

UNIVERSITY OF OXFORD STAFF PENSION SCHEME

Implementation Statement for the year to 31st March 2023

**Pension Scheme's Registry Number: 10009029
HMRC Registration Number: 00333061RQ**

Implementation Statement (“IS”)

University of Oxford Staff Pension Scheme (the “Scheme”)

Scheme Year End – 31st March 2023

The purpose of the Implementation Statement is for us, the Trustee of the University of Oxford Staff Pension Scheme, to explain what we have done during the year ending 31st March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. A summary of any review and changes made to the SIP over the year;
2. How our policies in the SIP have been followed during the year; and
3. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose good evidence of voting and/or engagement activity, that the activities completed by our managers align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

However, some managers did not provide information on their reporting of engagement data, and/or were not able to provide voting data for all the relevant funds. As set out in the Engagement Action Plan, we will engage with these managers to encourage them to provide detailed and meaningful disclosures about their engagement activities and better understand their engagement practices.

Changes to the SIP during the year

No changes were made to the SIP during the Scheme year.

The Scheme's latest SIP can be found here: <https://finance.admin.ox.ac.uk/osps-documents>

How the policies in the SIP have been followed

In the table below we set out what we have done during the year to meet the policies in the SIP. Policies in the SIP are quoted in quotation marks, however the policies listed are not exhaustive, please refer to the full SIP.

Defined Benefit ("DB")

Strategy

Investment objectives

"The Scheme's assets are invested in such a way that sufficient money is available to meet the liability to provide benefits to the members of the Scheme as they fall due."

Allocation of assets

"Asset allocation is considered regularly by the Trustee and reviewed in detail following each actuarial valuation."

Strategic allocation

"Any investment undertaken will have considered:

- *Whether the asset class proposed is appropriate given market expectations for that asset class;*
- *Whether the investment manager has the skill and ability to run a mandate which is expected to achieve the return targets;*
- *Whether the specific asset class and manager are appropriate for the overall risk, return and diversification of the total portfolio."*

The investment strategy outlined in the SIP is monitored frequently to ensure the strategy remains appropriate. As part of meeting the Scheme's investment objectives, the Trustee monitored the funding level on a quarterly basis. This allowed the Trustee to consider the funding level progression within the context of the long-term funding target.

The Trustee actively manages the portfolio, making changes to the asset classes, fund managers and allocation as they see fit to ensure it remains well diversified and on track to meet the Scheme's objective. This includes ensuring the Scheme has the *"necessary liquidity to pay benefits as they become due"*. The Trustees reviewed the liquidity of the portfolio in March 2022, and will continue doing so on an annual basis. A review of the liquidity profile of the Scheme was conducted in March 2023 and a more detailed review is scheduled to take place at the August 2023 FIC meeting.

Due to improvements in the funding level of the Scheme, the Trustee took action to protect the Scheme's favourable position before the formal investment strategy review. Following the 31st March 2022 Actuarial Valuation, an investment strategy review was carried out at the November 2022 meeting whereby the risk and return profile and asset allocation was considered, and a new investment strategy was formally agreed upon post Scheme year end in May 2023.

Risks

The SIP outlines risks which have the potential to cause deterioration in the Scheme's funding level. The Trustee reports on several of the risks associated with the Scheme's investments annually in the investment risk

disclosure report which accompanies the Reports and Accounts. In this report, the Trustee monitors the risks associated with both the DB and Additional Voluntary Contributions (“AVCs”) portions of the Scheme, concentrating on market risks, credit risk, interest rate risk, inflation risk and others.

The Trustee decreased the growth portfolio allocation in favour of the matching portfolio consisting of index-linked gilts to reduce the risk caused by interest and inflation rate fluctuations during the Scheme year, to protect the favourable funding position. As part of the investment strategy review, the investment adviser proposed three modelled portfolios, each with a reduction of allocation to growth assets in favour of matching assets to reduce the overall risk (expressed as a Value at Risk measure) whilst maintaining a prudent return.

Implementation

Choosing investments

“The Investment Committee (now known as the Funding and Investment Committee (FIC)) considered the suitability of a range of asset classes, the need for diversification, the risk and rewards of different asset allocations, and the sponsoring employers’ views (including the strength of the sponsoring employers’ covenant).”

Over 2021, an equity portfolio review was undertaken and it was agreed to fully redeem from State Street World Developed and Fundamental Equities, and Sands Emerging Market Equities. Implementation took place during the Scheme year.

The Trustee reviewed the corporate bonds allocation during the Scheme year and agreed to replace the BlackRock corporate bonds mandate with Robeco partly due to the Environmental, Social and Governance (“ESG”) integration of the mandate. Onboarding of Robeco is expected to finalise over 2023.

The following was taken into consideration when making these decisions:

- Utilisation of the investment adviser's manager research team to conduct necessary due diligence
- The return and overall risk of the investments
- ESG credentials of the asset classes and the managers

General

Direct investments

“Assets directly held by the Trustee, including policies of assurance such as AVCs, will be regularly reviewed to ensure that they continue to be appropriate.”

