

The Caparo 1988 Pension Scheme ('the Scheme') covering both the Liberty Merchant Bar and Annuity sections – Implementation Statement 1st April 2024 – 31st March 2025

This Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Department for Work and Pensions, for the period from 1st April 2024 – 31st March 2025 ('the Scheme Year').

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

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

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

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

A summary of the key points is set out below.

BlackRock

The investment manager stated that there was no voting or engagement information to report for the Vesey Street Portfolio III due to the nature of the underlying holdings.

Columbia Threadneedle ('CT')

Due to the nature of the underlying holdings of the Nominal Dynamic LDI Fund, the Real Dynamic LDI Fund, the Short Profile Real Dynamic LDI Fund and the Sterling Liquidity Fund, CT stated that there was no voting information to report.

CT provided summarised fund-level information on engagements although this covered the period from 1 January 2024 to 31 December 2024 rather than the Scheme's reporting period. Despite this, Minerva was able to confirm that the activity appeared to broadly comply with the manager's own engagement approach and so complies with the Scheme's approach.

Insight

Insight stated that there was no voting information to report for the Bond Plus Fund and the Short Dated Buy & Maintain Bond Fund due to the nature of the underlying holdings.

The Manager provided basic fund-level information on engagements that was in line with the Scheme's reporting period. Despite this Minerva was able to confirm that the activity appeared to broadly comply with Insight's own engagement approach and so complies with the Scheme's approach.

Annuities

The Scheme holds annuities with Legal and General Asset Management and given the nature of the policy, the Trustee's view is that voting and engagement practices of the provider does not need to be covered.

Final Comments

Due to the nature of the underlying holdings of the funds held, no voting information has been reported by the managers.

In terms of engagement information, further improvement is needed from CT to provide more detail on engagements and provide information in line with the Scheme's reporting period.

It has been noted that Insight could also improve by providing more detail on engagements.

The Caparo 1988 Pension Scheme

Dalriada Trustees Limited

Implementation Statement (IS):

Voting & Engagement Information (VEI) Report

Scheme Reporting Period:

1st April 2024 to 31st March 2025

15th July 2025

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1 SIP Disclosures

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Scheme year-end relating to the following:

1. Financially Material Considerations
2. Non-Financial Considerations
3. Investment Manager Arrangements

Stewardship - including the exercise of voting rights and engagement activities - is set out in the 'Voting and Engagement' section.

Source of Information:

*The Caparo 1988 Pension Scheme
Statement of Investment Principles
September 2023*



1.1 Financially Material Considerations

We consider how ESG considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the LMB/Annuity sections' and its members.

We influence the LMB/Annuity sections' approach to ESG and other financially material factors through our investment strategy and manager selection decisions. We expect all of our investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. We seek to appoint managers that have the skills and processes to do this, and review how the managers are taking account of these issues in practice.

We encourage our managers to improve their ESG practices, although acknowledge that we have limited influence over managers' investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.

1.2 Non-Financial Considerations

We do not consider matters that are purely non-financial in nature (eg matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments. However, the line between financial and non-financial factors is not always clear keep and some non-financial factors that may not immediately present as financially material may have the potential to become so in the future. We keep this under review as part of our overall consideration of ESG considerations.

1.3 Considerations in setting the investment arrangements

When deciding how to invest the LMB/Annuity sections' assets, it is our policy to consider a range of asset classes, taking account of the expected returns and risks associated with those asset classes, as well as our beliefs about investment markets and which factors are most likely to impact investment outcomes. We take an integrated approach when assessing risk and reviewing the investment strategy. In particular we take account of: the employer covenant, contributions, funding targets, liability profile (including interest rate and inflation sensitivities and the extent to which they are hedged) and the level of expected return and risk now and as the strategy evolves.

The primary ways that we manage investment risk is via diversification, ensuring that we receive professional written advice prior to making any material investment decision, and our ongoing monitoring and oversight of the investments. Further details of specific risks (for example equity risk, credit risk and currency risk) and how we measure and manage those risks is set out in Part 2 of the SIP addendum.

