

Just Rollers Plc Pension Scheme ('the Scheme') – Implementation Statement 6 April 2021 – 5 April 2022

An Implementation Statement ('Statement') has been prepared in accordance with applicable legislation, taking into account guidance from The Pensions Regulator for the period from 6 April 2021 – 5 April 2022 ('the Scheme Year').

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

The Trustees have used 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 Trustees over the Scheme year.

A summary of the key points are set out below.

BlackRock

It was determined by Minerva that the Scheme's holdings had no voting or engagement information to report due to nature of the underlying holdings.

Legal and General Investment Management (LGIM)

Minerva confirmed that the manager's voting policies and disclosures broadly comply with the International Corporate Governance Network (ICGN) Voting Guidelines Principles and good corporate governance practices. They were also able to confirm the manager's voting activity has followed the Trustees' policy. LGIM's engagement information was provided at a firm level but not specifically for the Funds the Scheme invests in. The Trustees will continue to encourage LGIM to provide fund level information but acknowledge that the information provided was in line with its own policies.

BNY Mellon

The Trustees believes their voting and engagement policies were followed. However, the following points were noted:

- BNY Mellon disclosed they did not exercise their votes for ETF holdings in their Fund as they deemed that the resolutions were not sufficiently contentious and wanted to retain freedom to trade the securities. The Trustees believe this is reasonable to retain the ability to buy and sell the ETFs.
- Minerva noted that whilst the manager has a voting policy, it does not necessarily apply to the bond fund. Newton have confirmed that they do not have a formal bond voting policy, but the Trustees are comfortable that its own policies have been followed.

Vontobel

Vontobel stated that there was no voting information to report, however, information was provided on engagements. From this, Minerva was able to conclude that the manager had followed the Trustee's engagement policy.

Columbia Threadneedle

It was determined by Minerva that the Scheme's holdings had no voting or engagement information to report due to nature of the underlying holdings. Columbia Threadneedle are not signatories to the UK Stewardship Code 2020 at the moment, however, they are currently waiting on a response to their submission from the Financial Reporting Council.

Annuities

The Scheme invests in an annuity and given the nature of the policy, the Trustees' view is that voting and engagement practices of the provider does not need to be covered.

Since last year, there has been an improvement in the information provided from LGIM who had not provided engagement information on one of the funds previously.

Minerva will seek any outstanding information and will agree a way forward on any actions identified with the Trustees once this information is available.

Dalriada Trustees Limited

Just Rollers Plc Pension Scheme

**Implementation Statement (IS):
Voting & Engagement Information (VEI)**

**Reporting Period:
6th April 2021 to 5th April 2022**

28th July 2022

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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: Just Rollers Plc Pension Scheme
Statement of Investment Principles, August 2020

1.1 Financially Material Considerations

The Trustees have considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine the investment strategy over the length of time during which the benefits are provided by the Scheme to the members. The Trustees believe that financially material considerations (including climate change) are allowed for in the asset liability modelling that is carried out when setting the investment strategy.

To invest in the best financial interests of the beneficiaries, the Trustees have elected to invest through pooled funds. The Trustees acknowledge that they cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the fund managers and investment consultant are expected to take account of financially material considerations when carrying out their respective roles.

The Trustees accept that the Scheme's assets are subject to the investment manager's own philosophy and processes to ESG issues. The Trustees will assess that this corresponds with their responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustees will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

The Trustees will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- Use ESG ratings information, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers share information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustees determine that financially material considerations have not been factored into the investment managers' process, they will take this into account on whether to select or retain an investment.

1.2 Non-Financial Considerations

The Trustees have not considered non-financially material matters in the selection, retention and realisation of investments.

1.3 Investment Manager Arrangements

Incentives to align investment managers' investment strategies and decisions with the Trustees' policies

The Scheme invests in pooled funds. The Trustees acknowledge the Scheme's investment strategy and decisions cannot be tailored to the Trustees' policies. However, the Trustees set their investment strategy and then selects managers that best suits their strategy taking into account the fees being charged, which acts as the fund managers' incentive.

