Engagement Policy Implementation Statement

CULLUM DETUNERS LIMITED RETIREMENT BENEFITS SCHEME

APRIL 2023 - MARCH 2024

**Introduction**

The Sole Trustee of Cullum Detuners Limited Retirement Benefits Scheme (the ‘**Trustees**’) are obliged, acting in their capacity as trustee of the Cullum Detuners Limited Retirement Benefits Scheme (the ‘**Scheme**’), to prepare a yearly statement setting out how they have complied with the Statement of Investment Principles (the ‘SIP’), including:

* A description of any amendments to the SIP during the period covered by the statement.
* How and the extent to which, in the opinion of the Trustees, compliance with the SIP has been achieved.
* How the Trustees have demonstrated good stewardship over investments, which includes
	+ a description of how, and the extent to which, policies on investment rights (including voting) and engagement described within the SIP have been complied with;
	+ a description of voting behaviour made by or on behalf of the Trustees; and
	+ a statement on any use of the services of a proxy voter.

This statement relates to the period from 1st April 2023 to 31 March 2024 (the ‘reporting period’), and has been prepared in accordance with regulatory requirements and guidance published by the Pensions Regulator. This statement is based on the SIP that applied during the period, the latest of which is available at the following link: [cullum-2023-sip.pdf](https://www.cullum.co.uk/media/vzbp4a4b/cullum-2023-sip.pdf)

**Amendments to SIP**

During the period, the Trustees conducted an annual funding and investment review in collaboration with their professional advisors and the Employer. This resulted in a decision to amend the investment strategy, which required an update of the Investment Policy in the SIP, which included:

* a new return target of gilts+2.5% per year (previously gilts+3.0%)
* a new asset allocation across portfolios and a new list of permitted asset classes
* a new target range for hedging inflation and interest rate risks associated with the Scheme’s liabilities

The new SIP was adopted on 31 May 2023, replacing the previous SIP dated 31 February 2022.

**Compliance with SIP**

The Trustees monitor compliance with the SIP annually. In particular, we obtain confirmation from our fiduciary manager, Van Lanschot Kempen Investment Management (VLK) and other advisors that they have complied with the relevant SIP insofar as is reasonably practicable and that in exercising any discretion they have done so in accordance with Occupational Pension Schemes Regulations.

In particular, the Trustees have received periodic investment reports and investment updates from VLK that provide;

* details of the asset allocation, and whether the allocations are consistent with the investment policies specified in the SIP ,
* details of the value of the Scheme’s investments, and the estimated value of the liabilities from which an estimated funding position can be determined,
* progress of the funding position with respect to funding targets,
* details of the performance of the individual investments, including relative to a benchmark,
* details of the performance of the total investments, including relative to the target return and investment objectives,
* details of the hedging of the interest rate and inflation risks associated with the liabilities, and whether the hedging is working as expected, and compliant with the bandwidths specified in the SIP,
* details of the investment risk of the underlying investments, and the change in the total investment risk over time,
* the responsible investment characteristics of the underlying investments, and
* details of the engagement behaviour of both VLK and the underlying investment managers they appoint on behalf of the trustees, including their voting behaviour.

The Trustees have reviewed the information provided by VLK and its other advisors, and are satisfied that the policies set out in the SIP have been followed, including for;

* investing the assets according to the investment policy and the investment strategy advised and implemented by VLK,
* choosing suitable investments to achieve the right balance between risk and return, so as to ensure the security, quality, liquidity and profitability of the Scheme’s assets,
* managing the key risks of the Scheme appropriately,
* monitoring the underlying managers of the investments, and the performance of those managers relative to the objectives,
* managing ESG risks (financial materially considerations) appropriately (note that non-financial matters, such as member views, are not taken into consideration), and
* exercising of the rights (including voting rights) attaching to investments.

A summary of the stewardship and engagement behaviour of both VLK and the underlying investment managers they appoint on our behalf is provided in the sections below. This includes information on voting behaviour, and votes considered significant by each of the investment managers. The Trustees have no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are all reasonable and appropriate.

