

Appendix II – Implementation Statement

1. Purpose

This Implementation Statement reports on how, and the extent to which, the policies as set out in the Scheme’s Statement of Investment Principles (“SIP”) have been complied with during the year ended 30 June 2023. In preparing this statement, voting and stewardship policies, conflicts of interest, and engagement have been reviewed. This review has been conducted by the Scheme’s investment adviser and the Trustee’s has reviewed and approved the conclusions within this statement. This includes the exercise of rights (including voting) and other engagement activities undertaken in respect of the Scheme’s investments. The statement also provides a summary of the voting behaviour and most significant votes cast during the reporting year.

2. Background

This Statement has been prepared by the Trustee’s, with the assistance of its Investment Adviser (Quantum Advisory), in line with the current regulatory guidance that was in place at the Scheme year end.

3. Executive summary

Over the Scheme year:

- The Trustee’s Investment Adviser has reviewed the voting and engagement activity of the funds that invest in equities. The Trustee’s is generally content with its Investment Adviser’s conclusion that the Scheme’s investment managers have appropriately carried out their stewardship duties.
- The Trustee’s is of the opinion that it has complied with the relevant policies and procedures as identified in the SIP. The SIP was last reviewed in September 2020 as a result of changes to the Scheme’s investment strategy in the previous Scheme year.
- The Trustee’s has remained aware of the relevant policies and procedures as identified in the SIP and received input from its Investment Adviser to aid ongoing compliance.

The voting activities for funds that do not hold equities have not been reviewed as part of this exercise, as the Trustee’s believes there is less scope to influence the practices within such arrangements. However, the general stewardship practices of non-equity managers have been reviewed to ensure that they actively engage with their investments.

4. Investment Manager’s voting and stewardship policies and activity

Trustee’s voting and stewardship policies

The Trustee’s considers how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers.

The Trustee is unable to direct how votes are exercised and has not used a proxy voting services provider over the year. The Trustee’s has given the investment managers full discretion concerning voting and engagement decisions. As part of this exercise, the Trustee, with the assistance of its Investment Adviser, has reviewed the voting activities and stewardship policies of the funds.

The Trustee does not currently have any stewardship priorities in place. However, the Trustee aim to undertake a review of the Scheme’s stewardship priorities over the coming Scheme year and will aim to

review whether or not the investment managers' stewardship priorities are aligned with these. Should the voting activities and stewardship policies of an invested fund not appropriately align with the Scheme's stewardship priorities, the Trustee will escalate these concerns with the relevant investment manager and if necessary review the Scheme's position within the fund.

Over the scheme year, the voting activities of the following funds have been reviewed by Quantum Advisory on behalf of the Trustee, and the Trustee has approved the conclusions:

- Legal & General Investment Management ("LGIM") Dynamic Diversified Fund
- Baillie Gifford Diversified Growth Fund
- The Partners Group ("Partners") Generations Fund

In addition to this, the general stewardship policies of the above funds and the funds listed below have also been reviewed by Quantum Advisory on behalf of the Trustee:

- LGIM Matching Core Fix Long
- LGIM Matching Core Real Short
- LGIM Matching Core Real Long
- Absolute Return Bond Fund

Managers' voting and stewardship policies and procedures

Details of the managers' voting and stewardship policies can be found in Appendix 1. In this Statement, Quantum Advisory has noted the investment managers stewardship policies and the extent to which the investment managers make use of any proxy advisory and voting services. Quantum Advisory are satisfied that the voting and policies/procedures of the investment managers are reasonable and consistent with industry practice (see appendix 1).

Voting statistics

The table below sets out the key statistics on voting eligibility and action over the year.