The Defined Contribution Committee formally reviewed the AVC arrangements at the committee meeting on 15 November 2022. The review concluded that the investments remained appropriate, considering the membership profile of the arrangements and the fact that members had the option of investing their AVCs in the DC Section of the Scheme.

The arrangements with asset managers

“The Trustee regularly monitors the Scheme’s investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee’s policies.”

The Trustee received a Quarterly Monitoring Report (“QMR”) from its investment adviser outlining the valuation of all investments held, monitoring the performance of these investments, and recording any material transactions undertaken during the quarter. Investment returns are compared with appropriate performance targets to monitor the relative performance of these investments. The asset allocation is also monitored and compared to the strategic asset allocation set out in the SIP. Within this report also, the Trustee received an

overview of each "buy" rated manager produced by Aon's manager research team giving a quarterly update on the rating of the manager. This includes an ESG rating for equity and fixed income managers where available.

The Trustee received an annual implementation statement, in respect of the Scheme year to 31st March 2022, reporting on the monitoring and engagement activities carried out by its investment managers.

"The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme's asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee's policies."

Due to investment strategy reviews and changes during the Scheme year, the review of the ESG/RI policy was postponed to Q4 2023. Following the review, the Trustee will share the policy with the Scheme's asset managers to assess alignment. .

"Before appointment of a new asset manager, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies."

In the fourth quarter of 2022, it was agreed to appoint Robeco to replace BlackRock as the Scheme's corporate bonds manager. Robeco presented to the Trustee their business structure and investment strategy. Post Scheme year end, the Trustee received a formal s36 document from the Scheme's investment adviser confirming suitability of the new fund as part of the portfolio.

On an ad hoc basis, the Scheme invites asset managers to present at Trustee meetings and engage on matters of interest such as performance and ESG. BlackRock presented at the March 2022 meeting and Threadneedle presented at the March 2023 meeting.

Environmental, social and governance considerations

"In setting the Scheme's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance."

The Trustee considered the ESG integration as well as the performance of the Robeco corporate bonds fund when selecting a new manager to replace Blackrock.

Since 1 October 2022, the Trustee has been required to produce and publish an annual report in line with the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD). Over 2022, the Trustee has carried out several activities, with the support of Aon, to formally align with the recommendations of the TCFD and more fully understand the potential impact that climate-related risks and opportunities could have on the DB and DC sections of the Scheme. These activities supplement the wider ESG-related monitoring exercises already carried out by the Trustee.

This includes:

- Developing a robust governance structure, to ensure that it is able to make informed decisions on climate-related financial risks and opportunities;
 - Surveying all of its appointed investment managers on how they view their exposures to climate-related risks and opportunities, both at an individual fund level and a firm level. The Trustee and its advisers then
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assessed these responses to identify key areas of investment risk for the Scheme and implications for the Scheme's investment strategy;

- Carrying out quantitative climate change scenario analysis on the DB Section, and a qualitative climate change scenario analysis on the DC Section of the Scheme to understand the potential impact of climate change on each section over the next 30 years;
- Creating a Climate Risk Management Plan to integrate climate-related risks into its various documents and processes. This enables the Trustee to identify, assess and monitor climate-related risks and opportunities on a continuous basis;
- Gathering climate-related data on the Scheme's investments to aid understanding of the Scheme's current exposure to climate-related risks; and
- Setting climate-related targets to support future monitoring and management of climate-related risks.

Climate-related risks and TCFD reporting have been discussed at all FIC meetings over the year to 31st March 2023, and the FIC has kept the Trustee Board apprised of any material climate-related developments through regular updates, as and when required. The Trustee published its first TCFD report in October 2022, and will carry out this exercise on an annual basis in line with the regulatory requirements.

The Trustee has agreed a Responsible Investment (RI) and ESG Policy for the Scheme which sets out the Trustee's approach on these matters. The Policy sets out requirements for the investment managers such as how they are expected to take into account various long-term ESG issues, disclosures of how ESG factors are considered, voting policies and how they give effect to their ESG policies. This is due to be reviewed in Q4 2023.

Whilst the Trustee's SIP does not explicitly cover stewardship priorities, the Trustee has considered the 'Key objectives' set out in its RI and ESG Policy to be stewardship priorities for the purposes of its IS.

The stewardship priorities of the Trustee are voting and engagement opportunities that align with the following key objectives:

- UK government legislation and regulations (for example, on modern slavery, environmental quality, climate change and other relevant issues).
- UK government commitment to international conventions and treaties (for example, UN conventions on climate change, cluster bombs, antipersonnel mines that are designed to harm or kill civilians and related issues).
- Direct and indirect investment in companies and related financial instruments that are associated with activities that are harmful to human health and welfare (for example, alcohol, gambling, tobacco and cigarette manufacturing and other similar issues).
- Direct and indirect investment in companies that violate international norms and/or UK moral principles (for example, human trafficking, indenture, and exploitation and other similar issues).

The Trustee has aligned its voting examples with these priorities wherever this was possible based on the significant votes provided to the Trustee by its investment managers.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Cost and transparency

"The Trustee intends to collect annual cost transparency reports covering all of its investments in line with the appropriate Cost Transparency Initiative ("CTI") template for each asset class."