In setting the strategy for the LMB/Annuity sections it is our policy to consider:

- our investment objectives, including the target return required to meet these
- the circumstances of the LMB/Annuity sections, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant
- the need for appropriate diversification between different asset classes to manage investment risk and ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate

1.4 Implementation of the investment arrangements

Before investing in any manner, we obtain and consider proper written advice from our investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

We have signed agreements with the investment managers setting out the terms on which the portfolios are to be managed. Details of the investment managers are set out in the separate SIP addendum.

We have limited influence over managers' investment practices because all the LMB/Annuity sections' assets are held in pooled funds, but we encourage our managers to improve their practices within the parameters of the fund they are managing.

Our view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines, and restrictions of their fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement, and portfolio turnover.

It is our responsibility to ensure that the managers' investment approaches are consistent with our policies before any new appointment, and to monitor and to consider terminating any arrangements that appear to be investing contrary to those policies. We expect investment managers to make decisions based on assessments of the longer term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). We assess this when selecting and monitoring managers.

We evaluate investment manager performance over both shorter and longer term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. If a manager is not meeting its performance objectives, we will consider alternative arrangements.

Our policy is to evaluate each of our investment managers by considering performance, the role it plays in helping to meet our overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

We recognise that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in our assessment of the investment managers, we do not explicitly monitor portfolio turnover. We expect our investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the LMB/Annuity sections' investment mandates.

2 Sourcing of Voting and Engagement Information

This section sets out the availability of the information Minerva initially requested from the Scheme's managers, to facilitate the preparation of this report:

Table 2.1: Summary of Available Information

Fund Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
BlackRock	Vesey Street Portfolio III	No Info to Report	No Info to Report	No Info to Report
	Nominal Dynamic LDI Fund	No Info to Report	No Info to Report	Part Info Available
Columbia Threadneedle	Real Dynamic LDI Fund	No Info to Report	No Info to Report	Part Info Available
	Short Profile Real Dynamic LDI Fund	No Info to Report	No Info to Report	Part Info Available
	Sterling Liquidity Fund	No Info to Report	No Info to Report	Part Info Available
Insight	Bonds Plus Fund	No Info to Report	No Info to Report	Part Info Available
	Short Dated Buy & Maintain Bond Fund	No Info to Report	No Info to Report	Part Info Available

Table Key

Full Info Available

The manager has provided either a PLSA Voting Template or voting data that **precisely** matches the specific investment's holding / reporting period

Part Info Available

The manager has provided either a PLSA Voting Template or voting data that **partially** matches the specific investment's holding / reporting period

No Info to Report

The manager has explicitly stated that there is no voting or engagement information to report for this specific investment or that it is not expected there will be any voting or engagement information to report due to the nature of the underlying investments

No Info Provided

At the time of preparing this report, the manager has either not formally responded to the information request or has not provided information when we believe there should be information to report



Minerva Says:

Voting Activity

There was no voting activity reported by any of the Scheme's investment managers.

Significant Votes

As there was no voting activity to report, there were no 'Significant Votes' to include in this report.

Engagement Activity

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

- Columbia Threadneedle Nominal Dynamic LDI Fund
- Columbia Threadneedle Real Dynamic LDI Fund
- Columbia Threadneedle Short Profile Real Dynamic LDI Fund
- Columbia Threadneedle Sterling Liquidity Fund
- Insight Bonds Plus Fund
- Insight Short Dated Buy & Maintain Bond Fund

3 Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Scheme year. The Trustee has used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Scheme's behalf.

This statement provides a summary of the key information and summarizes Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

The voting and engagement activity undertaken by the Scheme's managers, as reported by them and set out in this document, has been in the Scheme members' best interests inasmuch that it demonstrates that the Scheme's managers have undertaken stewardship activity they deem to be appropriate and proportionate in the oversight and management of the Scheme's investments.

3.1 Voting and Engagement

The Trustee's policy on Stewardship from the Scheme's SIP is set out below:

We recognise our responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments and is in the best interests of our members.

Before deciding which manager to appoint, we carry out a detailed review of the manager's voting/stewardship activities and outcomes to determine how well they align with the LMB/Annuity sections' stewardship themes and priorities. We also express our preferences regarding ESG and stewardship approaches with prospective managers, to check alignment.