The Trustees use the fund objective/benchmark as a guide on whether the Scheme's investment strategy is being followed and monitors this regularly.

Incentives for the investment managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term

The Trustees select managers based on a variety of factors including investment philosophy, and process, which they believe should include assessing the long term financial and non-financial performance of the underlying company.

The Trustees also consider the managers' voting and ESG policies and how it engages with the investee company as they believe that these can factors can improve the medium to long-term performance of the investee companies.

The Trustees will monitor the fund managers' engagement and voting activity on an annual basis as they believe that this can improve long term performance. The Trustees expect their managers to make every effort to engage with investee companies but acknowledge that their influence may be more limited in some asset classes, such as bonds, as they do not have voting rights.

The Trustees acknowledge that in the short term, these policies may not improve the returns they achieve, but do expect by investing in those companies with better financial and non-financial performance over the long term that this will lead to better returns for the Scheme.

The Trustees believe the annual fee paid to the fund managers incentivises them to execute their investment policies consistently, as the longer the units are held the larger income to the investment manager.

If the Trustees feel that the fund managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, they will use these factors in deciding whether to retain or terminate a manager.

How the method (and time horizon) of the evaluation of the investment managers' performance and the remuneration for asset management services are in line with the Trustees' policies

The Trustees review the performance of each fund quarterly on a net of fees basis compared to its objective.

The Trustees assess the performance periods of the individual funds over at least a 3-5 year period or over a market cycle, if appropriate, when looking to select or terminate a manager, unless there are reasons other than performance that need to be considered.

The fund managers' remuneration is a percentage of the assets held in each fund so the amount each manager receives is based upon the value of assets held with them. The remuneration paid out by the Scheme will depend upon the asset allocation. The charges are considered as part of the manager selection process. The charges are monitored regularly with the help of their investment consultant to ensure they are in line with the Trustees policies for each fund. The Trustees believe that their and each fund manager's goals are aligned

How the Trustees monitor portfolio turnover costs incurred by the investment managers, and how they define and monitor targeted portfolio turnover or turnover range

The Trustees monitor the portfolio turnover costs on an annual basis. The Trustees define target portfolio turnover as the average turnover of the portfolio expected in the type of strategy the manager has been appointed to manager. This is monitored on an annual basis.

The Trustees have delegated the responsibility of monitoring portfolio turnover costs and target portfolio turnover to their investment consultant

The duration of the arrangement with the investment managers

The Trustees plan to hold each of its investments for the long term but will keep this under review.

Changes in investment strategy or changes in the view of the fund manager can lead to the duration of the arrangement being shorter than expected.

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 / Product Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
BlackRock	Aquila Life Up To 5 Year Corporate Bond Index Fund	No Info to Report	No Info to Report	No Info to Report
BNY Mellon	Newton Global Dynamic Bond Fund	Info Available	No Info to Report	Info Available
Columbia Threadneedle	Threadneedle Property Fund	No Info to Report	No Info to Report	No Info to Report
LGIM	Cash Fund	No Info to Report	No Info to Report	No Info to Report
	Dynamic Diversified Fund	Partial Info Available	Info Available	Partial Info Available
	Investment Grade Corporate Bond All Stocks Index Fund	Partial Info Available	No Info to Report	Partial Info Available
	LDI Matching Core Fund (4 funds)	No Info to Report	No Info to Report	No Info to Report
Vontobel	TwentyFour Strategic Income Fund	No Info to Report	No Info to Report	Info Provided


Information Available

Partial Information Available

No Information to Report

No Information Provided

Awaiting Information

 Minerva Says	Voting Activity	<p>There was voting information disclosed for the Scheme's investments in the following funds:</p> <ul style="list-style-type: none"> ▪ BNY Mellon Newton Global Dynamic Bond Fund ▪ LGIM Dynamic Diversified Fund ▪ LGIM Investment Grade Corporate Bond All Stocks Index Fund
	Significant Votes	<p>There was 'Significant Vote' information disclosed for the Scheme's investments in the following fund:</p> <ul style="list-style-type: none"> ▪ LGIM Dynamic Diversified Fund
	Engagement Activity	<p>There was reportable engagement information available in relation to the following:</p> <ul style="list-style-type: none"> ▪ BNY Mellon Newton Global Dynamic Bond Fund (detailed fund-level information) ▪ LGIM Dynamic Diversified Fund (summarised fund-level information) ▪ Vontobel TwentyFour Strategic Income Fund (detailed fund-level information)
	Missing Information	<p>At the time of writing this report, LGIM had not provided the customary summarised engagement information on the Corporate Bond All Stocks Index Fund. They did, however, provide a different report that referred to some climate-themed engagements having been undertaken.</p>

