

# Implementation Statement

## W Lucy Pension Scheme

### Purpose of this statement

This implementation statement has been produced by the Trustees of the W Lucy Pension Scheme (**“the Scheme”**) to set out the following information over the year to 31 March 2023

- how the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

### Stewardship policy

The Trustees’ Statement of Investment Principles (SIP) in force at 31 March 2023 describes the Trustee’s stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in September 2020 and has been made available online here: <https://www.lucygroup.com/corporate-social-responsibility/statement-of-investment-principles/>

At this time, the Trustee has not set stewardship priorities / themes for the Scheme but will be considering the extent that they wish to do this in due course, in line with other Scheme risks.

### How voting and engagement policies have been followed

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme’s fund managers. Investment rights (including voting rights) have been exercised by the managers in line with the managers’ general policies on corporate governance. The Trustees also expect the managers to have engaged with the companies in which they invest in relation to ESG matters.

The Trustees undertook an initial review of the stewardship and engagement activities of the current managers at their 24 May 2021 meeting. A refresh of this exercise took place shortly after the 2023 Scheme year-end at the Trustees’ 25 May 2023 meeting, at which the Trustees continued to acknowledge that ESG is a risk for the Scheme, but remain satisfied that their policies were reasonable, and no remedial action was required at that time.

Annually the Trustees receive and review voting information and engagement policies from both the asset managers, which they review to ensure there is no significant divergence with their policies.

Having reviewed the above in accordance with their policies, the Trustees are comfortable the actions of the fund managers are in alignment with the Scheme’s stewardship policies.

The Scheme’s investment managers vote on behalf of the Scheme’s holdings in pooled funds. We have noted below the key voting themes over the year made on behalf of the Trustees, the key votes taken and the use of proxy voting advisors by managers:

## Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2023. The scheme's gilts holdings with Insight have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate.

Manager	Legal & General Investment Management							
Fund name	UK Equity Index	Europe (ex UK) Equity Index	North America Equity Index	Japan Equity Index	Asia Pacific (ex Jap) Equity Index	World Emerging Markets Equity Fund	World Equity Index (MSCI)	Global Equity 50:50 Fund
<b>Structure</b>	Pooled							
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.							
<b>Number of company meetings the manager was eligible to vote at over the year</b>	733	618	676	505	677	4231	1,739	3,197
<b>Number of resolutions the manager was eligible to vote on over the year</b>	10,870	10,391	8,543	6,267	5,153	36,506	23,814	41,099
<b>Percentage of resolutions the manager voted on</b>	99.9%	99.9%	99.4%	100.0%	99.9%	99.9%	99.7%	99.8%
<b>Percentage of resolutions the manager abstained from</b>	0.0%	0.5%	0.1%	0.0%	0.0%	2.1%	0.2%	0.1%
<b>Percentage of resolutions voted with management, as a percentage of</b>	94.5%	81.0%	65.4%	88.8%	75.7%	79.5%	77.4%	81.9%

Manager	Legal & General Investment Management							
<b>the total number of resolutions voted on</b>								
<b>Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on</b>	5.5%	18.5%	34.6%	11.3%	24.3%	18.4%	22.4%	18.0%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	4.2%	9.7%	26.6%	9.2%	14.2%	6.8%	15.9%	12.2%
	<b>GMO LLC</b>	<b>Blackrock Investment Management</b>		<b>Ruffer LLP</b>		<b>Columbia Threadneedle</b>		
<b>Fund name</b>	Global Equity Allocation Investment Fund	Dynamic Diversified Growth Fund		Absolute Return Fund		Dynamic Real return Fund		
<b>Structure</b>	Pooled							
<b>Ability to influence voting behaviour of manager</b>	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.							
<b>Number of company meetings the manager was eligible to vote at over the year</b>	1,577	893		77		48		
<b>Number of resolutions the manager was eligible to vote on over the year</b>	9,847	11,775		1,305		696		
<b>Percentage of resolutions the manager voted on</b>	98.1%	92.0%		100.0%		100.0%		
<b>Percentage of resolutions the manager abstained from</b>	0.2%	1.0%		0.1%		3.0%		

<b>Percentage of resolutions voted with management, as a percentage of the total number of resolutions voted on</b>	88.0%	94.0%	94.2%	86.8%
<b>Percentage of resolutions voted against management, as a percentage of the total number of resolutions voted on</b>	11.8%	5.0%	5.7%	10.2%
<b>Percentage of resolutions voted contrary to the recommendation of the proxy advisor</b>	0.9%	0.0%	7.1%	n/a

Source: Information provided by the investment managers.

