The Atos UK 2019 Pension Scheme
Implementation Statement – 1 January 2023 to 31 December 2023

Introduction

This Implementation Statement ("the Statement") has been prepared by Atos Pension Schemes Limited ("the Trustee") in relation to the Atos UK 2019 Pension Scheme ("the Scheme"). The Statement is required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended) and states how the policies covered in the Statement of Investment Principles (the 'SIP') have been followed.

Based on regulatory requirements, the Statement will cover the period from 1st January 2023 to the end of the Scheme's financial year on 31st December 2023. There were separate sections within the SIP for both the DB and DC elements of the Scheme. The Statement is therefore split accordingly, to reflect the differing content and relevance to different members. The Scheme's Additional Voluntary Contribution ("AVC") arrangements are also covered within the SIP and hence this statement.

The Statement is split into three sections:
1. an overview of SIP updates and stewardship-related policies;
2. a summary of Trustee actions and alignment with SIP policies;
3. examples of manager engagement over the year (appendix);
4. Summary of voting over the year.

From 1 October 2022, further Department of Work and Pensions ('DWP') guidance on the reporting of stewardship activities through Implementation Statements came into effect. This statement aims to consider this guidance and outlines the actions the Trustee has taken in 2023 to meet the DWP's updated stewardship expectations, although the Trustee recognises this is an evolving area, where best practice develops over time.

1. Overview of SIP updates and stewardship-related policies

Summary of Statement of Investment Principles Updates Over the Period

The SIP was last updated in October 2023 and updated to incorporate the Trustee's new Stewardship Policy, which was set in cognisance of the Department for Work and Pension's ("DWP") updated SIP and Stewardship Policy guidance (released October 2022). Further minor updates were made to the SIP, including removing reference to a secondary risk constraint which is no longer utilised and updating wording referencing how the DC section is managed, to ensure wording remains accurate.

For the purposes of assessing how the policies in the Scheme's SIP have been followed, this Statement addresses both the July 2021 and October 2023 versions of the SIP, as it was updated part way through the reporting period.

The Scheme's SIP can be found here.

Overview of the Trustee's Stewardship Policy (i.e. voting and engagement policies)

Over 2023, the Scheme updated its Stewardship Policy which sits within the SIP to align with the DWP's updated guidance on stewardship and engagement, which came into effect in October 2022. This Policy articulates how the Trustee practises effective stewardship through the oversight and challenge of investment managers, rather than the Trustee themselves operating directly as stewards of the underlying assets in which the Scheme invests.

The updated Stewardship Policy has raised the expectation for managers' stewardship activities, including outlining the significance of stewardship in the selection and monitoring of investment managers, expectations for investment managers' engagement activities, and expectations for investment managers' voting activities where relevant.

As per the DWP's suggestions, the Trustee has selected a key stewardship theme, which will be used to channel its stewardship efforts. The Trustee recognises there is a spectrum of sustainability-related challenges that are potentially financially material but believes it will be most effective in its oversight of investment managers by focussing its efforts initially. The chosen stewardship theme is "Climate Change". However, the Trustee recognises that a successful climate transition is also dependent on the restoration of biodiversity and nature loss, as well as a just transition (i.e. seeking to ensure that the benefits of a transition to a green economy are shared across society, and supporting those who stand to be adversely affected by such a transition).

The Trustee uses data, such as size of holdings and exposure to particular risks, to direct its engagement efforts into particular areas which are viewed to be most material for the Scheme and its members. For example, analysis by a specialist ESG analytics firm was first focused on the Scheme's two largest liquid credit funds, before being repeated across its two smaller liquid credit funds. The analysis supported the identification of key ESG risks across each of the funds, which supports the prioritisation of engagement efforts based on materiality.

The Trustee's Stewardship Policy can be found within its Statement of Investment Principles, which is publicly available.

Significance of stewardship in appointment and monitoring of investment managers

When selecting and monitoring the Scheme's investment managers, the Trustee considers managers' ESG and Stewardship capabilities. This information is provided by the Scheme's investment consultant.

The Trustee monitors and engages with the Scheme's investment managers (via the Scheme's investment consultant) on an ongoing basis.

Engagement

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers, which the Trustee views as a minimum expectation. The Trustee expects investment managers to engage with issuers to preserve or increase the long-term value of their investments, while minimizing negative externalities on the environment and society, except for within LDI where the issuer is the UK government. Where engagement has made little progress, the Trustee expects its investment managers to escalate engagement accordingly.

The Trustee requests that its investment managers provide engagement case studies to support its monitoring and oversight. With that in mind, examples of engagement activities across the Scheme's managers are included in Appendix A.

These engagement examples in Appendix A have been selected for their relevance to the Scheme's chosen theme of climate change, also with a focus on biodiversity and a just transition.

Voting

The Trustee delegates responsibility for the exercise of rights (including voting rights) attaching to investments to the Scheme's investment managers. Investment managers are expected to have their own voting policies and the exercise of voting rights on the Scheme's behalf should form part of a wider engagement dialogue.