3 Voting and Engagement

The Trustees are required to disclose the voting and engagement activity over the Scheme year. The Trustees have 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 summarises Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

3.1 Voting and Engagement Policy and Funds

The Trustees' policy on Voting and Engagement from the Scheme's SIP is set out below:

The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustees' behalf, having regard to the best financial interests of the beneficiaries.

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of their investment consultant, and decide if they are appropriate.

The Trustees also expect the fund manager to engage with investee companies on the capital structure and management of conflicts of interest. If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment consultant, to influence the investment managers' policy. If this fails, the Trustees will review the investments made with the investment manager.

The Trustees have taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

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 / Product Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
BlackRock	Aquila Life Up To 5 Year Corporate Bond Index Fund	Platform	DB Fund	06/04/21	05/04/22	N/A
BNY Mellon	Newton Global Dynamic Bond Fund	Platform	DB Fund	06/04/21	05/04/22	N/A
Columbia Threadneedle	Threadneedle Property Fund	Platform	DB Fund	06/04/21	05/04/22	N/A
LGIM	Cash Fund	Platform	DB Fund	27/08/21	13/09/21	N/A
	Dynamic Diversified Fund	Platform	DB Fund	06/04/21	05/04/22	ISS
	Investment Grade Corporate Bond All Stocks Index Fund	Platform	DB Fund	06/04/21	05/04/22	N/A
	LDI Matching Core Fund (4 funds)	Platform	DB Fund	06/04/21	05/04/22	N/A
Vontobel	TwentyFour Strategic Income Fund	Platform	DB Fund	06/04/21	05/04/22	N/A

Proxy Voter Identified

Proxy Voter Not Confirmed

Not Applicable (N/A)



Minerva
Says

As shown in the table above:

- LGIM identified ISS as their 'Proxy Voter'
- The investments / products shown as grey shaded boxes have either no listed equity voting activity associated with them or the manager has stated that they have no formal voting policy in place, and so 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 Trustees' policy (which in this instance is the manager's own policy).

4.1: BNY Mellon's Approach to Voting

Asset manager	BNY Mellon (Newton)
Relevant Scheme Investment(s)	Global Dynamic Bond Fund
Key Points of Manager's Voting Policy	<p>Newton have confirmed to us that they do not have a formal bond voting policy as such. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.</p> <p>The manager identified 3 holdings which, whilst having voting rights associated with them, were not voted for operational reasons.</p>
Is Voting Activity in Line with the Scheme's Policy?	<p>Yes</p> <p>By voting in the specific manner that they have in relation to corporate actions on investments, we believe that the manager is doing so in the best financial interests of the Scheme beneficiaries.</p>

Table 4.2: LGIM's Approach to Voting

Asset manager	LGIM (Legal & General Investment Management)
Relevant Scheme Investment(s)	Dynamic Diversified Fund

Key points of manager's Equity Voting Policy

LGIM's Corporate Governance and Responsible Investing Policy sets out what the manager considers to be corporate governance best practice. It explains their expectations with respect to topics they believe are essential for an efficient governance framework, and for building a sustainable business model. LGIM expects all companies to closely align with their principles, or to engage with them where circumstances prevent them from doing so.