## Proxy Advisors

Many of the Scheme's investment managers make use proxy advisory services when voting at shareholder meetings. Details of the proxy services used and policies applied are below, where this information has been provided.

### LGIM

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that LGIM receive from ISS for UK companies when making specific voting decisions.

To ensure their proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with their voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

## **GMO**

GMO has engaged Institutional Shareholder Services Group, Inc. ("ISS") as its proxy voting agent to:

- research and make voting recommendations or, for matters for which GMO has so delegated, to make the voting determinations;
- ensure that proxies are voted and submitted in a timely manner;
- handle other administrative functions of proxy voting;
- maintain records of proxy statements received in connection with proxy votes and provide copies of such proxy statements promptly upon request;
- maintain records of votes cast; and
- provide recommendations with respect to proxy voting matters in general.

Proxies generally will be voted in accordance with the voting recommendations contained in the applicable ISS Sustainability Proxy Voting Guidelines, as in effect from time to time, subject to such modifications as may be determined by GMO.

## **Ruffer**

Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS).

Ruffer have developed their own internal voting guidelines, however they take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although Ruffer are cognisant of proxy advisers' voting recommendations, they do not delegate or outsource their stewardship activities when deciding how to vote on their clients' shares.

Each research analyst, supported by their responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

As discussed above, Ruffer do use ISS as an input into their decisions. In the 12 months to 31 March 2023, of the votes in relation to holdings in the Ruffer Absolute Return Fund, they voted against the recommendation of ISS 7.1% of the time.

## **Blackrock**

Blackrock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

In certain markets, Blackrock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and possibly engagement might be required to inform their voting decision.

## **Columbia Threadneedle**

Columbia Threadneedle have stated that proxy voting decisions are made in accordance with the principles established in the Columbia Threadneedle Investments Corporate Governance and Proxy Voting Principles (Principles) document, and their proxy voting practices are implemented through their Proxy Voting Policy.

For those proposals not covered by the Principles, or those proposals set to be considered on a case by case basis (i.e., mergers and acquisitions, share issuances, proxy contests, etc.), the analyst covering the company or the portfolio manager that owns the company will make the voting decision. Columbia Threadneedle utilise the proxy voting research of ISS and Glass Lewis & Co., which is made available to their investment professionals, and their Responsible Investing team will also consult on many voting decisions.

## Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a “significant” vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme’s stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes for the Scheme, but will be considering the extent that they wish to do this in due course, in line with other Scheme risks. So, for this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a “significant vote”. The Trustee has not communicated voting preferences to their investment managers over the period, as the Trustee is yet to develop a specific voting policy. In future, the Trustees will consider the most significant votes in conjunction with any agreed stewardship priorities / themes.

Each manager has provided a selection of 10 votes per fund which they believe to be significant. In the absence of agreed stewardship priorities / themes, the Trustees have selected 3 votes from each manager, that cover a range of themes to represent what it considers the most significant votes cast on behalf of the Scheme.

For LGIM, however, the Trustees have selected six significant votes that cover the largest holdings in each of the eight equity funds they manage on behalf of the Scheme.

### LGIM Equity Portfolio

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Royal Dutch Shell Plc	LVMH Moet Hennessy Louis Vuitton SE	Amazon.com, Inc.
<b>Fund(s)</b>	UK Equity Index Global Equity Fixed Weights (50:50) Index Fund	Europe (ex UK) Equity Index Fund	North America Equity Index Fund World Equity Index (MSCI) Fund
<b>Date of vote</b>	24 May 2022	21 April 2022	25 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	6.70% and 3.41% respectively	2.21%	2.76% and 1.91% respectively
<b>Summary of the resolution</b>	Approve the Shell Energy Transition Progress Update	Re-elect Bernard Arnault as Director	Elect Daniel P. Huttenlocher as Director
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM’s policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	Climate change: A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in strengthening its operational	Joint Chair/CEO: A vote against is applied as LGIM expects companies not to combine the roles of Board Chair and CEO. These two roles are substantially different and a	Human rights: A vote against is applied as the director is a long-standing member of the Leadership Development & Compensation Committee