Statistic	LGIM Dynamic Diversified Fund	Baillie Gifford Diversified Growth	Partners Generations Fund
Number of equity holdings	7,446	59	>50
Meetings eligible to vote at	9,368	139	72
Resolutions eligible to vote on	96,858	1,588	1,029
Proportion of eligible resolutions voted on (%)	99.8	97.5	100.0
Votes with management (%)	77.1	96.2	93.0
Votes against management (%)	22.6	3.1	6.0
Votes abstained from (%)	0.4	0.7	1.0
Meetings where at least one vote was against management (%)	73.0	22.3	14.0
Votes contrary to the recommendation of the proxy adviser (%)	13.8	N/A	4.0

Source: LGIM, Baillie Gifford and The Partners Group.

The Partners Generations Fund is an alternative investment fund whereby Partners often hold controlling positions in its invested companies. As a result of this, the Partners Generations Fund tends to have a lower proportion of votes against management due to their ability to influence management decisions.

Significant votes over the reporting year

Quantum Advisory has reviewed the most significant votes cast by the investment managers on behalf of the Trustee and, as a whole, are satisfied that these meet expectations.

The Trustee has interpreted the most significant votes to mean its choice of votes from an extended list of significant votes provided by each of the investment managers in accordance with the PLSA guidance.

The significant votes provided by investment managers are determined by the stewardship policies they have in place. As the Scheme has not set any stewardship priorities at the end of the Scheme year, significant votes will be classified according to these manager policies.

A cross section of the most significant votes cast is contained in Appendix 2.

5. Conflicts of interest

This section reviews whether the managers are affected by the following conflicts of interest, and how these are managed. These conflicts are not specific to the scheme and relate to the general conflicts of interest within the investment managers.

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;
2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;
3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;
4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer; and
5. Differences between the stewardship policies of managers and their clients.

LGIM

LGIM have refrained from directly commenting on which of the conflicts of interest, detailed above, they are impacted by within the selected funds. In place of providing a direct response, LGIM referred the Trustee to their conflicts of interest policy, which includes several examples of conflicts and how these might be managed.

This is available here:

<https://www.lgim.com/landg-assets/lgim/document-library/capabilities/lgim-conflicts-of-interest.pdf>

The Trustee has reviewed the conflicts of interest policy.

Baillie Gifford

Baillie Gifford have refrained from commenting on which of the conflicts of interest detailed above they are impacted by within their selected funds. However, at a firm level they have confirmed they are impacted by points 1 and 2. Baillie Gifford notes these conflicts are not unmanageable and have put in place restrictions and procedures which allow them to be controlled and mitigated.

In relation to point 1, the Multi-Asset team invests in the Scottish Mortgage Investment Trust, which is managed by Baillie Gifford. Accounting procedures are in place to ensure Scottish Mortgage fees are rebated to invested Multi-Asset funds. A warn restriction has been implemented in the Front Office

System to ensure that all trading in Scottish Mortgage shares complies with a pre-agreed execution policy. Regular compliance monitoring is in place to obtain assurance that the pre-agreed execution policy is complied with.

In relation to point 2, the Baillie Gifford Deputy Head of ESG, holds an Independent Non-Executive Director position with the Johannesburg Stock Exchange (JSE). To manage this, the Deputy Head of ESG does not receive remuneration for the position and a stop restriction has been implemented in the Front Office System to ensure that all proposed JSE trading is revised and approved by Compliance. The Deputy Head of ESG also works closely with Compliance to manage any risk related to material non-public information.

For more information Baillie Gifford referred the Trustee to their Investment Stewardship Activities Report, which includes several examples of conflicts and how these might be managed.

This is available here: <https://www.bailliegifford.com/en/usa/professional-investor/literature-library/miscellaneous/investment-stewardship-activities-report/>

Partners Group

With regards to Partners' listed exposure, to the best of their knowledge, they are not affected by points 1, 3, 4 and 5. With regards to point 2, Partners notes that for direct investments in private equity and private infrastructure they typically look to acquire companies where they have a majority equity position, and control of that business. With this, Partners appoint their senior employees (such as senior investment professionals) to take positions on the boards of the companies. In addition, Partners would also appoint operating Directors. Quantum Advisory deemed that this is appropriate for this asset class and the Trustee is satisfied.