We have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. We expect the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

As all of our investments are held through managers or pooled funds we do not monitor or engage directly with issuers or other holders of debt or equity.

We monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. We seek to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with our expectations.

We have selected some priority ESG themes to provide a focus for our monitoring of investment managers' voting and engagement activities. We review the themes regularly and update them if appropriate. We communicate these stewardship priorities to our managers.

If our monitoring identifies areas of concern, we will engage with the relevant manager to encourage improvements.

The following table sets out:

- The funds and products in which the Scheme was invested during the Scheme’s reporting period;
- The holding period for each fund or product; and
- Whether each investment manager made use of a ‘proxy voter’, as defined by the Regulations

Table 3.1: Scheme Investment/Product Information

Fund Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	‘Proxy Voter’ Used?
BlackRock	Vesey Street Portfolio III	Direct	DB Fund	01/04/24	31/03/25	N/A
	Nominal Dynamic LDI Fund	Direct	DB Fund	01/04/24	31/03/25	N/A
Columbia Threadneedle	Real Dynamic LDI Fund	Direct	DB Fund	01/04/24	31/03/25	N/A
	Short Profile Real Dynamic LDI Fund	Direct	DB Fund	01/04/24	31/03/25	N/A
	Sterling Liquidity Fund	Direct	DB Fund	01/04/24	31/03/25	N/A
Insight	Bonds Plus Fund	Direct	DB Fund	01/04/24	31/03/25	N/A
	Short Dated Buy & Maintain Bond Fund	Direct	DB Fund	01/04/24	31/03/25	N/A

Minerva Says

As shown in the previous table:

- The Scheme’s investments held no listed equity holdings, and so had no equity voting activity associated with them.
- As a result, they had no need for a ‘Proxy Voter’.

4 Exercise of Voting Rights

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

Table 4.1: Scheme's Managers' Approaches to Voting

Asset manager	-
Relevant Scheme Investment(s)	-
Key Points of Manager's Voting Policy	-
Is Voting Activity in Line with the Scheme's Policy?	-



Minerva Says

- As none of the Scheme's investment managers reported any voting activity on any of the Scheme's investments, an assessment of the managers' voting policies against the Scheme's expectations is not warranted.

5 Manager Voting Policy

As the current approach of the Scheme is to use the voting policy of the external asset managers, it is important that these policies are independently reviewed to ensure that they match current good practice and the general stewardship expectations set by the Scheme. Well-managed companies that operate in a commercially, socially and environmentally responsible manner are expected to perform better over the longer term, as the Scheme believe that adopting such an approach will allow each company's management to identify, address and monitor the widest range of risks associated with their specific business.

Set out in the following table is Minerva's independent assessment of the Scheme's managers' publicly available voting policies, in the context of current good practice as represented by the ICGN Voting Guidelines, whilst also bearing the Scheme's stewardship expectations in mind. This has been done for each manager where they have identified voting activity on behalf of the Scheme.

We have assessed each manager's policy individually, looking at it from Minerva's perspective of seven 'Voting Policy Pillars' that are at the core of our proxy voting research process, and which we have developed over the last 25 years. In using this well-tried approach, the Scheme can be sure that their investment managers voting policies are being carefully considered against current good practice.

Table 5.1: Voting Policy Alignment

Manager Voting Policy Alignment with Current Good Practice

Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
-	-	-	-	-	-	-	-
Comments	As there was no voting activity reported by any of the Scheme's managers, an assessment of individual voting policies versus 'Good Practice' is not warranted.						

Table Key

Aligned	This aspect of the manager's voting policy is aligned with good practice
Limited Disclosures	This policy pillar could only be partially assessed on the information available in the manager's voting policy
No Disclosures	This policy pillar could not be assessed due to a lack of information in the manager's voting policy
Not Available	The manager's voting policy was not disclosed for analysis by Minerva



Minerva Says

- As none of the Scheme's investment managers reported any voting activity on any of the Scheme's investments, an assessment of the managers' public voting policies against the Scheme's expectations is not warranted.

6 Manager Voting Behaviour

The Trustee believes that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Scheme's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour as disclosed by the each of the Scheme's managers:

Table 6.1: Manager Voting Behaviour

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
-	-	-	-	-	-	-	-
Comments							
There was no voting activity reported by any of the Scheme's managers, and so there is no voting behaviour to assess.							