**Stewardship – VLK monitoring and engagement behaviour**

Background

The Trustees do not monitor or engage directly with issuers of, or holders of, debt or equity, but instead delegate this activity to VLK and to the underlying asset managers appointed by VLK. The Trustees expect VLK to undertake regular monitoring and engagement in line with its’ own corporate governance policies, taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The remainder of this document provides insights into VLK’s responsible investment and engagement activities, which have directly and indirectly helped the Trustees with their stewardship responsibilities.

VLK expects the underlying asset managers they select to exercise rights attached to their investments, including voting rights, and to engage with issuers of debt and equity and other relevant persons about matters such as performance, strategy, management of actual or potential conflicts of interest, and environmental, social and governance (‘ESG’) considerations. ESG criteria are a set of non-financial indicators relating to a company’s operations that are used by investors to evaluate corporate behaviour and to determine how it may impact the future financial performance of companies. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company’s leadership, executive pay, [audits](https://www.investopedia.com/terms/a/audit.asp), [internal controls](https://www.investopedia.com/terms/i/internalcontrols.asp), and shareholder rights.

There are several levels of engagement at VLK: they engage with the asset managers they appoint, with companies they invest in directly (e.g. within VLK products), and via collaborative engagement with industry stakeholders, such as regulators, industry initiatives, benchmark providers, and peers.

VLK monitoring of asset managers

Whilst VLK has limited influence over an asset managers’ investment practices where assets are held in pooled funds, it has, throughout the last 12 months, encouraged its chosen managers to improve their own stewardship and engagement practices, and consider ESG factors and their associated risks. VLK uses the following methodology to monitor and engage with the underlying asset managers:

* ESG criteria are assessed based on international conventions and initiatives, such as the UN Global Compact and the Principles for Responsible Investment (PRI);
* All managers are screened against ESG criteria before inclusion in VLK’s approved manager list. For example:
	+ does the manager have a responsible investment (RI) policy;
	+ is the manager open for a dialogue on ESG criteria; and
	+ does the manager have exposure to companies that are on VLK’s exclusion & avoidance list?
* All managers are reviewed against ESG criteria on an ongoing basis. For example:
	+ do responsible investing considerations continue to be integrated into their investment process;
	+ is the manager making progress;
	+ is the manager well informed and up-to-speed on ESG criteria and initiatives; and
	+ is there periodic screening of all the underlying equity and debt securities held by managers within their investment products, to check for exclusion candidates?

VLK have created a proprietary scoring framework (the Sustainability Spectrum) to help them understand and evaluate how asset managers integrate various ESG factors into their investment products and processes. Within this framework, asset managers and their products are classified into one of five different levels: Compliant (level 1), Basic (level 2), Avoid harm (level 3), Do better (level 4), Do good (level 5).

Scoring listed funds

Over 2023 VLK have continued to apply this scoring methodology to rate the ESG characteristics of the underlying managers and investment products used within client strategies. Out of 600 listed funds that VLK had scored by the end of 2023, as a percentage of scored assets under management (AuM), 9% of the funds scored ‘Basic’, 54% scored ‘Avoid harm’, 34% scored ‘Do better’ and 2% scored ‘Do good’. Close to 1% could not be scored due to absent data.



VLK do not proactively offer Compliant or Basic products to their clients. Those products that scored within these categories were either legacy products that have been adopted from clients transitioning to VLK’s fiduciary solution, or older products (including some in passively managed solutions) which VLK are in the process of replacing with more sustainable investment products.

Scoring alternative funds

In 2023, VLK continued to assess funds in private markets and alternative asset classes. Although the ESG scores are not completely aligned with the listed asset classes mentioned above, they do give a good indication about the sustainability approach of the underlying managers. In 2023, 78 funds of these funds have been assessed on sustainability, of which 10 scored ‘Basic’; 35 scored ‘Avoid harm’; 20 scored ‘Do better’; and 13 scored ‘Do good’. The scores of Basic is not unexpected, as it has historically been more challenging to apply sustainability to alternative funds than to listed / traditional investment funds.