	Vote 1	Vote 2	Vote 3
	emissions reduction targets by 2030, as well as the additional clarity around the level of investments in low carbon products, demonstrating a strong commitment towards a low carbon pathway. However, LGIM remain concerned of the disclosed plans for oil and gas production, and would benefit from further disclosure of targets associated with the upstream and downstream businesses.	division of responsibilities ensures there is a proper balance of authority and responsibility on the board.	which is accountable for human capital management failings.
<b>Outcome of the vote</b>	79.9% in favour	92.0% in favour	93.3% in favour
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
<b>Criteria on which the vote is considered "significant"</b>	LGIM considers this vote significant as it is an escalation of their climate-related engagement activity and their public call for high quality and credible transition plans to be subject to a shareholder vote.	LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	LGIM pre-declared its vote intention for this resolution, demonstrating its significance.
	Vote 4	Vote 5	Vote 6
<b>Company name</b>	Shin-Etsu Chemical Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Meituan
<b>Fund</b>	Japan Equity Index Fund	Asia Pacific (ex Japan) Equity Index Fund	World Emerging Markets Equity Fund
<b>Date of vote</b>	29 June 2022	31 May 2022	18 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	1.47%	1.03%	1.32%
<b>Summary of the resolution</b>	Elect Chihiro Kanagawa as Director	Elect Liu and Yang Wei as Non-independent Directors	Elect Wang Xing as Director
<b>How the manager voted</b>	Against	Against	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	LGIM publicly communicates its vote instructions in monthly regional vote reports on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.		
<b>Rationale for the voting decision</b>	Diversity: A vote against is applied due to the lack of	Cumulative voting: Joint Chair/CEO: A vote against is	Diversity: A vote against is applied as LGIM expects a



	Vote 4	Vote 5	Vote 6
	<p>meaningful diversity on the board.</p> <p>Accountability: A vote against has been applied as the Company has not provided disclosure surrounding the use of former CEO as Advisor to the Board.</p> <p>Independence: A vote against is applied due to the lack of independent directors on the board. Independent directors bring an external perspective to the board. Bringing relevant and suitably diverse mix of skills and perspectives is critical to the quality of the board and the strategic direction of the company. LGIM would like to see all companies have a third of the board comprising truly independent outside directors.</p>	<p>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.</p>	<p>company to have at least one female on the board.</p> <p>Joint Chair/CEO: A vote against is applied as LGIM expects the roles of 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. A vote against the election of Xing Wang and Rongjun Mu is warranted given that their failure to ensure the company's compliance with relevant rules and regulations raise serious concerns on their ability to fulfil fiduciary duties in the company.</p>
<b>Outcome of the vote</b>	N/A	N/A	91.8% in favour
<b>Implications of the outcome</b>	LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.		
<b>Criteria on which the vote is considered "significant"</b>	<p>LGIM views diversity as a financially material issue for their clients, with implications for the assets managed on their behalf.</p>	<p>LGIM considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p>	<p>LGIM views diversity as a financially material issue for their clients, with implications for the assets managed on their behalf. LGIM also considers this vote to be significant as it is in application of an escalation of their vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).</p>

## Blackrock, Dynamic Diversified Growth Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Santos Limited	Equinor ASA	Amazon.com, Inc.
<b>Date of vote</b>	3 May 2022	11 May 2022	25 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	N/A	N/A	N/A

<b>Summary of the resolution</b>	Approve the Amendments to the Company's Constitution	Introduce a Climate Target Agenda and Emission Reduction Plan	Commission a Third Party Audit on Working Conditions
<b>How the manager voted</b>	Against	Abstain	Against
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Blackrock endeavour to communicate to companies when they intend to vote against management, either before or just after casting votes in advance of the shareholder meeting		
<b>Rationale for the voting decision</b>	Shareholder proposals best facilitated through regulatory changes.	Proposal is not in shareholders' best interests.	The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.
<b>Outcome of the Vote</b>	Fail	Fail	Fail

