investments (e.g., LGIM LDI Funds)

## 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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