The Trustee is not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

Whereas voting responsibilities are outsourced to the Scheme's investment managers, the Trustee recognises that it has a fiduciary and regulatory responsibility to retain agency in the process. Investment manager oversight is the key mechanism for this, and the Trustee therefore holds its investment managers accountable not only for voting activity as a whole, but also how they have voted in significant votes. It is the Trustee's responsibility to define the significance of votes placed on their behalf, and to be transparent with stakeholders and beneficiaries regarding outcomes.

The Scheme's Stewardship Policy offers a definition of what the Trustee deems to be a significant vote. A significant vote is described as a vote which meets one of more of the following criteria:

- Votes relating to the key stewardship theme (climate change);
- Votes relating to issues interconnected with the key stewardship theme, defined as biodiversity and nature-loss resolutions or votes related to a just transition;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers); and
- Votes identified due to potential controversy, which may be driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Voting statistics and a selection of most significant votes cast on behalf of the Scheme over the period are shown in Appendix B, for each of the Scheme's relevant managers. These are LGIM for the DB Section, and BlackRock for the DC Section.

2. Summary of Trustee actions and alignment with SIP policies

Overview of Trustee's Actions - DB

Investment Objectives and Strategy

During the reporting period, there were no changes to the Scheme's investment objectives.

The Trustee has made informed strategic investment decisions in accordance with its rights and responsibilities to enable the achievement of the Trustee's long-term investment objectives as set out in the SIP. When assembling and reviewing information to guide decision-making, the Trustee considers the extent to which these actions are expected to make a difference in achieving these long-term investment objectives and how these are aligned with the SIP.

The Scheme's investment strategy was not materially amended over the year, however there were some notable developments.

- In October 2022, a £100m partial redemption from the LGIM LPI Income Property Fund was submitted, given the fund's overweight allocation following unprecedented volatility in gilts markets. Proceeds were received in two tranches in Q2 2023 and used to top up collateral in the LDI portfolio and capital held to meet capital calls from illiquid, as decided by the Trustee. Following this, the Scheme placed a full redemption from the LGIM LPI Income Property Fund in December 2023 with the aim of increasing the Scheme's liquidity given upcoming liquidity needs, with proceeds expected to be paid out by the end of Q3 2024. This will be reported on in the next implementation statement.
- The Scheme transitioned from the Hermes segregated absolute return bonds mandate to a similar pooled fund with the same manager, with the transition completed in March 2023. The Trustee made this change on the basis that the sustainability characteristics of the pooled version of the fund were sufficiently improved to justify moving across to access the cheaper investment management fee for this fund.

Overall, the Scheme's agreed strategic asset allocation reflects the Trustee's view of the most appropriate investments, balancing risk/reward characteristics of the funds the Scheme is invested in, to support the Scheme's full funding objective.

Trustee's policies for investment managers

The Trustee relies on investment managers for the day-to-day management of the Scheme's assets, but retains control over the Scheme's investment strategy.

The Investment Managers are responsible for the day-to-day management of the Scheme's assets in accordance with guidelines agreed with the Trustee, as set out in the Investment Management Agreements ("IMAs") or pooled fund prospectuses. The Investment Managers have discretion to buy, sell or retain individual securities in accordance with these guidelines. The Investment Managers report to the Investment & Funding Committee ("IFC") regularly regarding their performance, which in turn reports back to the Trustee. Each of the Investment Managers' fees are related to the amount of assets managed within their portfolios. Minimum fees may also apply in some cases.

Each of the Scheme’s managers have also received a copy of the SIP, which includes the Sustainable Investment Beliefs Statement and the Stewardship Policy, and have been asked to adhere to this where possible.

Overview of Trustee’s Actions - DC

Investment Arrangements

The Trustee continues to monitor all managers on a regular basis, considering both the performance of the funds and other prevailing circumstances.

Final remarks

As demonstrated in the following sections of this Statement, the actions the Trustee has undertaken during the relevant reporting period reflect the policies within the Scheme’s SIP. Any changes to the investment strategy agreed during the period but implemented after the period had ended will be reported against in the next implementation statement.

The responsibility for managing the Scheme’s holdings is delegated to its Investment Managers. The Trustee believes that the Scheme’s Investment Managers are well placed to engage with invested companies on environmental, social and governance (“ESG”) matters, given their knowledge of the company and the level of access they have to company management. This is also a pragmatic approach because of the number of stocks owned by the Scheme, and the amount of time corporate entities have available for single investors. However, the Scheme sets out its expectations to its asset managers in terms of Corporate Governance via the ‘Sustainable Investment Beliefs Statement’ and ‘Stewardship Policy’ sections within the SIP.

The Trustee believes that it should act as a responsible steward of the assets in which the Scheme invests as this can improve the longer-term returns of its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

It is the Trustee’s belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments has been followed over 2023.