## Ruffer, Absolute Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	BP Plc	Cigna Corporation	Bristol-Myers Squibb Company
<b>Date of vote</b>	12 May 2022	27 April 2022	3 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	3.10%	1.54%	1.15%
<b>Summary of the resolution</b>	Approve Shareholder Resolution on Climate Change Targets	Social – Report on Gender Pay Gap	Governance – Require Independent Board Chair
<b>How the manager voted</b>	Against	Against	For
<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	Ruffer engaged with the company ahead of the AGM	No	No
<b>Rationale for the voting decision</b>	Ruffer voted in line with ISS and management. They have done extensive work on BP's work on the energy transition and climate change and Ruffer think	Cigna uses an "equal pay for equal work" statistic and reports that there are no material differences in pay data related to gender or race.	Ruffer's policy is to encourage the separation of the CEO & Chairman roles. This motion calls for the roles to be separated at the end of the

	they are industry leading. Ruffer support management in their effort to provide clean, reliable and affordable energy and therefore they voted against the shareholder resolution.	Although the equal pay for equal work statistic is subjective in that it allows the company to define what it considers an "equal job," the company does report its gender representation statistics and it additionally set a parity goal for leadership positions. As such, shareholders have enough information to assess how effectively company practices are working to eliminate discrimination in pay and opportunity in its workforce. Therefore, support for this resolution is not warranted at this time.	current CEO/Chairman's term and these motions have been on the table for years, so the company should have time to manage the transition with limited disruption. Therefore support for this proposal is warranted at this time.
<b>Outcome of the vote</b>	The resolution failed with 85.1% votes against.	The resolution failed with 66.8% votes against.	The proposal failed with 54.9% votes against
<b>Implications of the outcome</b>	Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.	Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts.	Ruffer will continue to engage with the company on governance issues and vote in favour of policies that favour a split between the CEO and Chairman roles.
<b>Criteria on which the vote is considered "significant"</b>	Ruffer believe this vote will be of particular interest to their clients. Ruffer support management in their effort to provide clean, reliable and affordable energy.	Ruffer believe this vote will be of particular interest to their clients. Ruffer support management in their effort to provide accurate and transparent information on Gender Pay Gaps.	Ruffer believe this vote will be of particular interest to their clients. The management resolutions aimed to increase the diversity on the board structure by separating out the roles.

## Columbia Threadneedle, Dynamic Real Return Fund

	Vote 1	Vote 2	Vote 3
<b>Company name</b>	Alphabet Inc.	Amazon.com, Inc	Uber Technologies, Inc.
<b>Date of vote</b>	1 June 2022	25 May 2022	9 May 2022
<b>Approximate size of fund's holding as at the date of the vote (as % of portfolio)</b>	0.60%	0.60%	0.2%
<b>Summary of the resolution</b>	Commission Third Party Assessment of Company's Management of Misinformation and Disinformation Across Platforms	Commission Third Party Report Assessing Company's Human Rights Due Diligence Process	Report on Lobbying Payments and Policy
<b>How the manager voted</b>	For	For	For

<b>If the vote was against management, did the manager communicate their intent to the company ahead of the vote?</b>	No	No	No
<b>Rationale for the voting decision</b>	Supporting better ESG risk management disclosures		
<b>Outcome of the vote</b>	Fail	Fail	Fail
<b>Implications of the outcome</b>	Active stewardship (engagement and voting) continues to form an integral part of Columbia Threadneedle's research and investment process.		
<b>Criteria on which the vote is considered "significant"</b>	Vote against management on certain environmental or social proposals and at least 20% dissent.		

### **GMO, Global Equity Allocation Investment Fund**

GMO have not provided details regarding significant votes over the period. They have previously provided the following explanation for this:

*"The Global Equity Allocation Investment Fund is managed by our Asset Allocation team and they take investment exposures from a number of underlying GMO investment teams, some of which are fundamental and some are quantitative or combined in style, as such "Significant" votes at the portfolio level are very difficult to determine."*

### **Insight, Broad Opportunities Fund**

Insight have previously stated that significant votes are not applicable to the exposure of this strategy, and provided the following explanation:

*"The strategy invests in listed closed-end investment companies with a focus on cash-generative investments in social infrastructure, renewable energy and asset-backed aviation finance. The corporate structure of closed-end investment companies held in the strategy includes an independent board which is responsible for providing an overall oversight function on behalf of all shareholders. This governance framework includes a range of aspects including setting out investment objectives, and on an ongoing basis ensuring that the underlying strategy and portfolio activities within it remain within the agreed framework. This governance framework that is with an independent board acting on behalf of shareholders generally limits contentious issues that can arise with other listed entities. As a result, examples of significant votes cast that may be comparable to other listed entities are not applicable to the strategy's exposures."*

## Fund level engagement

The investment managers may engage with their investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each of the managers during the year to 31 March 2023. Engagement activities are limited for the Scheme's government bond funds and LDI funds due to the nature of the underlying holdings, so engagement information for these funds has not been shown.