LGIM's voting policy is built on the assessment of 5 key policy areas:

#	Policy Area	Example of Topics Covered
1	Company Board	Board Leadership, Board Independence, Board Diversity, Succession Planning and Board Evaluation
2	Audit, Risk & Internal Control	External Audit, Internal Audit and Whistleblowing
3	Remuneration	Fixed Remuneration, Incentive Arrangements and Service Contracts and Termination Payments
4	Shareholder & Bondholder Rights	Voting Rights and Share-class Structures, Shareholder Proposals and Political Donations
5	Sustainability	Material ESG Risks & Opportunities, Target Setting, Public Disclosure and Engagement

The manager disclosed on their [website](#) how they have voted on the companies in which they invest on a monthly basis, including the rationale for votes against management. The information provided is at firm, rather than fund or product, level.

Is voting activity in line with the Scheme's policy?

Yes

Some examples of the manager's voting activity are provided in Section 7 – Significant Votes



Minerva
Says

- Newton have confirmed that they do not have a formal bond voting policy
- LGIM have clearly set out how they each approach their stewardship responsibilities for listed companies on behalf of their clients. In our view, the available information demonstrates clear and thoughtful approaches for each firm
- From the available information, we believe that the managers' voting approaches are consistent with the Scheme's proxy voting expectations

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 Trustee. Well-managed companies that operate in a commercially, socially and environmentally responsible manner are expected to perform better over the longer term, as the Trustees 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' voting policies, in the context of current good practice as represented by the ICGN Voting Guidelines, whilst also bearing the Trustees' 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.

More information on our approach can be found in the separate Report Methodology document that accompanied this report.

Table 5: Voting Policy Alignment

Manager Voting Policy Alignment with Current Good Practice							
Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
BNY Mellon (Newton)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comments	Newton have recently confirmed that they do not have a formal bond voting policy. Typically, bonds do not have the same kind of voting rights associated with them as listed equities. Any votes cast tend to be in relation to corporate actions that require a case-by-case approach to determine the votes to cast.						
LGIM	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned	Aligned
Comments	LGIM's voting policy and disclosures broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices.						

Manager's voting policy is aligned with this policy pillar of Good Practice

Manager's voting policy has some minor areas of divergence from Good Practice

Manager's voting policy is not aligned with this policy pillar of Good Practice

Manager's voting policy was not disclosed for analysis by Minerva



Minerva
Says

For the Scheme's managers that responded to our information requests by providing voting information:

- BNY Mellon (Newton) confirmed that they do not have a formal voting policy for bond investments
- LGIM's voting policy is, in our view, broadly in line with good practice, and is what we would expect to see from such a large asset steward

6 Manager Voting Behaviour

The Trustees believe 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: 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
BNY Mellon	Newton Global Dynamic Bond Fund	3	22	0%	-	-	-
	Comments:						
	We had access to summarised voting records for the Global Dynamic Bond Fund. There were three possible votes on holdings for the Global Dynamic Bond Fund that the manager actively decided not to participate in (iShares IV plc - iShares China CNY Bond UCITS ETF, iShares II Public Limited Company - iShares J.P. Morgan \$ EM Bond UCITS ETF and Mitchells & Butlers Finance Plc). This decision was made as the custodian would have 'blocked' the underlying security which means if the manager wanted to trade the holding, it would have to be re-registered, therefore reducing their ability to freely trade. In the case of these votes, the resolutions were not sufficiently contentious to warrant voting against and nor was their support required.						
LGIM	Dynamic Diversified Fund	7,193	71,658	99.8%	80.2%	18.9%	0.9%
	Investment Grade Corporate Bond All Stocks Index Fund	5	9	100.0%	-	-	-
	Comments:						
	The manager provided a summarised voting record for the funds shown above for the period from 01/04/21 to 31/03/22, which is slightly different from the Scheme's investment reporting period of 06/04/21 to 05/04/22.						
From the summarised information provided, we can see that the manager has voted at almost all investee company meetings, which is in line with the Trustees' expectations of the Scheme's investment managers.							
Information Disclosed		Partial Information Provided		Information Not Provided		Awaiting Information	



**Minerva
Says**

From the limited voting information available, we believe that BNY Mellon and LGIM have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

'The Trustees' policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustees behalf, having regard to the best financial interests of the beneficiaries.'