Table Key

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

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

Information was not provided by the manager

Not Applicable

Minerva Says

- There was no voting activity reported by any of the Scheme's managers, and so there is no voting behaviour to assess.

7 Significant Votes

Set out in the following section are 5 examples of the Scheme's manager(s) voting behaviour from the relevant fund(s) in which the Scheme was invested. A 'Significant Vote' relates to any resolution at a company that meets one of the following criteria:

1. Identified by the manager themselves as being of significance;
2. Contradicts local market best practice (e.g., the UK Corporate Governance Code in the UK);
3. Is one proposed by shareholders that attracts at least 20% support from investors;
4. Attracts over 10% dissenting votes from shareholders.

Where the manager has not provided sufficient data to identify 'Significant Votes' based on criteria 2-4 above, we have used manager-identified examples:

Table 7.1 'Significant Votes'

Manager	Fund	Company Name	Date of Vote	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
-	-	There were no reported 'Significant Votes' for any of the Scheme's investments					
Why a 'Significant Vote'?							
-							
Manager's Vote Rationale:							
-							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
-							
Next Steps / Implications of the Outcome:							
-							
Relevance to Manager's Stated Policy:							
There were no reported 'Significant Votes' for any of the Scheme's investments							



Minerva Says

As there was no reported voting activity for any of the Scheme's investments, it follows that there are no 'Significant Votes' to report.

8 Manager Engagement Information

The Trustee has set the following expectations in the Scheme's SIP in relation to its managers' engagement activity:

We have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors. We expect the managers to undertake voting and engagement in line with their stewardship policies, considering the long-term financial interests of investors.

As all of our investments are held through managers or pooled funds we do not monitor or engage directly with issuers or other holders of debt or equity.

We monitor managers' activities in relation to ESG factors, voting and engagement on a regular basis. We seek to understand how they are implementing their stewardship policies in practice to check that their stewardship is effective and aligned with our expectations.

We have selected some priority ESG themes to provide a focus for our monitoring of investment managers' voting and engagement activities. We review the themes regularly and update them if appropriate. We communicate these stewardship priorities to our managers.

If our monitoring identifies areas of concern, we will engage with the relevant manager to encourage improvements.

The Trustee believes that an important part of responsible oversight is for the Scheme's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Scheme's managers to engage with investee companies where they have identified any such issues.

The following table(s) summarises the engagement activity of the manager(s):

Table 8.1: Summary of Engagement Information Provided

Manager	Engagement Information Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
Columbia Threadneedle	YES	FUND	NO	The manager provided summarised fund level information for the period from 01/01/24 to 31/12/24 rather than for the Scheme's reporting period.
Insight	YES	FUND	YES	The manager provided basic fund level information covering the Scheme's reporting period.

Table Key

GREEN = A positive result. The manager has provided engagement information / fund level info available / matches the Scheme's reporting / investment holding period
ORANGE = A 'partial' result. We had to try to source engagement information / firm level info available / does not match the Scheme's reporting / investment holding period
RED = A negative result. No engagement information was located at any level

Columbia Threadneedle

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Nominal Dynamic LDI Fund*	01/01/24	31/12/24	20	45.0%	15.0%	40.0%	0.0%	Not Stated	Not Stated
Real Dynamic LDI Fund*									
Short Profile Real Dynamic LDI Fund*									
Sterling Liquidity Fund**	01/01/24	31/12/24	36	61.1%	8.3%	30.6%	0.0%	Not Stated	Not Stated

* Information provided by Columbia Threadneedle related to their engagement approach for all LDI funds, rather than for specific LDI fund

** Information provided by Columbia Threadneedle relates to all engagements with the CTI Liquidity Fund range. This includes sterling- and euro-denominated pooled funds, private sub-funds, and segregated mandates.