Manager	Legal & General Investment Management	GMO LLC	Blackrock Investment Management	Ruffer LLP
<b>Fund name</b>	Range of passive equity funds	Global Equity Allocation Investment Fund	Dynamic Diversified Growth Fund	Absolute Return Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes
<b>Number of companies engaged with on behalf of the holdings in this fund in the year</b>	<i>Data not provided</i>	<i>Data not provided</i>	222	13
<b>Number of companies engaged with at a firm level in the year</b>	950	128	3,963	49

Source: Information provided by the investment managers.

Manager	Columbia Threadneedle		Insight Investments		
Fund name	Dynamic Real Return Fund	Buy & Maintain Bond Funds	UK Corporate All Maturities Fund	High Grade ABS Fund	UK Broad Market Bond Fund
<b>Does the manager perform engagement on behalf of the holdings of the fund</b>	Yes	Yes	Yes	Yes	Yes
<b>Has the manager engaged with companies to influence them in relation to ESG factors in the year?</b>	Yes	Yes	Yes	Yes	Yes
<b>Number of companies engaged with on behalf of the holdings in this fund in the year</b>	<i>Data not provided</i>	117	94	Data not provided	60
<b>Number of companies engaged with at a firm level in the year</b>	148*		644		

\*Engagement data for Threadneedle is provided as year to 31 December 2022

## Examples of engagement activity undertaken over the year to 31 March 2023

Manager	Engagement themes and examples of engagements undertaken with holdings in the fund
<p>Legal &amp; general Investment management</p> <p>LGIM conduct all engagements at a firm level, so no engagements are specific to a single fund.</p>	<p><b>Toyota   Governance</b></p> <p>Legal &amp; General originally started their engagement with Toyota in September 2021, alongside fellow shareholders. They held a second meeting in the first half of 2022 to discuss (amongst other things) board composition.</p> <p>Throughout these meetings, Legal &amp; General expressed their concerns around the company's lack of supervisory function at the board level, given the low level of independence).</p> <p>In September 2022, Legal &amp; General spoke with one of the outside directors on the board and were able to have a candid conversation about how outside directors add value to the board and the quality of board discussions.</p> <p>Given a recent controversy at one of Toyota's group companies, Legal &amp; General will continue to engage with the company on corporate governance issues and push for better corporate governance practices.</p>
<p>Insight</p> <p>Insight have provided engagement examples at a firm level</p>	<p><b>Heathrow   Environmental</b></p> <p>Insight engaged with Heathrow airport in Q3 2022 where objectives included encouraging Heathrow to strengthen and consolidate its net zero strategy (particularly on Scope 3), encouraging Heathrow's participation in the Climate Disclosure Programme (CDP) and obtaining the Science Based Targets initiative (SBTi), which enables ambitious private sector action to set ambitious science-based emissions reduction targets.</p> <p>CO2 poses a significant challenge for Heathrow and the sector in general, given the materiality of its Scope 3 emissions and the lack of any clear technological solution to decarbonise the sector. 99.9% of Heathrow's carbon emissions are Scope 3 (95% derives from aircraft flying and moving on the ground, 3.6% are surface access and 1.1% stem from its supply chain.</p> <p>Heathrow has targeted to achieve Net Zero by 2050 including scope 3. Its 2030 targets include:</p> <ul style="list-style-type: none"> <li>• a 15% reduction in CO2 emissions from flying (mainly from use of sustainable aviation fuel SAF).</li> <li>• A 45% cut in CO2 from surface access, supply chain, vehicles and buildings.</li> </ul> <p>The airport faces two challenges in its effort to decarbonise:</p> <ol style="list-style-type: none"> <li>1. the degree to which it can influence airlines to decarbonise fleets.</li> <li>2. its net zero plan relies on technology which is costly and / or unproven (e.g. SAF, hydrogen plane etc.)</li> </ol> <p>Heathrow is working with SBTi to obtain certification; they are hopeful they will receive it before year-end.</p> <p>Heathrow were aware of CDP, and were keen to understand how Insight use the data. Insight have requested that they participate in future.</p> <p>In Q1 2023, Heathrow received approval from the Science Based Targets Initiative (SBTi) for their 2030 carbon reduction targets, confirming they are consistent with a 1.5 degree trajectory. Heathrow is the first airport to achieve this status with SBTi's updated 1.5 degree standard. Insight will continue to hold their bonds.</p>



### UltraTech Cement Limited | Governance

In August 2022, the company held their annual general meeting (“AGM”), to approve, amongst other things, the election of its board of directors.