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 LGIM's 'Significant Votes'

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	Barrick Gold Corporation	04/05/21	Resolution 1.2 Elect Director Gustavo A. Cisneros	Withhold	93.0% of shareholders supported the resolution	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
		Manager's Vote Rationale: For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, we expanded the scope of our vote policy to include all companies in the S&P 500 and the S&P/TSX. Our expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.					
Relevance to Manager's Stated Policy		Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability	
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.					

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?	
LGIM	Dynamic Diversified Fund	American Tower Corporation	26/05/21	Elect Director Pamela D.A. Reeve	Against	94.7% of shareholder supported the resolution	LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting some of the world's largest companies on their strategic management of climate change.	
		Manager's Vote Rationale:						
		The company is deemed to not meet minimum standards with regards to climate risk management and disclosure.						
Relevance to Manager's Stated Policy		Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability		
Minerva Says:		We believe this voting activity is consistent with the manager's stated Policy, and so is also consistent with the Scheme's approach						
Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?	
LGIM	Dynamic Diversified Fund	Union Pacific Corporation	13/05/21	Elect Director Lance M. Fritz	Against	90.5% of shareholders supported the resolution	LGIM considers this vote to be significant as it is in application of an escalation of our vote policy on the topic of the combination of the board chair and CEO (escalation of engagement by vote).	
		Manager's Vote Rationale:						
		LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair. These two roles are substantially different, requiring distinct skills and experiences. Since 2015 we have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 we are voting against all combined board chair/CEO roles. Furthermore, we have published a guide for boards on the separation of the roles of chair and CEO (available on our website), and we have reinforced our position on leadership structures across our stewardship activities – e.g. via individual corporate engagements and director conferences.						
Relevance to Manager's Stated Policy		Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability		
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.						

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	Realty Income Corporation	18/05/21	Elect Director Reginald H. Gilyard	Against	95.9% of shareholders supported the resolution	LGIM views gender diversity as a financially material issue for our clients, with implications for the assets we manage on their behalf.
		Manager's Vote Rationale: For 10 years, we have been using our position to engage with companies on this issue. As part of our efforts to influence our investee companies on having greater gender balance, in 2020, LGIM increased its expectations on gender diversity on the board by placing a vote against the largest 100 companies in the S&P500 and the S&P/TSX where there is less than 25% women on the board. In 2021, we expanded the scope of our vote policy to include all companies in the S&P 500 and the S&P/TSX. Our expectation is for all companies in this market to reach a minimum of 30% women on the board and at senior management level by 2023.					
Relevance to Manager's Stated Policy		Company Board		Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability
Minerva Says:		We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.					
Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?
LGIM	Dynamic Diversified Fund	Informa Plc	03/06/21	Resolution 3, Re-elect Stephen Davidson as Director Resolution 5, Re-elect Mary McDowell as Director Resolution 7, Re-elect Helen Owers as Director Resolution 11, Approve Remuneration Report	Against Resolutions 3, 5, 7, and 11 (against management recommendation).	Resolution 3 53.4% of shareholders supported the resolution. Resolution 5 80% of shareholders supported the resolution. Resolution 7 78.1% of shareholders supported the resolution. Resolution 11 38.3% of shareholders supported the resolution.	We consider this vote to be significant as LGIM took the rare step of publicly pre-declaring it before the shareholder meeting. Publicly pre-declaring our vote intention is an important tool for our engagement activities. We decide to pre-declare our vote intention for a number of reasons, including as part of our escalation strategy, where we consider the vote to be contentious, or as part of a specific engagement programme.

The company's prior three Remuneration Policy votes – in 2018, June 2020, and at a General Meeting that was called in December 2020 – each received high levels of dissent, with 35% or more of votes cast against. At the December 2020 meeting, the Remuneration Policy and the Equity Revitalisation Plan (EVP) received over 40% of votes against. The EVP was structured to award the CEO restricted shares to a value of 600% of salary. LGIM has noted our concerns with the company's remuneration practices for many years. Due to continued dissatisfaction, we again voted against the proposed Policy at the December 2020 meeting. However, despite significant shareholder dissent at the 2018 and 2020 meetings, the company implemented the awards under the plan, a few weeks after the December meeting. Additionally, the Remuneration Committee has adjusted the performance conditions for the FY2018 long-term incentive plan (LTIP) awards while the plan is running, resulting in awards vesting where they would otherwise have lapsed. Due to consistent problems with the implementation of the company's Remuneration Policy and the most recent events as described above, LGIM has voted against the Chair of the Remuneration Committee for the past three years. Given the company has implemented plans that received significant dissent from shareholders without addressing persistent concerns, LGIM has taken the decision to escalate our vote further to all incumbent Remuneration Committee members, namely Stephen Davidson (Remuneration Committee Chair), Mary McDowell and Helen Owers.