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>Columbia Threadneedle's general approach to engagement is set out in their 'Responsible Investment Engagement Policy':</p> <p>'At Columbia Threadneedle Investments we strive to be responsible stewards of our clients' assets, allocating their capital within our framework of robust research and good governance. We dynamically interact with issuers with a view to helping them to enhance their performance, viability, and sustainability to create long-term economic value for our clients. Targeted Responsible Investment engagement with issuers that can align with our clients' investment goals is an important part of our investment approach, as it may enhance insight, encourage active dialogue, and help create future value. In addition, we believe that engagement on environmental, social, and governance (ESG) issues in certain cases can have a positive impact on corporate performance and investment returns (...) We define engagement for the purposes of this policy as having constructive dialogue with issuers on environmental, social and governance topics that could have a material impact on financial results. Our purpose with engagement is to support long-term investment returns for our clients by increasing transparency of key risks and, opportunities, and reducing any material negative impact that our investment decisions could have on these factors.'</p>

'Our preferred approach to conducting engagement is to use constructive, confidential dialogue, typically interacting one-to-one with issuers and building a relationship of trust over time as long-term investors (...) When it is more effective to take a collaborative approach to enhance our understanding of an issuer, we may participate with other investors, non-governmental organisations (NGOs) or industry groups, where we believe this will be in our clients' best long-term economic interests and subject in all cases to such participation being in full compliance with the requirements of applicable law and/or regulation. Collaborations can help build knowledge and skills whilst enhancing engagement efficiency. We are a member of several investor coalitions actively pursuing collaborative engagements.'

They have identified the following specific engagement priorities/themes:

- *Climate change*
- *Environmental stewardship, including biodiversity*
- *Labour standards*
- *Human rights*
- *Business conduct*
- *Corporate governance.*

'Underlying each theme is a range of subthemes to help focus our engagement. We monitor the outcomes of our engagement and report on the results to our clients and through public reporting. These six high level themes and associated subtheme are in line with the achievement of the United Nations Sustainable Development Goals (SDGs).'

Additional information on Engagements provided by the Manager

Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:

- engagement objectives
- collaborative engagements
- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

Comparison of the Manager's Engagement Activity vs the Scheme's Expectations

An example of a reported engagement for the Columbia Threadneedle LDI Funds is shown below:

Barclays PLC – Q1 2024

Engagement Activity Description: *'Barclay's latest annual report highlights continued progress on their efforts to enhance their approach to biodiversity risk management with a comprehensive update to their forestry and agricultural commodities statement, with significantly enhanced criteria for the sector regarding deforestation. They have also started to pilot the TNFD framework and assessment for certain sectors, and have actively contributed to the TNFD consultation. We have previously discussed this topic with them through meetings, and followed up with them to share our biodiversity best practices and findings from engagement with other banks.'*

Is Engagement Activity in Line with Scheme's Expectations?

Whilst the engagement activity seems to be broadly consistent with the Manager's stated engagement approach, - and so is also consistent with the Scheme's approach - we would have preferred to see some more reported examples of specific engagements.

Insight

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Bonds Plus Fund	01/04/24	31/03/25	366	13.7%	6.6%	77.8%	1.9%	Not Stated	Not Stated
Short Dated Buy & Maintain Bond Fund	01/04/24	31/03/25	421	16.9%	8.3%	72.0%	2.8%	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>Insight's latest Responsible Stewardship Report states the following in relation to the manager's approach towards engagement:</p> <p><i>'Our engagement activity is a key element of our investment research process in fixed income, as our research analysts and portfolio managers seek to accurately establish a potential investment's fair value. Our activity focuses on our clients' financial objectives but may also contribute to sustainability outcomes.</i></p> <p><i>Engagement activity and how we report on it reflects the breakdown of our AUM. The majority of Insight's assets focus on risk management (LDI) strategies, which typically consist of high-quality bonds, backing assets and derivatives. The fixed income strategies we manage are typically focused on single asset classes, while our multi-asset strategy invests in equity, fixed income and other markets, with some of this exposure via derivatives. We select and prioritise topics for engagement by our fixed income teams using our Prime ESG and climate risk ratings, with our Responsible Investment Team and wider investment teams also monitoring and identifying issues as they arise.'</i></p> <p><i>'Through our engagement, we aim to protect and enhance investment returns and seek to help secure the delivery of client outcomes. Engagements involve an active dialogue between issuer and investor and can take place in direct meetings, within group settings such as conferences, collaborative group meetings and roadshows and via direct contact with companies (e.g. by letter or in one-to-one meetings). As a fixed-income focused business, our approach to engagement differs materially from engagement via equity investments due to the difference in opportunity set. Bondholders (or investors in derivatives) do not have shareholder rights by which they might influence management or other officials, but they can exercise influence by virtue of their financial relationship, and/or in collaboration with other investors. Bondholders also have unique touchpoints for influencing behaviour – not least through issuers coming to market for financing/refinancing, and through use-of-proceeds bonds and other sustainable finance instruments. In this section, we outline how we seek to engage with issuers on relevant and material issues across our funds and geographies, though the specific approach will vary across different markets and asset classes.'</i></p>