VLK highlights

During 2023, VLK have:

* Regularly encouraged the managers they work with to apply responsible investment policies and engage themselves into dialogue with the companies they are investing in. VLK engaged with over 200 managers on over 600 products regarding sustainability and stewardship.
* Researched over 300 sustainability focused products across all asset classes.
* Approved 12 new strategies with the highest sustainability rating (‘Do good’) for use in client portfolios.
* Rejected or downgraded 25 strategies based significantly on sustainability concerns.
* Introduced minimum standards on climate, modern slavery and engagement reporting for asset managers.
* Collaborated with an external asset manager to integrate responsible investment into their listed real estate benchmark via inclusion of best-in-class selection of companies with high (MSCI) sustainability scores.
* Assessed a range of funds and indices that VLK use to target Sustainable Investment Goals (SDGs). Together with their clients, VLK determined whether these indices have met expectations and what gains they have generated in the sustainability arena.
* Made good progress with cutting VLK’s own carbon emissions by 42% per full time employee (compared to 2019 baseline).
* Set more ambitious targets to decrease VLK’s carbon footprint and to reduce carbon emissions via their discretionary assets under management, effective from 2024 onwards.
* Continued to put most of their efforts into energy transition – focusing in particular on their role as active owner, engaging on carbon emissions . VLK have also made strides in the food transition – particularly through the lens of preserving biodiversity and soil health. They did this by, among other things, putting in place an investment framework for biodiversity and engaging on this theme.
* Joined Nature Action 100, a newly created collaborative engagement initiative, where VLK are a participating investor in engagements with Novo Nordisk and Sysco Corporation.
* Continued it’s involvement in industry initiatives, as members of PRI, GIIN (the Global Impact Investing Network), and ICGN (the International Corporate Governance Network).
* Remained signatories to the Dutch and UK Stewardship Codes.

Below are some specific engagement examples to demonstrate how VLK are monitoring and engaging with the Scheme’s underlying managers with respect to stewardship and ESG criteria.

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| Engagement topic | Engagement on credit funds to be aligned with the 1.5°C goal of the Paris Agreement |
| Manager | Insight Investment Management |
| Funds/mandates involved | Maturing Buy & Maintain Credit Funds |
| Reason for engagement | VLK have an ambition that liquid, listed funds used in client portfolios will be Paris Aligned by 2025. Considerable work had already been done with equity funds, but investment grade credit is a core and growing part of client portfolios and therefore engaging with our corporate bond managers on this topic was key. |
| Summary of discussion with manager | Many of VLKs fiduciary management client portfolios are better funded today, and subsequently corporate bonds constitute a growing allocation within their lower risk investment portfolios. VLK therefore undertook a market review to understand which investment manager could deliver both on achieving the required investment objective, whilst also having a credible process to be Paris Aligned by 2025.Insight have been VLK’s chosen manager for buy & maintain credit since for over 5 years. Having spoken to a range of different credit managers on how they were approaching net zero in corporate bond portfolios, VLK were keen to partner with Insight to find a solution that was in line with their investment process but was also in line with VLK’s climate requirements.Following discussions, it was agreed that a framework from the Institutional Investors Group on Climate Change (IIGCC) would be adopted. IIGCC is an industry-wide body that aims to support and enable the investment community in driving significant and real progress to Net Zero. The IIGCCs Paris Aligned Investment Initiative (PAII) looks at how investors can align portfolios to the goals of the Paris Agreement. Insight initially proposed launching a new fund specifically for VLK that would use this framework. However, VLK were insistent that this should be implemented in the flagship funds so that their clients would benefit from the wider liquidity, and also because they felt the wider industry would benefit from this change.  |
| Conclusion  | Insight implemented the Paris Alignment process within their flagship buy & maintain portfolios. They are now working to remove corporate issues who are either “not committed” or “not rated” in their fund ahead of 2025.  |
| Next steps | VLK to engage with other bond managers on how they can incorporate this framework in to their portfolios. |