Review of DB SIP Policies

Policy	Has the policy been followed?	Evidence
Investment Objectives		
The Trustee has worked collaboratively with the Principal Employer to adopt a Pension Risk Management Framework ("PRMF") to guide the strategic asset allocation ("SAA") and risk management strategy of the Scheme. The PRMF sets out the key investment objectives of the Scheme, the metrics used to measure these objectives and the constraints within which the objectives will be targeted.	Yes, the Trustee is satisfied that this policy has been followed.	The PRMF is reviewed on a quarterly basis by the Trustee, with clear written advice provided by the Investment Consultant if any of the metrics used to measure the objectives fall outside the pre-agreed constraints.
The asset return required to achieve the investment and funding objectives ("required return") is assessed on an ongoing basis against the expected return on the Scheme's assets. If expected return is below required return, the Trustee may adjust the strategic asset allocation to ensure that the Scheme remains on course to achieve its objective. Similarly, if expected return is above required return, the Trustee may reduce expected return and investment risk to enable the fund to progress on a less volatile path towards the funding objective.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee monitors the expected return versus the required return on at least a quarterly basis, via the PRMF. _All asset allocation changes throughout the period were made in consideration of the required return against the expected return, as well as wider Scheme context.

Required return, expected return, risk and collateral requirements are calculated and reported to the Trustee on a quarterly basis by the Scheme's investment adviser.	Yes, the Trustee is satisfied that this policy has been followed.	The stated metrics are provided within the PRMF, which is provided to the Trustee on a quarterly basis by its investment consultant.
The kind of investments and the balance between different kinds of investments is driven by the objectives and constraints from the Pension Risk Management Framework, which helps balance the risks and returns required to reach the investment objective. The Trustee aims to align with the Principal Employer by dedicating resource to considering how the Scheme could potentially achieve net-zero carbon emissions by 2035, by exploring how the Scheme's investments and asset managers can help the Scheme move towards this target.	Yes, the Trustee is satisfied that this policy has been followed.	All asset allocation changes throughout the period were made in consideration of the objectives and constraints from the PRMF, as well as the ambition to achieve net-zero carbon emissions by 2035.
The Trustee will consult with the Principal Employer as appropriate on proposed changes to the strategic asset allocation, for example, if the level of return required reduces as a result of favourable experience.	Yes, the Trustee is satisfied that this policy has been followed.	The Principal Employer is represented at all IFC and Trustee meetings, and has been involved in discussions regarding all asset allocation changes throughout the period.

Risk		
The Trustee's willingness to take investment risk is dependent on the continuing financial strength of the Principal Employer and its willingness to contribute appropriately to the Scheme. The financial strength of the Principal Employer and its perceived commitment to the Scheme is monitored and the Trustee will reduce investment risk relative to the liabilities should either of these deteriorate.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to monitor the financial strength of the Principal Employer on an ongoing basis and factor this into investment strategy considerations.
In addition to targeting an appropriate overall level of investment risk, the Trustee seeks to spread risks across a range of different sources. The Trustee aims to take on those risks for which they expect to be rewarded over time, in the form of excess returns.	Yes, the Trustee is satisfied that this policy has been followed.	The investment portfolio is diversified across several risk sources, which the Trustee receives reporting on quarterly from its investment consultant. Risks viewed by the Trustee as unrewarded risks are hedged.
The Trustee believes that the asset allocation policy should provide an adequately diversified distribution of assets. In addition, the Trustee also considers the risk arising from investment in specific asset classes. The risks, as stated in the SIP, are taken into account by the Trustee.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP lists a number of risk factors that the Trustee believes may result in a failure to meet the agreed objectives. The Trustee monitors and manages these risk factors through measures specific to each risk on a quarterly basis. It seeks guidance and written advice from its investment consultant as appropriate.

The Trustee considers the balance between active and passive management, in asset classes where passive management is a practicable option. In determining this balance, the Trustee will consider whether active management offers sufficient potential to outperform to justify the additional risks and fees compared with passive management.	Yes, the Trustee is satisfied that this policy has been followed.	The relative considerations between active and passive management are considered as part of any relevant asset allocation and manager selection decisions. The Trustee's quarterly reporting from its investment consultant displays any active risk in the portfolio as well as the contribution to expected returns from each manager, and considers active manager performance net of fees.
The Trustee monitors the risk and return characteristics of the Scheme on a quarterly basis. On a quarterly basis, the Trustee monitors the volatility of the Scheme's funding level and sources thereof.	Yes, the Trustee is satisfied that this policy has been followed.	The risk and return characteristics of the Scheme, including volatility of the Scheme's funding level and sources thereof, are included in the investment consultant's quarterly reporting and reviewed by the Trustee.
Expected Return		
The Trustee recognises that, depending on the prevailing level of funding, the Scheme requires a strategy to be implemented which is intended to produce a return consistent with that assumed in the actuarial valuation for funding purposes. There is also a dual objective of ensuring an expected return that allows the Scheme to meet its primary investment objective of being 100% fully funded by 2034 on a Gilts+0.5% basis.	Yes, the Trustee is satisfied that this policy has been followed.	The required return for full funding by 2034 on the Gilts+0.5% basis is monitored within the PRMF, which is provided at least quarterly. Although over the majority of 2023 the expected return of the Scheme was behind the required return, the Trustee considered its options and decided not to take any immediate actions to rectify this. This was due to ongoing Scheme valuation and Employer covenant considerations.