In the manager's most recent Responsible Stewardship Report, they identified the following as being their main engagement topics:

- Business Policies / Strategy
- Environmental Issues
- Governance Issues
- New Issue / Refinance
- Other Issues
- Results / General
- Social matters

'We have decided to broaden out our engagement themes for 2024 to capture additional research topics. These cover similar areas to the thematic from 2023 but through a slightly different lens with the key themes being climate change, natural capital, and labour rights. Our stewardship prioritisation approach will therefore be embedded in our ESG research programme, which will help to ensure that our stewardship strategy is backed by research and more clearly reflected in our investment decision-making where relevant to do so and in line with client requirements.'

• Climate change: This is an ongoing priority theme and will most likely be continue to be a priority theme for the foreseeable future, with a proposed focus on sovereigns through our work on the PRI collaborative engagement pilot with Australia in 2023 (see later in this section for more information) and with plans for other sovereign engagement later in 2024.

• Natural capital and biodiversity: Natural capital underpins all economic activities and human well-being. The unprecedented and widespread decline of biodiversity is generating significant but largely overlooked risks to the economy, financial sector and well-being of current and future generations. Focusing on natural capital and biodiversity represents an expansion of our previous focus on water management (e.g., effluent emissions to soil and water), to consider additional natural capital risks. This is important given evolving regulatory frameworks around natural capital, including TNFD.

• Labour management: It is critical to ensure that companies adopt strong labour management practices, with sufficient safeguards in place to improve livelihoods and support the sound functioning of our interconnected society. Companies also have a responsibility to ensure that their supply chains, which are often long and complex, adopt sound labour management practices in line with their own operational policies. This topic has been given an increasing amount of attention following the emergence of multiple labour management-related controversies, which has led to an increased regulatory focus with the EU's Corporate Sustainability Due Diligence Directive. This represents an expansion of our previous focus on diversity and inclusion.'

Additional information on engagements provided by the Manager

Whilst the manager provided a summarised total of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:

- engagement objectives
- collaborative engagements
- process for escalating ineffective engagement and
- whether any fintech solution was used to facilitate engagement

An example of a reported engagement for the Insight Investment is shown below (only firm level example available):

Ford Motor Co – Q4 2024 - Environment- Climate change related Engagement activity

Engagement Rationale: *'The issuer is a major US automotive manufacturer. We initiated the engagement with the issuer because it has a comparatively weaker ESG profile relative to its peers and the issuer is in the top 70% of Insight's financed emissions.'*

Our engagement focused on environmental issues, covering the issuer's emissions intensity and its plans to encourage sales of battery electric vehicles (BEVs). Unlike peers, the issuer has not set any sales targets for electric vehicles. In addition, the company reduced its target for electric vehicles to account for 40% of its capital budget to 30% and extended its deadline to transition to producing all electric vehicles in Europe from 2030 to 2035.

This engagement is aligned to SDG 12 Responsible Consumption and Production and SDG 13 Climate Action.'

Comparison of the Manager's Engagement Activity vs the Scheme's Expectations

Engagement Activity: *'We asked the issuer for the reason it extended the target date for all electric vehicle production in Europe. The issuer replied that changes in the European auto market and the macroeconomic environment has produced headwinds for BEVs. The issuer also stated consumers appear unwilling to pay more for BEV. As a result, the issuer adapted its product strategy to respond to customer needs but also enhance profitability. The update to the BEV target reflects this backdrop, according to the issuer.'*

We also asked the issuer what initiatives it has implemented to encourage the adoption of BEVs. The issuer stated it is now offering BEV models such as pickup trucks, as an example of enhancing its product offering to encourage sales of BEVs. The corporate is moving forward with lower cost BEV models, after resistance from consumers to pay a premium for BEVs. We then discussed the issuer's plans to support consumers transitioning to BEVs through providing support for charger installation at customer's homes and increased roadside assistance.