As BlackRock outline in their proxy voting guidelines for Indian securities, it looks for companies’ audit committees to be comprised of a majority of independent directors and chaired by an independent non-executive director. Further, in line with Indian regulation, BlackRock looks for boards with the Chairs representing the controlling shareholder, such as UltraTech, to have 50% independent directors. At the time of the AGM, both the board and audit committee were below these guidelines upon re classification of a long tenured independent non-executive director.

At the AGM, BlackRock did not support the election of the board’s vice chair to signal their concerns about board independence. The board’s vice chair was re-elected at the August 2022 AGM. Following the AGM, BlackRock engaged with members of UltraTech’s board and management to discuss the company’s approach to governance issues, including board independence and refreshment.

BlackRock

Blackrock have provided engagement themes at a firm level.

### Equinor | Environmental

Ruffer engaged with Equinor - a Norwegian state-owned energy company developing oil, gas, wind and solar energy in more than 30 countries. Given Ruffer’s focus on climate change and the energy transition, they contacted Equinor to refresh a dialogue on the company’s energy transition plan and its various components.

The main aims of the initial meeting was to understand – specifically from a low emissions perspective – the company’s criteria for expanding its operations internationally and to gauge its progress and opportunities in the renewables and low-carbon solutions space. While Equinor produces oil at a much lower carbon intensity per barrel than the industry average, Ruffer expressed their concerns that increased exploration and production can more than offset a low-carbon intensity, resulting in higher carbon emissions in absolute terms. The company’s overall production is projected to peak in 2026, before returning to current levels in 2030. But Equinor reiterated that, by moving away from volume towards value targets, it could focus on a low cost, low emissions, cash generating portfolio. Importantly, Equinor’s experience with electrification, offshore floating wind and carbon capture and storage puts it in good stead when expanding these technologies internationally.

Since this meeting Equinor has continued to expand in both renewables and low-carbon solutions. Ruffer have seen tangible progress in offshore floating wind, with a new lease awarded outside the North Sea region. Ruffer will follow how the company manages to leverage such value creation opportunities. Similarly, Equinor’s deal with Yara, a European agrichemicals company, to transport and store part of Yara’s operational emissions off the coast of Norway highlights a milestone for the company’s carbon capture and storage ambitions. Whilst noting that government subsidies are still crucial, Ruffer are encouraged by Equinor’s commitment to building out these operations and look forward. They will continue to engage with Equinor on their progress towards the Climate Action 100+ Net-Zero Benchmark.

Ruffer

Ruffer have provided engagement examples at a firm level.

### Air Liquide | Environmental

Threadneedle wanted better insight on the investment and growth plans around hydrogen and, more broadly, energy transition technologies, as well as an update on progress towards net zero targets.

A call with the CEO was organised by a portfolio manager and the Responsible Investing analyst, with many other portfolio managers attending.

The company continues to make improvement in its climate targets without having any negative impact on their financials. It is well positioned to increase its exposure on hydrogen and is part of numerous

Columbia Threadneedle

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Manager

Engagement themes and examples of engagements undertaken with holdings in the fund

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hydrogen projects in the EU. The company is focused on providing a full range of products to its customers that add value across the value chain of the energy transition, from carbon capture projects and uses of carbon capture to green hydrogen production. The call provided valuable insight on how the company is enabling different energy transition technologies and maximising the growing opportunities.

*Source: Information provided by the managers. No engagement examples had been provided by GMO at time of producing this implementation statement.*

## Summary

Based on the information received, the Trustees believe that the investment managers have acted in accordance with the Scheme's stewardship policies.

The Trustees and the investment consultant are working with the investment managers to provide additional information in the future, including where indicated above, in order to enhance their ability to assess the investment managers' actions.