Investment Policy		
An investment policy has been established for the Scheme's DB assets to ensure that the portfolio meets the agreed risk and return objectives. The Trustee will formally review its investment policy after each actuarial valuation of the Scheme, or more frequently if required or advised by its investment consultant.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has taken actions so that the Scheme has adhered to the investment policy set out in the SIP, such as moving capital to the LDI portfolio to maintain a robust hedging programme. The asset allocation broadly aligned with the Scheme's strategic asset allocation as at 31 December 2023.
Investment Manager Policy		
The Scheme holds investments in both segregated and pooled arrangements. For the segregated arrangements, the long-term relationships between the Trustee and its managers are set out in separate Investment Manager Agreements ("IMAs"). These document the Trustee's expectations of their managers, alongside the investment guidelines they are required to operate under. For pooled arrangements, the Scheme's investments are managed according to standardised fund terms, which are reviewed by the Scheme's legal and investment advisors at the point of investment to ensure that they are aligned with the Scheme's long-term investment strategy and market best practice.	Yes, the Trustee is satisfied that this policy has been followed.	The IMAs for segregated mandates are reviewed to maintain alignment with the Trustee's policies and aims. For example, over 2023, the IMA in place with Schroders, the Scheme's LDI manager, was updated to ensure the hedging guidelines aligned with the Trustee's strategic targets, The Trustee, supported by its investment consultant, monitors pooled fund terms both at the point of investment and periodically on an ongoing basis to ensure alignment with the Scheme's long-term investment strategy and market best practice. For example, over 2023, fee discounts were agreed with two of the Scheme's pooled fund managers.

The Trustee shares its SIP with the managers periodically, with the aim of ensuring managers invest in line with the Trustee's policies.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP has been circulated to each of the Scheme's managers.
The Trustee reviews the fees managers are paid periodically to confirm they are in line with market practices, notably when the Trustee expects the manager to take an active ownership approach and consider both long-term ESG risk factors and opportunities to decarbonise the portfolio.	Yes, the Trustee is satisfied that this policy has been followed.	Manager fees are reviewed on an ongoing basis by the Scheme's Investment Consultant. Over the Scheme year to 31 December 2023, the Investment Consultant, on behalf of the Trustee, negotiated fee reductions with two of its managers, Insight and Hermes. The Manager Monitoring Report provided by the Trustee's investment consultant on a quarterly basis outlines the fees for investment managers.
The Trustee reviews the portfolio transaction costs and managers' portfolio turnover ranges, where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee's investment consultant supports the Trustee in these reviews. There were no reports of materially high portfolio transaction and turnover costs over the period.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets where appropriate to that asset class. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe. The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors such as a significant change in business structure or the investment team.	Yes, the Trustee is satisfied that this policy has been followed.	The Manager Monitoring Report provided by the Trustee's investment consultant on a quarterly basis sets out performance statistics over longer and shorter timeframes, but with a focus on the longer periods. No asset allocation changes throughout the period were made due to managers' short-term performance.
Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives ongoing monitoring of its managers, including on ESG factors, from its investment consultant. The investment consultant engages with managers on behalf of the Trustee and reports developments.

Day-to-day management of the assets		
The Trustee employs Investment Managers, with whom day-to-day responsibility for the investment of the Scheme's assets rest. Details of the mandates set for the Investment Managers by the Trustee are set out in the DB Investment Policy Implementation Document ("IPID"). Where assets are managed on a segregated basis, the Trustee is able to tailor the nature of the investment mandate and set restrictions on how assets are managed to meet the Scheme's specific requirements. The Trustee accepts that it is not possible to specify investment restrictions where assets are managed via pooled funds as the Investment Manager has discretion over the timing and realisation of investments.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has amended the IMA in place with its LDI manager over 2023 to tailor the investment mandate and restrictions, to improve alignment with the Scheme's specific requirements.
The IFC meets each investment manager regularly to discuss their performance and any wider issues, in order to review the continued suitability of the appointed investment managers.	Yes, the Trustee is satisfied that this policy has been followed.	The IFC meets with relevant investment managers where considered an appropriate use of time and depending on time allocated for other priority agenda items. The IFC met with Stonepeak, one of the Scheme's renewable infrastructure managers, over the year for an update on the fund's existing projects and future pipeline. The investment consultant continues to meet with managers more often than this internally and flags to the Trustee when beneficial to schedule a meeting with a manager.

Additional Voluntary Contribution Assets ("AVCs")		
With the assistance of the Scheme's consultants, the AVC arrangements will be reviewed periodically to ensure that the investment profile of the funds available remains consistent with the objectives of the Trustee and the needs of the members.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has not made any changes to the AVC fund or manager arrangements during the period covered by this document.

Review of DC SIP Policies

Policy	Has the policy been followed?	Evidence
Investment Policy		
The Trustee regards its prime DC duty as providing a default investment strategy to meet the requirements of members who do not or are unable to make an investment decision. In addition, its duty is also to make available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs, recognising these may change during the course of the members' working lives.	Yes, the Trustee is satisfied that this policy has been followed.	An annuity focused lifestyle option was selected as the default investment at the last review, based on an analysis of the membership, including its risk tolerance, members' projected account values and wider industry experience. In line with the Trustee's objective to provide a range of investment options, the Trustee also makes available a range of self-select funds. Members who prefer to make their own investment choices can therefore choose from a range of individual funds, which have been selected by the Trustee after taking professional investment advice.