“The Trustee assesses the performance of its investment managers quarterly and the remuneration of its investment managers at least annually.”

“The Trustee monitors portfolio turnover...”

The Trustee received and reviewed the cost transparency report provided by ClearGlass. ClearGlass collects costs (including portfolio turnover costs) incurred by the Scheme from the Scheme’s investment managers in line with the CTI template for each asset class. The Trustee received a Quarterly Monitoring Report (“QMR”) from the investment adviser which details the performance of its investment managers. The detailed investment manager fee information i.e. Total Expense Ratios (TERs) is also covered in the QMR and reviewed by the Trustee on a quarterly basis.

The Trustee raises areas for concern as discussion points at meetings with its investment adviser where relevant.

Review of SIP

“This SIP will be reviewed typically annually or immediately following a change of investment policy.”

An investment strategy review was undertaken during the Scheme year. At the time of writing, the SIP has been drafted and was being reviewed by the associated parties to reflect the changes.

Policy on rights attaching to investments

“The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.”

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code, and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy.”

The Trustee receives this Implementation Statement, annually, showing the levels of voting activity and engagement from the asset managers. All fund managers are compliant with the Code. The Trustee plans to resume the detailed reporting of the ESG credentials of the Scheme’s investments in Q4 2023. To aid in its continuing understanding and awareness of the ESG risks and opportunities to which the Scheme is exposed, the Trustee is provided with guidance from its adviser in the form of an ESG dashboard (which has been rebranded as Responsible Investment -360 insights, or RI-360i) on an annual basis. The Trustee is due to review an updated version of this dashboard in the fourth quarter of 2023, which has been improved to give a more holistic view of the ESG profile of the Scheme.

Defined Contribution (“DC”)

Strategy

Investment objectives

“The Trustee is responsible for investing DC assets in line with members’ preferences. Its key aim is to provide a range of investments that are suitable for meeting members’ long and short-term investment objectives. The

Trustee has taken into account members' circumstances; in particular the possible range of members' attitudes to risk and term to retirement."

Allocation of assets

"In order to meet the Scheme's Investment Objective, the Trustee provides members access to a number of individual funds via the provider's platform. For the default investment strategy, the key aims are to support DC members in building their real retirement income while managing possible downside risks; and to hold investments at retirement that do not target a particular benefit but are diversified across primarily 'lower risk' asset classes such as cash and investment grade bonds, whilst also allocating a lesser proportion to 'higher' risk assets such as equities, property and alternatives."

The Trustee undertakes a formal review of the DC Section default investment strategy at least every 3 years. The Trustee did not carry out an investment strategy review during this reporting period, the last review was concluded on 25 March 2021.

The investment strategy for the DC Section is monitored frequently. During this reporting period, the Trustee delegated responsibility for monitoring the investment strategy to the Defined Contribution Committee (it was previously delegated to the Investment Committee). The Defined Contribution Committee carried out a more detailed analysis of the underlying asset allocation and performance of the DC Section default investment strategy at the meeting on 16 March 2023. The conclusion of this review was that the Funds had performed in line with expectations.

Risks

As well as the risks set out in the DB Section above, for the DC Section the Trustee also considers the risk of not meeting members' expectations and the default investment strategy not being suitable for members.

As stated above, the Trustee reports on several of the risks associated with the Scheme's investments annually in the investment risk disclosure report which accompanies the Reports and Accounts. The risks associated with the DC Section of the Scheme are also considered as part of the investment strategy reviews carried out every three years (which consider the DC Section membership profile, and how members are expected to access these funds) and the frequent monitoring of investment and administration performance, including any member complaints or feedback reported by Legal & General.

Implementation

Choosing investments

"In choosing the DC Section's investment options, it is the Trustee's policy to consider (i) a full range of asset classes. (ii) the suitability of the possible styles of investment management and extent of manager diversification. (iii) the suitability of each asset class for a DC Scheme. (iv) the need for appropriate diversification of asset classes (v) the current and expected future membership of the DC Section of the Scheme and (vi) the fund charges, in order to assess value for money"

Features (i) to (v) are considered as part as part of the investment strategy reviews carried out every three years. The fund charges and value for money are assessed annually through the Trustee's formal value for members assessment carried out to support the Chair's Statement. The value for members assessment for the period ending 31st March 2022 was considered by the Defined Contribution Committee on 24 August 2022.

General

The arrangements with asset managers

“The Trustee regularly monitors the DC Section’s investments to consider the extent to which the investment strategy and decisions of the asset managers are aligned with Trustee’s policies.”

The Trustee receives quarterly monitoring reports from Legal & General including the valuation of all investments held, monitoring the performance of these investments, and membership changes during the quarter. Investment returns are compared to the performance comparators set by Legal & General.

The Defined Contribution Committee considered its investment advisers’ ESG ratings for the DC Section funds at the meeting on 25 November 2022. As part of its more detailed analysis of the default investment strategy, the Defined Contribution Committee also asked Legal & General to provide a full breakdown of ESG metrics and to provide tangible examples of how ESG made a difference to stock selections.