Relevance to Manager's Stated Policy	Company Board	Audit, Risk and Internal Control	Remuneration	Shareholder and Bondholder Rights	Sustainability
Minerva Says:	We believe this voting activity is consistent with the manager's stated policy, and so is also consistent with the Scheme's approach.				



Minerva Says

LGIM's reported 'Significant Vote' information appears to be consistent with their stated voting policy, and so is consistent with the Trustees' expectations of the Scheme's investment managers

8 Manager Engagement Information

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

The investment manager should engage with companies to take account of ESG factors in the exercise of such rights as the Trustees believe this will be beneficial to the financial interests of members over the long term. The Trustees will review the investment managers' voting policies, with the help of their investment consultant, and decide if they are appropriate.

The Trustees also expect the fund manager to engage with investee companies on the capital structure and management of conflicts of interest.

If the policies or level of engagement are not appropriate, the Trustees will engage with the investment manager, with the help of their investment consultant, to influence the investment managers' policy. If this fails, the Trustees will review the investments made with the investment manager.

The Trustees believe 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 Available?	Level of Available Information	Info Covers Scheme's Reporting Period?	Comments
BNY Mellon (Newton)	YES	FUND	YES	The manager provided <i>detailed fund level engagement information</i> covering the Scheme's reporting period
LGIM	YES	FUND	YES	The manager provided <i>summarised fund level engagement information</i> for the period from 01/04/21 to 31/03/22, rather than for the Scheme's individual investment holding periods
Vontobel	YES	FUND	YES	The manager provided <i>detailed fund level engagement information</i> covering the Scheme's reporting period

BNY Mellon

Fund	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
Newton Global Dynamic Bond Fund	06/04/21	05/04/22	54	44.4%	37.0%	18.5%	-	52.5%	48.5%

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>BNY states in its latest stewardship policy disclosure statement that each of the investment managers has its own unique engagement policy with issuers in all of the jurisdictions in which they invest. Accordingly, Newton's 'Responsible Investment Policies and Principles' report from February 2021 has the following to say with regards the manager's engagement approach:</p> <p><i>'Regular meetings with the management of companies in which we make potential or current investments are invaluable to ensure that the requirements of both management and investors are understood and aligned. Our engagement with company management covers the trading performance of the company and, where relevant, a discussion of ESG issues that present material risks or opportunities.'</i></p> <p><i>Responsible investment also involves ad hoc engagement with companies on ESG issues. Through engagement, we aim to achieve a better understanding of the management of material ESG issues. Engagement can also encourage an improvement or change in the behaviour of a company which in turn can protect and enhance investor value. Engagement may include dialogue or collective engagement with other investors, industry bodies, non-governmental organisations (NGOs), academics or other specialists, who can provide valuable insight into an ESG issue or a company's activities.'</i></p> <p>From Newton's most recent 'Responsible Investment and Stewardship' report the manager identified the following key engagement themes:</p> <ul style="list-style-type: none"> ▪ Environmental: Biodiversity / Carbon management / Climate change / Management systems / Pollution / Product life cycle / Water ▪ Social: Business ethics / Cybersecurity / Health and safety / Human capital management / Product access / Product suitability / Stakeholder relations / Supply chain ▪ Governance: Audit and internal controls / Board leadership / Related-party transactions / Remuneration / Shareholder communications / Shareholder rights / Strategy and risk / Tax