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| Engagement type | Broad discussion on climate policy and ESG integration |
| Manager | State Street Global Advisors |
| Funds/mandates involved | Multiple |
| Reason for engagement | SSGA answered in the annual sustainability questionnaire that they do not have a separate climate policy and additionally VLK noted their departure alongside several large asset managers from the Climate 100+ initiative. |
| Summary of discussion with manager | It should be noted that there are limited opportunities to integrate climate related elements into their investment portfolios as they are one of the most pure index managers in the world. Nevertheless, in VLK’s view SSGA has been conservative in not answering whether they have a climate policy. They do have climate related objectives and have joined the NZAM for example and overall VLK believes SSGA does not lag behind their main competitors (BlackRock, Vanguard, Northern Trust). SSGA is willing to engage on stronger climate related disclosures, but has no appetite to engage on the content of transition schemes. This appears to be driven by the wider organization for a variety of reasons, including laws within the U.S. SSGA have 14% of their assets in scope for Paris Aligned temperature rises, reflecting the indexing nature of the firm. With respect to climate engagement and voting it does not seem that SSGA is overly assertive, although they have started to use their director votes against companies lagging behind on the topic of climate disclosure. SSGA only has one global vote instruction from their own but does increasingly offer bespoke voting to clients in certain ranges (including some of the UK domiciled MPF funds). We have asked SSGA how they voted on AGMs of ten different companies to understand their broader voting behavior better. We will continue our dialogue on climate policies with other index managers and then revisit SSGA on the topic. |
| Conclusion  | This meeting confirmed that it will be hard for VLK to influence the general stance on climate related topics of large asset managers such as SSGA. However VLK strongly believe that the largest part of sustainability integration in index products is realized by product design which includes index selection as well as the application of tailored voting policies. An example is the construction of the index equity fund that is used for VLK’s clients which tracks the TPI Climate Transition Index. |
| Next steps | Investigate the application of a tailored voting policy for the SGA MPF - World TPI Climate Transition Index Equity Sub-Fund. |

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| Engagement type | Engagement on ESG indices and potential fund alternatives |
| Manager | Legal & General Investment Management |
| Funds/mandates involved | Defensive Synthetic Equity Fund |
| Reason for engagement | Evaluating the possibility to move from non-ESG screened indices based approach to ESG screened indices. At the time of launch, liquidity in the ESG screened indices futures was insufficient. |
| Summary of discussion with manager | The fund’s equity exposure is based on a basket of futures, namely 70% S&P 500 and 30% EURO STOXX 50. This means the fund does not incorporate any of the VLK exclusion listed companies, and is a reason why the fund scored a 2 (Basic) on VLK’s Sustainability Spectrum . At the time of launch (Q4 2021), liquidity of the futures on the ESG screened S&P 500 and EURO STOXX 50 indices was insufficient. In Q2 2023 VLK revisited the conversation with LGIM, and reconvened again in September 2023 to discuss the outcome.The most liquid ESG futures are the S&P 500 ESG and the STOXX Europe 600 ESG-X (the comparison EURO STOXX 50 vs STOXX Europe 600 ESG-X is not a like-for-like comparison, but the best comparison for this analysis). The analysis showed that only a very tiny fraction of contracts and exposure in the ESG screened indices was traded compared to the non-ESG screened indices. In the case of the S&P 500 0.025% of contracts and 0.02% of exposure, and in the case of the STOXX indices 1% of contracts and 0.4% of exposure.The substantially lower level of liquidity translates, according to LGIM, to an anticipated increase in implicit costs which would range from 2.5 basis points to 15 basis points (6x). Despite the relatively low level of liquidity in the ESG screened index futures, LGIM has still observed an improvement compared to when this was first discussed in 2021. This makes LGIM optimistic that liquidity will increase further and a shift to the ESG-screened indices should be re-evaluated again in the coming years. |
| Conclusion  | The insufficient improvement of liquidity in the ESG-screened index futures would result in a substantial increase in costs. VLK have therefore concluded GLIM should not be changing the underlying index for the fund in question.  |
| Next steps | VLK and LGIM agreed to repeat the analysis in the coming years in order to re-evaluate. |

**Stewardship – asset manager voting and engagement behaviour**

The Shareholder Rights Directive (SRD II) and The UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest, and stress the importance of exercising shareholder voting rights effectively.

Via VLK’s monitoring and engagement activities, the Trustees encourage all its asset managers to be engaged investors, and furthermore encourages the managers to report on these activities and to disclose information about responsible investing on their website and in their reporting.

The assets are invested in a diverse range of asset classes, however the intention of this section of the statement is to provide specific details of the voting and engagement behaviour of the equity managers who manage equity investments which have voting rights attached, as well as the engagement behaviour of the fixed income corporate bond managers. Alternative assets and government bonds are excluded.

While managers may have used proxy voters, the Trustees have not used proxy voting services themselves during the last 12 months.