The annual implementation statement reports on the monitoring of the voting and engagement activities carried out by the Trustee of the Scheme’s investment managers, including the DC Section funds.

“The Trustee shares the policies, as set out in its separate ESG policy, with the Scheme’s asset managers, and requests that the asset managers review and confirm whether their approach is in alignment with the Trustee’s policies.”

The Trustee shared its ESG policy with Legal & General on 25 January 2023. Legal & General presented at the 16 March 2023 Defined Contribution Committee meeting on its alignment with the Trustee’s policy. The Trustee were satisfied the manager was aligned with the Scheme’s ESG policy.

Environmental, social and governance considerations

“In setting the Scheme’s investment strategy, the Trustee’s primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. These include:

- *The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from their investment adviser when setting the Scheme’s asset allocation, when selecting managers and when monitoring their performance.”*

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section.

Cost and transparency

“The Trustee is aware of the importance of monitoring the costs and charges borne by members and the impact these costs can have on member outcomes. The Trustee regularly monitors and reviews the costs and charges borne by members, as part of the work to prepare the Chair’s Statement each year.”

During this reporting period, the Trustee collated the costs and charges borne by members (including implicit transaction costs) for the 12-month period ending 31st March 2022 as part of the value for members assessment and the work to prepare the Chair’s Statement.

Review of SIP

“The SIP will be reviewed typically annually or immediately following a change of investment policy.”

An investment strategy review was not undertaken during the Scheme year, therefore the DC Section SIP was not updated during this reporting period.

Policy on rights attaching to investments

“The Trustee believes that it should encourage the companies it invests with to adopt good practice regarding corporate governance and corporate responsibility.

The Scheme Trustee is in agreement with the principles of effective stewardship included in the Financial Reporting Council UK Stewardship Code, and has requested the Investment Managers to comply with these principles.

The Trustee receives reports from its investment managers displaying the level of voting activity and engagement, highlighting occasions where they have not voted in agreement with their policy.”

Please refer to commentary in the DB Section of this statement, which applies equally to the DC Section

Our Engagement Action Plan

Based on the work we have done for the IS, we have decided to take the following steps over the next 12 months:

1. For the illiquid investments held by the Scheme: M&G did not provide any fund level engagement information; Copenhagen provided limited engagement information; and Ares and DIF were not able to provide any engagement information. Whilst the opportunities for engagement with illiquid investments, such as infrastructure funds, are not as extensive as they are for other investments, such as equity and corporate bonds, we would still expect our investment managers of these funds to demonstrate and report on some level of engagement; for example, by engaging to exert influence on underlying companies or asset management through governance and how identified ESG risks are managed, as per the guidance issued by the Pension and Lifetime Saving Association ("PLSA").
2. BlackRock stated that it doesn't produce an engagement report for non-equity funds. Given that the Scheme has divested from BlackRock, we do not deem it to be in the best interests of the Scheme to engage with BlackRock further.
3. LGIM provided comprehensive engagement information for the majority of the funds we are invested in, however, this information was not provided in line with the Investment Consulting Sustainability Working Group ("ICSWG") engagement guide, which we deem to be best practice, and the manager also did not provide any engagement information in relation to the Future World Multi-Asset Fund. We will continue to engage with LGIM, through our investment adviser, to better understand its engagement practices.
4. Generation did not provide firm-level engagement data and didn't provide significant voting examples as per the PLSA template. We will meet with the manager to better understand its engagement and voting practices and discuss the areas which are behind those of its peers.
5. Threadneedle did not provide any information on fund-level, however it did provide a firm-level response. The manager said this is because its way of tracking engagement is inconsistent with the ICSWG template. We will discuss this with Threadneedle to better understand its engagement practices.
6. Prudential did not provide complete voting information for all funds, nor any firm level engagement information. We will engage with this manager to get a better understanding of its voting and engagement practices, and how these help us fulfil our Responsible Investment policies.
7. We will undertake regular, detailed ESG monitoring of our managers.

We will undertake an annual review of our investment managers' Responsible Investment policies to ensure they are in line with our own.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds held in Defined Benefit ("DB") section with voting rights for the year to 31st March 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Baillie Gifford - Long Term Global Growth Fund	483	100.0%	3.5%	0.6%
Generation - Global Equity Fund	718	100.0%	4.0%	1.0%
Generation - Asia (ex-Japan) Equity Fund	357	100.0%	8.0%	3.0%
Sands - Emerging Markets Growth Fund*	343	100.0%	5.0%	1.7%
SSGA - All World Developed ESG Screened Index Equity Sub-Fund**	29,759	99.6%	10.1%	0.5%
SSGA - MPF Fundamental Index Global Equity Sub-Fund**	38,153	98.4%	9.6%	1.3%

Source: Managers

The voting statistics provided by Generation and SSGA suggests that abstained votes are being counted as votes against management resulting in double counting within the voting statistics.

*Data provided is for the period 1 April 2022 to 19 October 2022.