We asked the issuer about its relatively higher emissions intensity than some of its peers and how it plans to catch up in terms of decarbonising its fleet. It responded its vehicle mix is much different than the rivals we used as examples. It revealed it has set several targets related to emissions, including the UN business ambition pledge, net zero by 2050 and a target to reduce its Scope 3 greenhouse gas (GHG) emissions from use of sold products by 50% per vehicle km by 2035 versus Science Based Target initiative (SBTi) target, 2019 baseline) to name a few. However, it has not yet set an Science Based Target Initiative approved net zero target yet.'

Engagement Outcome: *'Despite highlighting increasing BEV sales in the engagement, the issuer has weakened its all electric target in Europe and has no target to go fully electric in other markets. Ford is also relatively weak in terms of its supply chain targets compared with peers (e.g. no requirements for battery manufacturers to procure renewable energy etc.). We encouraged the issuer to become a signatory to the Global Battery Alliance. We communicated to the issuer we would like to see a target for 100% vehicle sales to be electric vehicles in markets beyond Europe.'*

Is Engagement Activity in Line with the Scheme's Expectations?

Whilst the engagement activity seems to be broadly consistent with the Manager's stated engagement approach, - and so is also consistent with the Scheme's approach – we would have preferred to see more reported examples of specific engagements, especially at the fund level.



Minerva Says

As can be seen from the previous tables, the Scheme's managers' 'Engagement Activity' appears to broadly comply with their own engagement approaches, and so also complies with the Scheme's expectations.

9 Conclusions

9.1 Assessment of Compliance

In this report, Minerva has undertaken an independent review of the Scheme's external asset managers' voting and engagement activity. The main objective of the review is for Minerva to be in a position to say that the activities undertaken on the Scheme's behalf by its agents are aligned with its own policies.

Set out in the following table is Minerva's assessment of each manager's compliance with the Scheme's approach:

Table 9.1: Summary Assessment of Compliance

Fund / Product Manager	Investment Fund/ Product	Does the Manager's Reported Activity Follow the Scheme's Expectations:				UK Stewardship Code 2020 Signatory?	Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
BlackRock	Vesey Street Portfolio III	N.I.R.	N.I.R.	N.I.R.	N/A	YES	N.I.R.
Columbia Threadneedle	Nominal Dynamic LDI Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT AN ISSUE EXISTS
	Real Dynamic LDI Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT AN ISSUE EXISTS
	Short Profile Real Dynamic LDI Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT AN ISSUE EXISTS
	Sterling Liquidity Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT AN ISSUE EXISTS
Insight	Bonds Plus Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT AN ISSUE EXISTS
	Short Dated Buy & Maintain Bond Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT AN ISSUE EXISTS

Table Key

GREEN=Positive outcome e.g., Manager's reported activity follows the Scheme's expectations

ORANGE=AN issue exists e.g., the information provided does not match the Scheme's reporting / investment holding period

BLUE=Manager has confirmed that there is no voting, 'Significant Votes' or engagement information to report (N.I.R.)

RED=Negative outcome e.g., no information provided (N.I.P.); Manager is not a signatory to the UK Stewardship Code 2020

GREY=Not Applicable e.g., there has been no 'Proxy Voter' used due to the nature of the investments held



Minerva Says

Overall Assessment:

We believe that the Scheme's managers have broadly complied with the Scheme's Voting and Engagement requirements of them.

Notes

- 1) The preceding table shows that Minerva has been able to determine that:
 - There was no voting activity undertaken by any of the Scheme's managers in relation to the Scheme's individual investments.
 - For the managers where Engagement information was available, their overall approaches are also in step with the Scheme's expectations.
- 2) All of the Scheme's investment managers are signatories to the UK Stewardship Code.
- 3) There were some basic issues with all of the engagement information provided by Columbia Threadneedle and Insight, either in terms of the period covered, or the level of details disclosed.

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