Lifestyle Strategy and Default Investment Option		
Lifestyle strategies are designed to meet the conflicting objectives of maximising the value of the member’s assets at retirement and protecting the member’s accumulated assets in the years approaching retirement. The Trustee will periodically review the investment arrangements to ensure the fund range remains suitable.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee is comfortable with the investment arrangements offered currently, in the context that focus for the DC section is the exploration of alternative options for providing DC benefits.
Risk		
The risks, as stated in the SIP are assessed and monitored regularly.	Yes, the Trustee is satisfied that this policy has been followed.	Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The default lifestyle strategy balances the trade-off between the different risks that DC members face and the expected returns, both through the de-risking strategy and the selection of investment funds, moving members into lower risk funds as they get closer to retirement. The Trustee also makes available a range of funds expected to manage the different risks, across various asset classes for members wishing to self-select their investments.

3. Appendix A – Examples of manager engagement over the year

Where a manager has provided engagement examples across one of biodiversity or just transition, alongside the Scheme's key stewardship priority of climate change, we have included multiple engagement examples per manager.

Engagement examples from the DB Section

In all examples below, the engagement activity took place either in full or in part over 2023. Often, engagement with a company occurs over several years, so the activity which took place over 2023 may be part of a longer-term engagement program.

Where initial engagement examples provided by managers lacked sufficient detail on the focus and outcome of the engagement, the Trustee (via its investment consultant) successfully challenged the manager to provide further detail.

Schroders

1. **Company:** HSBC (Counterparty bank within the LDI portfolio)

Topic: Climate Change
Details of the engagement: Schroders have actively engaged with HSBC, an LDI Counterparty Bank, who they viewed as laggards versus peer counterparty banks in the context of their approach to climate related reporting, engagement, and actions. Schroders' engagement with the bank involved multiple touch points, allowing them to discuss their findings and outline steps to address concerns directly with key decision makers within the business. Through these engagements, Schroders emphasised the importance of banks' disclosure of their activities to, amongst other factors, support clients' transition to net zero.
Outcome of the engagement: HSBC has been part of Schroders' 'Banks Climate Engagement' effort which has been running since 2022, which is their internal program for engaging with banks on climate-related matters. In Schroders' view, they have progressed a long way from an obvious laggard (at least vs UK peers) to an open engagement process and a genuine desire to get to best in class. Schroders have set HSBC several objectives in relation to Climate which they will monitor over 2024. These include publishing a detailed Climate Transition Plan, consulting investors on the desirability of a 'Say on Climate' vote at the 2024 AGM and seeking Science Based Targets initiative verification as and when HSBC adopts a new Partnership for Carbon Accounting Financials-driven financed emissions model.

Legal and General Investment Management ("LGIM")

1. **Company:** Nucor Corporation

Topic: Climate Change – Decarbonisation

Details of the engagement: Nucor is the largest steel producer in the US and among the top 20 in the world; steel is pivotal to the energy transition, being central to the auto industry and renewable energy infrastructure. Under their Climate Impact Pledge, LGIM select c.100 'dial-mover' companies for in-depth engagement, using their qualitative framework set out in their sector-specific guides. 'Dial-mover' companies are chosen on their size and potential to galvanise action in their sectors, reflecting LGIM's aim of driving market-level improvements. LGIM engaged with Nucor, which was selected as a 'dial-mover' company under this pledge, focusing on LGIM's sector-specific guides and 'red lines' which include a commitment to net-zero operational emissions. LGIM voted against the Chair of the company in its 2023 AGM for failing to meet this 'red line'.
Outcome of the engagement: Nucor announced a net-zero emissions commitment with interim targets and a published decarbonisation plan. As one of the largest steel producers in the world, this is a significant step towards decarbonisation of the steel industry. This is not the first time that LGIM have seen a commitment from the company after voting against its Chair: in 2021, they voted against the Chair for a lack of emissions reduction targets and the subsequent year, the company set them, meaning they received no sanctions from LGIM in 2022.

2. **Company:** China Mengniu Dairy

Topic: Biodiversity
Details of the engagement: LGIM have been engaging with China Mengniu Dairy under their Climate Impact Pledge since 2019 and have had several detailed conversations, focusing on their minimum climate expectations, including discussions on deforestation. Primary concerns related to emissions disclosures and suitable targets, and the lack of a deforestation policy. In line with their Climate Impact Pledge escalation process, LGIM continued to vote against the re-election of the board chair, and the company was placed on LGIM's disinvestment list in 2020.
Outcome of the engagement: Since LGIM began their engagement, the company has made progress on lower-impact products, and increased transparency on biodiversity. In 2022, the company published a deforestation policy and a commitment to achieve zero deforestation by 2030. The company has also published a commitment for carbon neutrality by 2050, covering all scopes of emissions. As a result of this, LGIM reinstated China Mengniu Diary into applicable funds in June 2023. LGIM continues to engage with China Mengniu Dairy and they have clarified to the company that they would like them to seek approval of their net zero targets by the SBTi and encourage them to report their Scope 3 emissions.