**EQUITY MANAGERS’ RESPONSE**

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| **Kempen (Lux) Global Sustainable Equity Fund** |
| Question  | Response |
| How many meetings were you eligible to vote at? | 41 |
| How many resolutions were you eligible to vote on? | 615 |
| What % of resolutions did you vote on for which you were eligible? | 95 |
| Of the resolutions on which you voted, what % did you vote with management? | 78% |
| Of the resolutions on which you voted, what % did you vote against management? | 21% |
| Of the resolutions on which you voted, what % did you abstain from voting? | 1% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 93% |
| Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | Electronic voting platform of Institutional Shareholder Services, Inc. (ISS), who provides custom research and voting recommendations according to VLK’s Voting Policy. |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy advisor? (if applicable) | 1 |

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| **Most significant votes:**  **Kempen (Lux) Global Sustainable Equity Fund** |
|  | **Vote 1** | **Vote 2** | **Vote 3** | **Vote 4** | **Vote 5** |
| Company name  | Alphabet Inc. | Assa Abloy AB | Marsh & McLennan Companies, Inc. | Nike Inc | Sysco Corporation |
| Summary of the resolution | Advisory Vote to Ratify Named Executive Officers' Compensation | Reelect Johan Hjertonsson (Chair) | Ratify Deloitte & Touche LLP as Auditors | Report on Median Gender/Racial Pay Gap | Adopt Policy to Eliminate or Reduce Gestation Crates in Pork Supply Chain |
| How you voted | Against | Against | Against | For | For |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | No | No | No | No |
| Rationale for the voting decision | A vote against the proposal is recommended due to several concerns with the annual pay program for non-CEO NEOs. The ESG-based bonus program lacked pre-set goals and relied on discretionary assessments. Despite halving the ESG bonus payout due to macroeconomic conditions, NEO base salaries increased in FY22. The LTI program shifted to time-vested equity without explanation, and two NEOs received equity grants exceeding the median CEO pay of peers. CEO Pichai’s large triennial equity grant, with only 60% in performance equity, undermines the pay-for-performance philosophy, as he could earn significantly more than peers even with below-target performance. | The nominee Johan Hjertonsson holds more than six mandates. The independence level of the audit committee is insufficient. | The auditor's tenure exceeds 10 years (currently 34 years). | Shareholders could benefit from global median pay gap statistics that would allow them to compare and measure the progress of the company's diversity and inclusion initiatives. | In light of regulatory developments and the company's lack of disclosure, shareholders would benefit from more information on the company's policies and practices related to reducing or eliminating the use of gestation crates in its pork supply chain. |
| Outcome of the vote | N/A | N/A | N/A | N/A | Fail |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?  | N/A | N/A | N/A | N/A | Despite our vote in favor, this shareholder proposal failed. However, the high amount of votes in favor, sends a strong signal to management. We will also discuss this topic with the company when we speak with them. |
| On which criteria have you assessed this vote to be the “most significant”? | Remuneration | Governance | Independent Assurance | Diversity & Inclusion | ESG (Animal Welfare) |

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| **UBS Asset Management (UK) Ltd – UBS Life Global Emerging Markets Equity** |
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| **Voting Statistics:**  |
| Fund / Mandate Information |  |
| What is the Fund’s International Securities Identification Number (ISIN) (if applicable) | GB00BKQVG640 |
| Question  | Response |
| How many meetings were you eligible to vote at? | 2,570 |
| How many resolutions were you eligible to vote on? | 21,315 |
| What % of resolutions did you vote on for which you were eligible? | 87.3% |
| Of the resolutions on which you voted, what % did you vote with management? | 83% |
| Of the resolutions on which you voted, what % did you vote against management? | 16% |
| Of the resolutions on which you voted, what % did you abstain from voting? | 1% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 44% |
| Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | ISS. Recommendations based upon bespoke UBS voting policy. |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy advisor? (if applicable) | 0.1%. Recommendations are based upon UBS voting policy, not that of proxy adviser. |