**Data provided is for period 1 October 2021 to 30 September 2022.

The table below shows the voting statistics for each of the Scheme's material funds held in Defined Contribution ("DC")/Additional Voluntary Contribution ("AVC") section with voting rights for the year to 31st March 2023.

Section		Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
DC	L&G PMC Future World Multi-Asset Fund	93,318	99.8%	21.7%	0.7%
	L&G PMC 2015 - 2020 Target Date Fund	104,732	99.8%	21.4%	0.7%
	L&G PMC 2020 - 2025 Target Date Fund	105,307	99.8%	21.4%	0.7%
	L&G PMC 2025 - 2030 Target Date Fund				
	L&G PMC 2030 - 2035 Target Date Fund	97,323	99.8%	21.5%	0.7%
	L&G PMC 2035 - 2040 Target Date Fund	93,547	99.8%	21.8%	0.7%
	L&G PMC 2040 - 2045 Target Date Fund	94,598	99.8%	21.8%	0.7%
	L&G PMC 2045 - 2050 Target Date Fund				
	L&G PMC 2050 - 2055 Target Date Fund				
	L&G PMC 2055 - 2060 Target Date Fund				
	L&G PMC 2060 - 2065 Target Date Fund				
	L&G PMC 2065 - 2070 Target Date Fund				
	L&G PMC 2070 - 2075 Target Date Fund				
	L&G PMC All World Equity Index Fund	68,306	99.9%	19.7%	1.2%
	L&G PMC Ethical Global Equity Index Fund	16,618	99.8%	17.9%	0.2%
	Prudential - With Profits Investment Account	<i>Not provided</i>			
AVC	Prudential - Global Equity ¹	24,068	97.5%	5.6%	0.6%
	Prudential - With Profits Cash Accumulation ¹	72,503	97.9%	7.1%	1.5%
	Prudential - Discretionary ¹	24,596	97.5%	5.6%	0.6%

Source: Managers

¹Prudential Fund Management has been delegated to a number of fund managers, including M&G Investment Management. The voting is carried out by the underlying fund managers.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

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Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Description of use of proxy voting advisers

Baillie Gifford & Co. ("Baillie Gifford")	<p>Whilst we are cognisant of proxy advisers' voting recommendations (Institutional Shareholders Services ("ISS") and Glass Lewis), we do not delegate or outsource any of our stewardship activities or follow or rely upon their recommendations when deciding how to vote on our clients' shares. All client voting decisions are made in-house. We vote in line with our in-house policy and not with the proxy voting providers' policies. We also have specialist proxy advisors in the Chinese and Indian markets to provide us with more nuanced market specific information.</p>
Generation Investment Management ("Generation")	<p>Generation has appointed ISS as its proxy voting agent to provide notice of all company meetings and to ensure Generation's voting instructions are effectively carried out. As part of this process, Generation provides regular portfolio holding updates to ISS and reconciles its records with those held by ISS to ensure the correct numbers of shares are identified for the ballots. Generation uses ISS as our independent voting service provider because of the depth of research it provides. However, Generation does not automatically adopt global proxy voting rules from any third-party service as a default setting. It is each analyst's responsibility to vote the proxies of the companies they cover based on their deep research and engagement with the company.</p>
Sands Capital Management ("Sands")	<p>We vote our proxies ourselves, but we consider the recommendations of proxy advisors such as ISS and Glass Lewis in our voting decisions. Please refer to our Proxy Voting Policy https://www.sandscapital.com/stewardship/</p>
State Street Global Advisors ("SSGA")	<p>We enhance the services provided by our in-house resources through third-party service providers. The most notable of these are third-party data providers such as Institutional Shareholder Services (ISS) who are utilised to assist us with managing the voting process at shareholder meetings. In the voting process, we use ISS to help us monitor our voting rights across the asset classes in which we invest. We employ ISS to:</p> <ul style="list-style-type: none"> • Act as our proxy voting agent (providing us with vote execution and administration services). • Assist in applying our voting guidelines. • Provide research and analysis relating to general corporate governance issues and specific proxy items. • Provide proxy voting guidelines in limited circumstances. <p>All voting decisions and engagement activities are undertaken in accordance with our in-house policies and views, ensuring that the interests of our clients remain the sole consideration when discharging our stewardship responsibilities. The only exception to this policy is the use of an independent third party to vote on State Street stock, to mitigate a conflict of interest of voting on our parent company.</p> <p>In addition, we also have access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. Research and data provided by these third parties complement our in-house analysis of companies and individual ballot items.</p>
M&G Investment Management ("M&G")	<p>We use research provided by ISS and the Investment Association; and we use the ProxyExchange platform from ISS for managing our proxy voting activity.</p> <p>Voting decisions are taken in the best interests of clients and decision-making takes into account a wide range of factors. Whilst we do not solicit clients' views would take them into account should they be known to us.</p>

Legal & General Investment Management Limited (“LGIM”)	We use proxy voting adviser ISS to execute votes electronically and for research. This augments our own research and proprietary ESG assessment tools. We do not outsource any part of the voting decisions to ISS. We have a custom voting policy in place with ISS. This seeks to uphold what we consider to be best practice standards companies should observe. We can override any voting decisions based on the voting policy if appropriate. For example, if engagements with the company have provided additional information.
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Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme’s investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme’s funds. A sample of these significant votes can be found in the appendix

Our managers’ engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the DB section of the Scheme’s material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm level i.e. is not necessarily specific to the fund invested in by the Scheme.