Amundi

1. **Company:** European Bank

Topic: Climate Change – Thermal Coal
Details of the engagement: One of the major sources of carbon emissions concerns the use of thermal coal in power generation. This European bank updated its thermal coal policy in July 2021, but the policy lacks transparency, is deficient in several aspects and remains unaligned with the objective of the Paris Agreement to limit global warming to 1.5°C. Amundi met with the bank's top management in June 2023 to discuss this policy as well as the bank's wider climate strategy, explaining concerns

with the bank's thermal coal policy, its unconventional oil & gas policy and its broader climate change strategy. The objective of the engagement was to urge the bank to commit to phasing out thermal coal power generation, to immediately halt financing to companies developing any coal activity, and to extend sectoral decarbonisation targets to also cover the capital markets activities on top of lending and investments.
Outcome of the engagement: The bank cited its crucial role in the country's economy as justification of its preferred risk-adjusted approach, incentivising clients to decarbonize instead of applying a full exclusion. The bank mentioned that one of its current priorities is to develop science-based targets, having committed to the SBTi in March 2022 meaning it has until March 2024 to develop and submit SBTi aligned science-based targets. Amundi consider this a positive development and plan to continue engaging with the bank in Q3 2024 to specifically address their SBTi targets and engage with the bank on its thermal coal policy which is lagging other European peers.

2. **Company:** UK Banking Group

Topic: Just Transition related policies
Details of the engagement: Amundi began engagement with this company in 2023 to understand how it was integrating just transition into its net zero strategy to consider the social impact of the climate transition in their own plans, particularly within their lending process. The engagement objectives were to further develop the company's strategy in relation to just transition and integrate it throughout the climate transition plan, to see evidence of just transition across all dimensions of the bank's activities and to disclose the regional resources available for local just transition work in the UK.
Outcome of the engagement: The bank appears to be advanced in its thinking surrounding incorporating just transition into its climate strategies. For example, they considered just transition when setting their decarbonization targets of residential mortgages. Also, with regard to differences in regional climate transition, the bank demonstrates appreciation for different regional requirements in the UK and the importance of place-based just transition considerations. There are opportunities for the company to improve further in terms of transparency and disclosing specifics of how just transition is integrated into the bank's climate transition plan. Amundi will continue to engage with the company in 2024 via a collective engagement on just transition.

3. **Company:** French Consumer Services company

Topic: Biodiversity policies
Details of the engagement: Amundi started engagement with this company in 2021, when it was still in the early days of developing a comprehensive biodiversity strategy. Amundi's engagement with the company included recommending them to achieve full transparency and mapping of their supply chain, developing a global biodiversity policy including guidance on translating this at a local level and top-down reporting on biodiversity as well as other recommendations.
Outcome of the engagement: The company has joined Act4Nature which is a French collaborative initiative which led them to outline strategic ambitions in line with the five drivers of biodiversity loss. The company's net zero ambition has a clear link to environmental objectives (water, pollution, deforestation), but no significant public developments on a biodiversity specific policy. The company has no clear commitment to SBTN or TNFD, but they have joined the SBTN Corporate Engagement program to help build sector specific elements to the frameworks. The company has also made efforts to translate their objectives at a local level including regenerative projects with groups such as WWF,

however no clear plans to scale them yet. There has been a positive evolution to map their supply chain by joining Ecovadis' supplier engagement to understand where their impact is and how to better guide suppliers. They are monitoring 80 commodities total that represent 85% of climate impact (based on volumes).

Hermes

1. **Company:** Orbia

Topic: Climate Change
Details of the engagement: Hermes first engaged with Orbia, a global chemicals company, in 2020 on science-based targets and has since been engaging with the company regularly to advocate for a science-based approach when setting climate change targets. A focus of this was recommending Orbia to set its target, which was set for Scope 1 and 2 emissions initially, to be expanded to include Scope 3. At this time, the company was still in the process of collecting Scope 3 data.
Outcome of the engagement: In January 2023, Orbia announced its climate change targets which now include a Scope 3 target, which had been verified by the SBTi as aligned with a 1.5°C trajectory. During 2023, Hermes has subsequently met with Orbia to discuss a roadmap for achieving its new targets.

PIMCO

1. **Company:** US Based Real Estate Investment Trust

Topic: Climate change – Sustainability
Details of the engagement: PIMCO first engaged with the company to discuss poor disclosure practices associated with a sustainability bond issued by the company in 2020. PIMCO engaged with the company to share their expectations on impact reporting and best practices for ESG bonds more broadly. This engagement was initially unsuccessful, with the company failing to publish any impact reports two years into the bond's three-year maturity. PIMCO then escalated the issue, highlighting the company's lack of plan to align their overall environmental disclosure with industry standards including Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB). PIMCO spoke with the company's Treasury team several times to reinforce our recommendations and potential impacts on ESG assessment for the program.
Outcome of the engagement: Although the engagement was unsuccessful in the first instance, the company has since published an allocation report and obtained a second-party opinion for the program, including impact metrics, showing some progress in improving disclosure. PIMCO plans to continue engaging the issuer on best practices including more ambitious eligibility criteria and impact metrics.