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| **Most significant votes:**  **UBS Life Global Emerging Markets Equity** |
|  | **Vote 1** | **Vote 2** | **Vote 3** | **Vote 4** | **Vote 5** |
| Company name  | Company 1 | Company 2 | Company 3 | Company 4 | Company 5 |
| Summary of the resolution | Elect Director | Approve Report of the Board of Directors | Amend Rules of Procedures of General Meeting | Approve Reappointment and Remuneration of Managing Director | Approve Remuneration Policy And Other Terms of Employment For Executive Management |
| How you voted | Against Management | Against Management | Against Management | Against Management | Against Management |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | No | No | No | No |
| Rationale for the voting decision | Director convicted for breach of ethics. | The Company has not set mid-term reduction goals for scopes 1 & 2 emissions. | The proposed changes are not deemed to be in the best interest of shareholders. | As a member of the Board committee responsible for sustainability, UBS believe that this director is accountable for the company's limited action towards reducing GHG emissions. | Majority of awards vest without reference to performance conditions. |
| Outcome of the vote | Pass | Fail | Fail | Pass | Voting results not available. |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?  | The director was re-elected to the Board by shareholders and at this stage no further steps are intended by UBS. | UBS aim to engage further and encourage the Board to set mid-term reduction goals. | No further steps are expected at this stage. | UBS will continue to monitor the company's progress towards seeing climate emission reduction targets. | No further steps are planned at this point in time. |
| On which criteria have you assessed this vote to be the “most significant”? | Aggregate percentage of votes against each candidate exceeded 30% of votes cast. | High aggregate percentage of votes against management. | Aggregate percentage of votes against each candidate exceeded 10% of votes cast. | Aggregate percentage of votes against management exceeded 25% of votes cast. | Concern regarding lack of specific targets. |

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| **Northern Trust Emerging Markets SDG Screened Low Carbon Index** |
| Question  | Response |
| How many meetings were you eligible to vote at? | 627 |
| How many resolutions were you eligible to vote on? | 5,338 |
| What % of resolutions did you vote on for which you were eligible? | 99% |
| Of the resolutions on which you voted, what % did you vote with management? | 86% |
| Of the resolutions on which you voted, what % did you vote against management? | 13% |
| Of the resolutions on which you voted, what % did you abstain from voting? | 2% |
| In what % of meetings, for which you did vote, did you vote at least once against management? | 45% |
| Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf? | ISS |
| What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy advisor? (if applicable) | Not applicable |
| Notes:Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'abstain' is also considered a vote against management. |

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| **Most significant votes: Northern Trust Emerging Markets SDG Screened Low Carbon Index** |
|  |  Vote 1 | Vote 2  | Vote 3 | Vote 4 | Vote 5 |
| Company name  | Gold Fields Ltd. | Naspers Ltd. | CCR SA | Northam Platinum Holdings Ltd. | NEPI Rockcastle NV |
| Summary of the resolution | Approve Remuneration Implementation Report | Approve Remuneration Policy | Approve Remuneration of Company's Management | Approve Remuneration Policy | Approve Remuneration Implementation Report |
| How you voted | Against | Against | Against | Against | Against |
| Where you voted against management, did you communicate your intent to the company ahead of the vote? | No | Yes | No | No | No |
| Rationale for the voting decision | Chris Griffith, former CEO, received a substantial ex-gratia payment without a compelling rationale upon departure, in addition to his two-year notice period. | The remuneration policy included elements in the long-term incentive plans which are not based on pre-determined performance targets, and which vest after only one year from grant. | Northern Trust had concerns of problematic pay practices, and lack of transparency around such payments. | The severance provisions for Executive Directors upon a change of control and in the case of good leaver status continue to depart from best market practice. | The Board continued to apply upward Board discretion on the formulaic bonus outcomes, with limited information to support its appropriateness. It is further noted that the FY2022 bonus awards are significantly higher than the prior year payouts. |
| Outcome of the vote | Rejected | Accepted | Accepted | Rejected | Rejected |
| Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?  | Northern Trust Asset Management (NTAM) considers each vote on a case-by-case basis, monitoring management’s responsiveness to minority shareholder concerns in the case of high dissent. | NTAM considers each vote on a case-by-case basis, monitoring management’s responsiveness to minority shareholder concerns in the case of high dissent. | NTAM considers each vote on a case-by-case basis, monitoring management’s responsiveness to minority shareholder concerns in the case of high dissent. | NTAM considers each vote on a case-by-case basis, monitoring management’s responsiveness to minority shareholder concerns in the case of high dissent. | NTAM considers each vote on a case-by-case basis, monitoring management’s responsiveness to minority shareholder concerns in the case of high dissent. |
| On which criteria have you assessed this vote to be the “most significant”? | Remuneration – Vote against management  | Remuneration – Vote against management | Remuneration – Vote against management | Remuneration – Vote against management | Remuneration – Vote against management |