Section	Funds	Number of engagements		Themes engaged on at a fund-level
		Fund specific	Firm level	
DB	Baillie Gifford – Long Term Global Growth Fund	52	1,255	Environment – Climate change Social – Human capital management (e.g. inclusion & diversity, employee terms, safety), Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying) Governance – Remuneration, Board effectiveness – Other Strategy, Financial and Reporting – Strategy/purpose
	BlackRock – UK All Stock Corporate Bond Fund	<i>Not provided</i>	3,886	Environment – Climate and natural capital Social – Company impacts on people Governance – Board quality and effectiveness Strategy, Financial and Reporting – Strategy, purpose, and financial resilience
	Generation – Global Equity Fund	643 ¹	<i>Not provided</i>	Environment – Climate change Social – Human capital management Governance – Board effectiveness – Diversity, Independence or Oversight, Leadership – Chair/CEO Strategy, Financial and Reporting – Reporting (e.g. audit, accounting, sustainability reporting)
	Generation – Asia (ex-Japan) Equity Fund	123 ¹		Environment – Climate change Social – Human capital management Governance – Board effectiveness – Diversity, Independence or Oversight, Leadership – Chair/CEO Strategy, Financial and Reporting – Reporting
	M&G – Inflation Opportunities Fund / Illiquid Credit Opportunities Fund	<i>Not provided</i>		Environment – Climate change Social – Human and labour rights (e.g. supply chain rights, community relations), Human capital management

Section	Funds	Number of engagements		Themes engaged on at a fund-level
		Fund specific	Firm level	
				Governance – Board effectiveness – Independence or Oversight, Remuneration Strategy, Financial and Reporting – Strategy/purpose
	Sands – Emerging Markets Growth Fund*	104	291	Environment – Climate change, Natural resource use/impact (e.g. water, biodiversity) Social – Human capital management, Conduct, culture and ethics Governance – Board effectiveness – Other Strategy, Financial and Reporting – Capital allocation, Reporting
	SSGA – All World Developed ESG Screened Index Equity Sub-Fund**	719	Not provided	Environmental – Deforestation, Climate-related Reporting, Climate Transition Plan Social – Human Capital, Racial Equity, Gender Diversity, Corporate Culture Governance – Overall compensation matters, Board Refreshment, Board Accountability, Board Leadership, Board Structure, Shareholder Rights
	SSGA – MPF Fundamental Index Global Equity Sub-Fund**	810		Environmental – Deforestation and Land Use, Climate-related Reporting, Climate Transition Plan Social – Human Capital, Racial Equity, Gender Diversity, Corporate Culture Governance – Overall compensation matters, Board Refreshment, Board Leadership, Board Accountability, Board Structure, Shareholder Rights
	Threadneedle AM – Property Unit Trust (TPUT)	Not provided	177	Not provided
	Copenhagen – Infrastructure IV	Not provided	Not provided	Environment – Climate Social – Human rights, labour rights, anti-corruption, health and safety and environmental performance, operating efficiency, process management, design modifications
	Ares – Capital Europe V			Not provided
	DIF – Infrastructure V			Not provided
	L&G PMC Future World Multi-Asset Fund	Not provided		Environment – Climate change, Deforestation Governance – Remuneration, Shareholder rights Strategy, Financial and Reporting – Company disclosure and transparency
	L&G PMC 2040 - 2045 Target Date Fund L&G PMC 2045 - 2050 Target Date Fund L&G PMC 2050 - 2055 Target Date Fund L&G PMC 2055 - 2060 Target Date Fund L&G PMC 2060 - 2065 Target Date Fund	933	1,224	Environment – Climate change, Natural resource use/impact Social – Human capital management, Public health Governance – Board effectiveness – Diversity, Board effectiveness – Other, Leadership – Chair/CEO, Remuneration Strategy, Financial & Reporting – Reporting, Strategy/purpose