2. **Company:** Standard Chartered

Topic: Climate Change & Biodiversity

Details of the engagement: PIMCO engaged with the company via a one-on-one call with their ESG team to discuss their net zero progress and sector policy along with labor rights related to the companies they lent to. This engagement involved clarifying the specifics of the company's net zero targets, and within this looking at biodiversity through contribution to global deforestation.
Outcome of the engagement: Post engagement, the company confirmed its exposure to cattle and soy is limited, with robust oversight over palm oil companies. The company has also incorporated all recommendations from the OECD guidance on human rights due diligence for banks. Looking forward, PIMCO recommended for the company to clarify how it prioritizes and engages with clients on transition. PIMCO encouraged the company to consider reducing the remaining indirect coal financing exposure in line with the net zero timeline. The company is looking into strengthening their lending due diligence, in regards to human rights, with international mechanisms (e.g. the International Finance Corporation) and the effectiveness of the grievance mechanisms in place.

Insight

1. **Company:** PEMEX

Topic: Climate Change
Details of the engagement: Since 2021, Insight has participated in the Climate Action 100+ (CA100+) collaborative engagement, focusing on PEMEX. During the engagement, Insight encouraged improvements directly with PEMEX, including improving governance and reporting on sustainability plans.
Outcome of the engagement: Throughout the engagement, Insight have been pleased to see improvements in PEMEX's climate action governance and plans. In December 2022, PEMEX announced plans to publish a 2023-2050 Sustainability Plan in 2023, which would include the strategies, actions and metrics used to meet ESG goals. PEMEX made an important improvement on governance by establishing a sustainability committee to coordinate and oversee PEMEX's ESG strategies and guidelines. Following engagement in Q1 2023, PEMEX confirmed the committee will regularly report to the board and will include two board directors in addition to C-suite executives.

3. Appendix B – Summary of voting over the year

The managers below were provided with the Trustee's definition of a 'most significant vote', as outlined in the Scheme's SIP. The voting examples provided all meet the criteria as they are related to the Trustee's key stewardship theme of climate change.

The Trustee has no reason to believe that the voting data provided is inaccurate or incomplete.

Summary of voting behaviour in DB Section over the period

Legal and General Investment Management ("LGIM")

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship **(see table below)** in line with the Pensions and Lifetime Savings Association's Vote Reporting Template.

The Scheme's equity exposure is achieved through the Trustee's investment in the LGIM FTSE TPI Global (ex Fossil Fuels) Equity Index Fund OFC. This is a pooled fund arrangement and voting information over the year for the Fund is summarised in the below table.

	FTSE TPI Global (ex Fossil Fuels) Equity Index Fund OFC
How many meetings were you eligible to vote at over the year to 31/12/2023?	1,684
How many resolutions were you eligible to vote on over the year to 31/12/2023?	22,375
What % of resolutions did you vote on for which you were eligible?	100%
Of the resolutions on which you voted, what % did you vote with management?	80%
Of the resolutions on which you voted, what % did you vote against management?	20%
Of the resolutions on which you voted, what % did you abstain from?	0%
In what % of meetings, for which you did vote, did you vote at least once against management?	74%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser?	15.4%

Most significant votes

LGIM provided details of all votes related to the Trustee's stewardship priority of climate change. The following examples have been deemed most significant by the Trustee, with support from its investment consultant, based on the rest of the criteria outlined by the Trustee and detailed in the 'Voting' section within this Statement. The rationale as classifying each as a most significant vote is outlined in the table.

LGIM's most significant votes on behalf of the Trustee are as follows:

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Public Storage	The Toronto-Dominion Bank	JPMorgan Chase & Co.	Royal Bank of Canada
Date of vote	02/05/2023	20/04/2023	16/05/2023	05/04/2023
Approximate size of % holding as at the date of the vote	0.18%	0.31%	0.79%	0.38%

	Vote 1	Vote 2	Vote 3	Vote 4
Summary of the resolution	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	Disclose Transition Plan Towards 2030 Emission Reduction Goals	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Report on 2030 Absolute Greenhouse Gas Reduction Goals
LGIM's vote	For	For	For	For
Rationale	LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	LGIM generally support resolutions that seek additional disclosures on how banks aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set, Including activities and timelines, can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders.	LGIM generally supports resolutions that seek additional disclosures on how companies aim to manage financing activities in line with their published emissions targets. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.	LGIM generally support resolutions that seek to expand and improve the level of emissions disclosure and target-setting for high-emitting sectors. LGIM have embedded scope 3 disclosure and targets into their minimum expectations for all sectors.
Outcome of the vote	34.7% (Fail)	23.5% (Fail)	34.8% (Fail)	17.2% (Fail)
Under what criteria does the Trustee deem this vote to be significant?	These votes are deemed to be most significant votes as they relate to climate change, the holdings each represent a relatively large £ exposure in the fund and the nature of each resolution appear relevant to the Trustee's beliefs and aims for the Scheme.			