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| **Insight Investment Management - Maturing Buy and Maintain Bond Fund 2031-2035** |
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| **Question**  | **Response** |
| How many entities did you engage with over the last 12 months? | 571(Specific ESG engagements as per ICSWG definition: 142) |
| How many entities did you engage with over the last 12 months which were relevant to this strategy? | 37 |
| How many engagements were initiated over the last 12 months? | 2521 total engagements (Over 850 separate engagement meetings) |
| How many engagements were initiated over the last 12 months which were relevant to this strategy? | 71 |
| Number of ESG related engagements by theme (relevant to this strategy):Environment - Climate changeEnvironment - Natural resourceEnvironment – Pollution and wasteGovernance - Board effectiveness Governance - RemunerationGovernance - Shareholder rightsSocial - Conduct, culture and ethicsSocial - Human and labour rightsSocial - Human capital managementSocial - InequalitySocial - Public healthOther (includes environmental, social and governance controversies)Note: one engagement may cover multiple themes | 30427624070012 |

**BOND MANAGERS’ RESPONSE**

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| **Engagement Case Studies –**  **Insight Investment Management - Buy and Maintain Bond Fund 2031 - 2035** |
| Name of entity you engaged | Heathrow Funding Ltd - Q1 2024 |
| Topic / Theme of the engagement | Environment - Climate change |
| **Rationale for the engagement**, for example:-Why you selected it as an example & how it aligns with your engagement policy and wider investment approach. -The objectives(s) you set to determine engagement success.-Whether the engagement is connected to any of the UN Sustainable Development Goals (SDGs). | The issuer is a UK airport, offering facility maintenance, baggage handling, air traffic control, on board catering and aircraft fuelling services. Insight previously engaged with the issuer to better understand its decarbonisation strategy. The company is targeting net zero by 2050. The 2 main challenges the issuer faces are:The degree of the issuer’s influence on airlines to decarbonise their fleet. Its net zero plan relies on technology which is costly and/or unproven (e.g. sustainable aviation fuel (SAF), hydrogen etc.)This engagement is aligned to SDG13 climate action. |
| **What you have done**, for example:-When the engagement started and how your approach has evolved over time, including any escalation over the last 12 months.-The level of activity (e.g. number and type of meetings undertaken; number and type of written communications).-The level of individual you have typically engaged with (e.g. C-suite, Investor Relations).-Who led the engagement.-Where your engagement activity included working alongside others in a collaborative engagement, explain your specific role within the collaborative engagement(s) (e.g. leading vs being passive). | In a previous engagement with the issuer in 2022 they were not aware of Carbon Disclosure Project (CDP). Insight were pleased that corporate has since started reporting to CDP however they opted to do a private submission where a score has not been assigned. This means that the data doesn’t feed through to our models. The last time Insight met with the issuer Insight asked them to get their decarbonisation targets approved by Science-Based Targets initiative (SBTi) due to the materiality of the airlines industry to carbon emissions. In 2023, their target was approved by SBTi: The issuer commits to reduce absolute scope 1, 2 and scope 3 GHG emissions by 46.2% by 2030 from a 2019 base year.Regarding its ESG reporting Insight fed back that their sustainability reporting is strong. The company has set targets against the key focus areas of the sustainability strategy and the report is balanced. Insight highlighted a number of areas for improvement, including submitting a public disclosure to CDP. Insight also noted some of the issuer’s targets don’t appear to be very ambitious. For example, Heathrow’s target for SAF to be used in airlines operating at the airport by 2030 is only 1% more than the UK government’s ambition. Regarding climate lobbying and trade associations, Insight highlighted that it would be beneficial to see what the issuer is doing to influence the UK government into supporting SAF as a more material part of fuel supply.Insight also flagged biodiversity as an emerging risk area, where Heathrow should respond to the TNFD recommendations by assessing nature impacts and dependencies and highlight how they are addressing these risks. |
| **Outcomes and next steps**, for example:-Has the engagement met your stated objective?-What actions or changes by the entity have occurred?-How has the outcome provided financial benefit or wider societal/environmental benefit?-How do you see the engagement progressing from here?-Have any portfolio allocation decisions been taken based, in whole or in part, on the engagement (e.g. divestment)?-Have you taken any other action as a result of the engagement? |  The issuer evidenced good progress since our last engagement and Insight were pleased to see that Heathrow has an SBTi-approved decarbonisation target. Insight understand that there are limitations to how much influence the issuer has with the fuel used by airlines but emphasise the unique position the issuer has to encourage and incentivise positive change in the industry.Insight will continue to monitor the progress of the airport’s decarbonisation trajectory. |