Section	Funds	Number of engagements		Themes engaged on at a fund-level
		Fund specific	Firm level	
	L&G PMC 2065 - 2070 Target Date Fund L&G PMC 2070 - 2075 Target Date Fund			
	L&G PMC 2020 - 2025 Target Date Fund L&G PMC 2025 - 2030 Target Date Fund L&G PMC 2030 - 2035 Target Date Fund	986		Environment – Climate change, Natural resource use/impact Social – Human capital management, Public health Governance – Board effectiveness – Diversity, Board effectiveness – Other, Leadership – Chair/CEO, Remuneration Strategy, Financial & Reporting – Reporting, Strategy/purpose
	L&G PMC 2015 - 2020 Target Date Fund	975		Environment – Climate change, Natural resource use/impact Social – Human capital management, Public health Governance – Board effectiveness – Diversity, Board effectiveness – Other, Leadership – Chair/CEO, Remuneration Strategy, Financial & Reporting – Reporting, Strategy/purpose
	L&G PMC Ethical Global Equity Index Fund	397		Environment – Climate change, Natural resource use/impact Social – Human capital management, Public health Governance – Board effectiveness – Diversity, Board effectiveness – Other, Leadership – Chair/CEO, Remuneration Strategy, Financial & Reporting – Reporting, Strategy/purpose
	L&G PMC All World Equity Index Fund	818		Environment – Climate change, Natural resource use/impact (e.g. water, biodiversity) Social – Human and labour rights, Human capital management, Public health Governance – Board effectiveness – Diversity, Remuneration, Strategy, Financial & Reporting – Reporting, Strategy/purpose Other – ESG Scores
	Prudential – With Profits Investment Account	Not provided		Not provided
	Prudential – With Profits Cash Accumulation	140	Not provided	Environment – Climate change (including Strategy, Broader Sector Opportunities and Thermal Coal), Natural resource use/impact (e.g. water, biodiversity) Social – Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human and labour rights (e.g. supply chain rights, community relations) Governance – Board effectiveness (e.g. diversity, independence, oversight), Leadership – Chair/CEO, Remuneration Strategy, Financial and Reporting – Capital allocation, Financial performance, Firm strategy/purpose
	Prudential – Discretionary	103		Environment – Natural resource use/impact, Net Zero, Water use/Scarcity/Pollution Social – Conduct, culture and ethics, Human capital management (e.g. inclusion and diversity, employee terms, safety), Governance – Leadership – Chair/CEO, Remuneration, Shareholder rights Strategy, Financial and Reporting – Capital allocation, Financial performance

Section	Funds	Number of engagements		Themes engaged on at a fund-level
		Fund specific	Firm level	
	Prudential – Global Equity	92		Environment – Natural resource use/impact, Net Zero, Water use/Scarcity/Pollution Social – Conduct, culture and ethics, Human and labour rights, Governance – Board effectiveness, Leadership – Chair/CEO Strategy, Financial and Reporting – Capital allocation, Financial performance

Source: Managers

BlackRock, Generation, M&G, Copenhagen and LGIM (PMC Future World Multi-Asset Fund) did not provide fund level themes; themes provided are at a firm-level.

¹Indicates number of meetings, not necessarily the number of engagements.

*Data provided is for the period 1 April 2022 to 19 October 2022.

**Data provided is for period 1 January 2022 to 30 September 2022.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Ares and DIF did not provide any engagement information requested.
- Prudential did not provide firm-level engagement information and did not provide complete voting information for all funds.
- Threadneedle did not provide any information at a fund-level, however it did provide a firm-level response and noted its engagement tracking is not categorised in a way consistent with the ICSWG template.
- BlackRock and M&G did not provide any fund-level engagement information.
- Generation and SSGA did not provide firm-level engagement information.
- Copenhagen did not provide any engagement stats.
- LGIM did not provide fund-level engagement information for one of the DC funds.

This report does not include commentary on the Scheme's investments in gilts and cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples (DB section)

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

Baillie Gifford – Long Term Global Growth Fund	Company name	NETFLIX, INC.
	Date of vote	02-Jun-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.1%
	Summary of the resolution	Shareholder Resolution – Social
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	We supported a shareholder resolution for a report on lobbying payments and policy as we believe enhanced disclosure on these subjects is in shareholders' best interests.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	We supported the resolution and it received 60% support for other shareholders. Given the majority support, we would expect the company to take account of shareholder concerns and potentially take action on the issue. We will continue to monitor progress and the company's actions in this area ahead of any further engagement on the issue.
	On which criteria have you assessed this vote to be "most significant"?	This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Generation – Global Equity Fund	Company name	Amazon.com, Inc.
	Date of vote	25-May-2022
	Approximate size of fund's/mandate's holding as at	<i>Not provided</i>

	the date of the vote (as % of portfolio)	
	Summary of the resolution	Commission Third Party Report Assessing Company's Human Rights Due Diligence Process
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
	Rationale for the voting decision	Notwithstanding Amazon's existing efforts to ensure that their technology is used in an appropriate manner, we believe this proposal supports a more comprehensive diligence process.
	Outcome of the vote	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?	<i>Not provided</i>
	On which criteria have you assessed this vote to be "most significant"?	SH – Social
Generation – Asia (ex-Japan) Equity Fund	Company name	Texas Instruments Incorporated
	Date of vote	28-Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	N/A
	Summary of the resolution	Reduce Ownership Threshold for Shareholders to Call Special Meeting
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	<i>Not provided</i>
	Rationale for the voting decision	Appropriate enhancement of shareholder rights. Given the market cap of the company, it will still require several shareholders with a significant investment to call such a special meeting.