Summary of voting behaviour in DC Section over the period

BlackRock

BlackRock's Investment Stewardship team periodically publish detailed explanations of specific key votes in "vote bulletins". BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purpose of the Shareholder Rights Directive II.

The Trustee invests in a mixture of actively and passively managed pooled fund arrangements.

Although for passive investment portfolios the aim is to replicate the index, the Investment Managers are able to take ESG guidelines into considerations via two key approaches:

1) Firstly, by selecting an index that incorporates ESG guidelines at the outset. As a valued partner to the major index providers, BlackRock provide input into their methodology and product offering.
2) Secondly, where clients are invested across an index and in cases are unable to sell underperforming companies, engagement with companies, including proxy voting, is a key means to integrate ESG factors into investing.

The corporate governance program led by the Investment Stewardship team is integrated within all portfolios investing in public companies, whether clients invest in branded sustainable investing funds or in BlackRock's core index-tracked and active investment strategies. The Investment Stewardship team acts as a central clearinghouse of BlackRock's views across the various portfolios with holdings in individual companies and aims to present a consistent message. BlackRock determine their engagement priorities based on their observation of market developments and emerging governance themes and evolve them year over year, as necessary. The team's key engagement priorities include:

- Board quality and effectiveness
- Strategy, purpose, and financial resilience
- Incentives aligned with financial value creation
- Climate-related risks and natural capital
- Company impacts on people

As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates the manager is exercising good stewardship (see table below) in line with the Pensions and Lifetime Savings Association's Vote Reporting Template.

The DC section has equity exposure through the following funds:

- BlackRock 60/40 Global Equity Index Tracker
- BlackRock DC 50/50 Global Growth
- BlackRock DC 70/30 Global Growth
- BlackRock DC Aquila 30:70 Global Equity Fund
- BlackRock DC Aquila World Ex-UK Equity Index
- BlackRock DC UK Growth
- BlackRock UK Equity Index Tracker
- BlackRock 60/40 Global Growth

These funds share a relatively similar investment profile and have material overlap in underlying holdings. As such, taking a proportionate approach given the DC section is relatively small compared to the DB section, below we report voting information for the largest of these funds as a proxy for all. That is the BlackRock DC 70/30 Global Growth Fund, which makes up c.54% of DC assets as at 31/12/23.

	BlackRock DC 70/30 Global Growth Fund
How many meetings were you eligible to vote at over the year to 31/12/2023?	424
How many resolutions were you eligible to vote on over the year to 31/12/2023?	5,730
What % of resolutions did you vote on for which you were eligible?	95%
Of the resolutions on which you voted, what % did you vote with management?	95%*
Of the resolutions on which you voted, what % did you vote against management?	4%*
Of the resolutions on which you voted, what % did you abstain from?	0%*
In what % of meetings, for which you did vote, did you vote at least once against management?	26%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform their voting decision.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser?	0%

** Figures may not sum to 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote.*

Most significant votes

BlackRock provided details of all votes related to the Trustee's stewardship priority of climate change. The following examples have been deemed most significant by the Trustee, with support from its investment consultant, based on the rest of the criteria outlined by the Trustee and detailed in the 'Voting' section within this Statement. The rationale as classifying each as a most significant vote is outlined in the table.

BlackRock's most significant votes for the BlackRock 70/30 Global Growth Fund on behalf of the Trustee are detailed below.

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Amazon.com, Inc	Shell Plc	Toyota Motor Corp	Sumitomo Mitsui Financial Group, Inc.
Date of vote	24/05/2023	23/05/2023	14/06/2023	29/06/2023
Approximate size of % holding as at the date of the vote	0.49%	5.16%	0.52%	0.19%
Summary of the resolution	Report on Efforts to Reduce Plastic Use	Request Shell to align its existing 2030 reduction target covering the Greenhouse Gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement	Amend articles to report on corporate climate lobbying aligned with the Paris Agreement	Amend Articles to disclose transition plan to align lending and investment portfolios with the goals of the Paris Agreement
BlackRock's vote	Against	Against	Against	Against
Rationale	The company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	The proposal will not serve shareholders' interests.	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.
Outcome of the vote	Fail	Fail	Fail	Fail

	Vote 1	Vote 2	Vote 3	Vote 4
Under what criteria does the Trustee deem this vote to be significant?	These votes are deemed to be most significant votes as they relate to climate change (and in some cases also biodiversity), the holdings each represent a relatively large £ exposure in the fund (particularly Vote 2) and nature of each resolution appear relevant to the Trustee's beliefs and aims for the Scheme.			

Final Remarks

Overall, the Trustee continues to make investment decisions in line with the policies set out in the SIP.

The reporting period for this Statement covers 1st January 2023 to 31st December 2023. Any actions undertaken by the Trustee after this date will be covered in the next Statement. The Trustee considers Stewardship and effective engagement important tools to achieving more sustainable outcomes and where applicable, the Trustee does seek to incorporate its voting and engagement policies into its appointment terms with managers.