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| **Insight Investment Management - Maturing Buy and Maintain Bond Fund 2041-2045** |
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| **Voting Statistics:**  |
| Fund / Mandate Information |  |
| What is the Fund’s International Securities Identification Number (ISIN) (if applicable) | IE00BHNGQZ06 |
| Question  | Response |
| How many entities did you engage with over the last 12 months? | 571 |
| How many entities did you engage with over the last 12 months which were relevant to this strategy? | 34 |
| How many engagements were initiated over the last 12 months? | 2521 total engagements (over 850 separate engagement meetings) |
| How many engagements were initiated over the last 12 months which were relevant to this strategy? | 72 |
| Number of ESG related engagements by theme (relevant to this strategy): |
| Environment - Climate change | 33 |
| Environment - Natural resource | 8 |
| Environment – Pollution and waste | 4 |
| Governance - Board effectiveness  | 12 |
| Governance - Remuneration | 6 |
| Governance - Shareholder rights | 2 |
| Social - Conduct, culture and ethics | 5 |
| Social - Human capital management | 7 |
| Other | 11 |
| Note: One engagement may cover multiple themes |

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| **Engagement Case Studies – Insight Investment Management - Buy and Maintain Bond Fund 2041-2045** |
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| **Name of entity you engaged** | Citigroup - Q3 2023 |
| **Topic / Theme of the engagement** | Environment – climate change |
| **Rationale for the engagement** | Citi is a US diversified financial services company that serves consumer and corporate customers. Citi scores highest amongst its US peers in terms of ESG and may be considered progressive on ESG matters in its home market. It has improved on its social score given improvements to its ESG-linked remuneration and diversity since their responses to Insight’s counterparty engagement questionnaire. This engagement is aligned to Sustainable Development Goal (SDG) 5 Gender Equality, SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities and SDG 13 Climate Action. |
| **What has been done** | Citi has been a first mover in reporting financed emissions for key material sectors. It has set absolute targets to reduce emissions and intensity targets for specific sectors, though Insight have requested clarification around their rationale for setting intensity targets. Insight welcome their reporting across both committed and drawn exposures, which improves transparency. It is the first US bank to announce a partial coal phase-out and confirmed plans to reduce its credit exposure to such companies by 50% by 2023 and to 0 by 2030. At present, it still finances the development of new mines (e.g., Glencore, Adani). Citi has in place, some of the strongest requirements for customers relating to biodiversity in the US tied to Roundtable for Sustainable Palm Oil membership and certification requirements for those wishing to become / remain clients of Citi. It has one of the largest commitments of $1tr by 2030 to sustainable financing. This is largely resulting from its issuance of impact bonds. Insight provided recommendations to improve their framework. Citi has been progressive amongst US peers in setting diversity targets in regions ex-US, led by a strong, independent board but has work to do in improving representation by female, Black colleagues in light of its higher than average turnover rate. |
| **Outcomes and next steps** | Citi is expected to report facilitated emissions when the Partnership for Carbon Accounting Financials standard is launched. Insight has recommended that Citi improve their fossil fuel financing policy to be comparable with their European peers given they are still one of the largest financiers of fossil fuels and continue to get pressure from the German government to finance the German company RWE, despite its plans to expand coal production. They are cognisant of the challenges in navigating the political agenda around ESG but are using the opportunity to clarify their focus and navigate different client preferences under global policies by highlighting different elements of the policy in different regions, which has raised concerns around possible greenwashing. Insight continues to monitor progress on the areas discussed.  |

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