	Outcome of the vote	<i>Not provided</i>
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be “most significant”?	SH – Governance
Sands – Emerging Markets Growth Fund	Company name	Tencent Holdings Limited
	Date of vote	18-May-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	5.9%
	Summary of the resolution	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights and Authorize Reissuance of Repurchased Shares.
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A
	Rationale for the voting decision	Similar to last year, we believe Tencent is increasingly unlikely to need the flexibility to issue this many shares given regulation, Tencent's large market cap, and a maturing of investments. We don't think voting against (in line with best practices) will compromise Tencent's capital strategy.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Will most likely continue to vote this way in the future
	On which criteria have you assessed this vote to be “most significant”?	The criteria we selected to assess the “significance” of the vote were the dissent level, shareholder proposals we voted FOR, times we voted AGAINST management or ISS, historical votes on similar proposals, and overall relevance to the strategy.
SSGA – All World Developed ESG	Company name	Alphabet Inc.

Screened Index Equity Sub-Fund	Date of vote	01-Jun-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.4%
	Summary of the resolution	Community – Environment Impact
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We do not publicly communicate our vote in advance.
	Rationale for the voting decision	This proposal merits support as the company's environmental disclosure and/or practices can be improved.
	Outcome of the vote	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?	Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.
	On which criteria have you assessed this vote to be “most significant”?	SH – Environmental Proposal
SSGA – MPF Fundamental Index Global Equity Sub-Fund	Company name	The Coca-Cola Company
	Date of vote	26-Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3%
	Summary of the resolution	Product Toxicity and Safety
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We do not publicly communicate our vote in advance.
	Rationale for the voting decision	This proposal does not merit support as the company's disclosure and/or practices pertaining to the item are reasonable.
	Outcome of the vote	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?

Where appropriate we will contact the company to explain our voting rationale and conduct further engagement.

On which criteria have you assessed this vote to be “most significant”?

SH – E&S Proposal

Source: Managers

Appendix – Significant Voting Examples (DC/AVC Section)

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant, or a vote that aligns with our stewardship priorities. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below, in the managers' own words, where they align with our stewardship priorities (where possible):

L&G PMC 2015 - 2020 Target Date Fund;	Company name	BP Plc
	Date of vote	12-May-2022
L&G PMC 2020 - 2025 Target Date Fund;	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.05 - 0.1%
L&G PMC 2030 - 2035 Target Date Fund;	Summary of the resolution	Approve Net Zero - From Ambition to Action Report
L&G PMC 2035 - 2040 Target Date Fund;	How you voted	For
L&G PMC Future World Multi-Asset Fund;	Where you voted against management, did you communicate your intent to the company ahead of the vote?	Voted in line with management
	Rationale for the voting decision	Climate change: A vote FOR is applied, though not without reservations. While we note the inherent challenges in the decarbonization efforts of the Oil & Gas sector, LGIM expects companies to set a credible transition strategy, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. It is our view that the company has taken significant steps to progress towards a net zero pathway, as demonstrated by its most recent strategic update where key outstanding elements were strengthened. Nevertheless, we remain committed to continuing our constructive engagements with the company on its net zero strategy and implementation, with particular focus on its downstream ambition and approach to exploration.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to 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.
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.
	Company name	Rio Tinto Plc

L&G PMC 2025 - 2030 Target Date Fund; L&G PMC 2045 - 2050 Target Date Fund; L&G PMC 2050 – 2055 Target Date Fund; L&G PMC 2055 – 2060 Target Date Fund; L&G PMC 2065 – 2070 Target Date Fund; L&G PMC 2070 - 2075 Target Date Fund	Date of vote	08-Apr-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3 - 0.4%
	Summary of the resolution	Approve Climate Action Plan
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	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.
	Rationale for the voting decision	Climate change: We recognise the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while we acknowledge the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, we remain concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
	Outcome of the vote	Pass
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to 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.
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.
	Company name	Alphabet Inc.
L&G PMC Ethical Global Equity Index Fund; L&G PMC All World Equity Index	Date of vote	01-Jun-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.0% (L&G PMC Ethical Global Equity Index Fund) 1.1% (L&G PMC All World Equity Index)
	Summary of the resolution	Report on Physical Risks of Climate Change
	How you voted	For

	Where you voted against management, did you communicate your intent to the company ahead of the vote?	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.
	Rationale for the voting decision	Shareholder Resolution - Climate change: A vote in favour is applied as LGIM expects companies to be taking sufficient action on the key issue of climate change.
	Outcome of the vote	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?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote
Prudential – With Profits Cash Accumulation	Company name	Apple Inc.
	Date of vote	10-Mar-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.3%
	Summary of the resolution	Adopt a Policy Establishing an Engagement Process with Proponents to Shareholder Proposals
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A
	Rationale for the voting decision	In our view, the board should make themselves available for discussions with proponents of successful shareholder proposal campaigns.
	Outcome of the vote	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?	<i>Not provided</i>

	On which criteria have you assessed this vote to be "most significant"?	Shareholder rights and governance
Prudential – Discretionary; Prudential – Global Equity	Company name	Telefonaktiebolaget LM Ericsson
	Date of vote	29-Mar-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.1%
	Summary of the resolution	Approve Discharge of Board Chairman Ronnie Leten
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Concern over corporate governance in light of guilt plea to Foreign Corrupt practices Act charges
	Outcome of the vote	<i>Not provided</i>
	Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	<i>Not provided</i>
	On which criteria have you assessed this vote to be "most significant"?	Shareholder rights and governance

Source: Managers