<p>Comparison of the Manager's Engagement Activity vs the Trustees' Policy</p>	<p>An example of a reported engagement for the Global Dynamic Bond Fund is:</p> <p><u>29/09/21 - Nationwide Building Society – Engagement on an Environmental Issue</u></p> <p><i>'We attended a specific ESG presentation from senior management on the company's 'greening' of UK homes. While the plan is highly ambitious and a real differentiator from other UK banks, we challenged the lender on whether it can increase the EPC (Energy Performance Certificate) levels of its mortgage book without cutting off lending to less 'green' housing. The bank was confident that it could improve the average EPC ratings through new lending and by supporting existing customers who seek to improve the energy efficiency of their homes.'</i></p> <p><u>Engagement Outcome:</u> The manager stated that the engagement was 'Resolved'</p>
<p>Is Engagement Activity in Line with the Trustees' policy?</p>	<p>The engagement activity is consistent with the manager's stated engagement policy, and so is also consistent with the Scheme's approach.</p>

LGIM

				Breakdown of Engagement Topics Covered				Outcomes	
Fund	Period Start	Period End	No. of Engagements	Environmental	Social	Governance	Other	Resolved	Open
Dynamic Diversified Fund	01/04/21	31/03/22	922	34.3%	22.3%	33.5%	9.9%	Not Stated	Not Stated
Investment Grade Corporate Bond All Stocks Index Fund	01/04/21	31/03/22	94	100.0%	-	-	-	Not Stated	Not Stated
Aspect of Engagement Activity	Details								
Key Points of the Manager's Engagement Policy	<p>LGIM's Investment Stewardship team focuses on client outcomes and broader societal and environmental impacts in its engagements with companies, taking the following six step approach:</p> <ul style="list-style-type: none"> Identify the most material ESG issues Formulate a strategy Enhance the power of engagement (e.g., through public statements) Collaborate with other stakeholders and policymakers 								

- Vote
- Report to shareholders

From LGIM's most recent [Active Ownership Report](#) the manager has identified the following as their top 5 engagement topics:

1. Climate Change
2. Remuneration
3. Diversity (Gender and Ethnicity)
4. Board Composition
5. Strategy

The manager did not provide details of any specific engagements undertaken during the Scheme's reporting period for either the Scheme's investee funds, or at firm level.

We turned to the web to see if we could locate any information relating to any engagements undertaken by LGIM in 2021. We located an '[Active Ownership Report](#)' for 2020, which was published on their website. This report contained some examples of engagement activity undertaken by LGIM at firm level, but as it was published in March 2021 it related to engagement activity undertaken in calendar year 2020.

We then located quarterly '[ESG Impact Reports](#)' on the LGIM website. However, these reports do not provide much information on specific engagement activity, either at fund or firm level. We did locate the following engagement information for one holding - Cardinal Health - albeit that it was provided in relation to LGIM filing a Shareholder Resolution (i.e. in voting terms):

May 2021 - Cardinal Health – Governance-themed Engagement on the Company's Lobbying Practices

'In May 2021, LGIM America co-filed a shareholder resolution, together with investor colleagues within The Investors for Opioid Accountability (IOPA), asking the company to publish annually an in-depth report disclosing its direct and indirect lobbying activities and expenditures, as well as its policies and procedures governing such activities (a 'Political Contributions and Activities Report'). Following engagements with the company, the board agreed to expand its Political Contributions and Activities Report to include all disclosures relating to state lobbying expenses exceeding US\$25,000; payments to trade associations and other organisations (including to those that draft and support model legislation); and the approach the company will take when a trade association of which it is a member takes a position which differs from the company's corporate position. Following the engagement LGIM, together with the other co-filing investors, withdrew the shareholder proposal. This is a concrete example of using a shareholder proposal as an engagement tool and demonstrates the positive impact of engagement.'

Engagement Outcome: The engagement activity undertaken by LGIM resulted in the desired outcome, with the company board agreeing to take the necessary steps.

**Comparison of the
Manager's
Engagement Activity
vs the Scheme's
Policy**

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

Whilst we believe that the manager's engagement approach is consistent with the Scheme's approach, we believe that the manager should be able to report more in the way of engagement activity, and also to be able to provide specific examples of engagements at fund level.

Vontobel

Fund	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
TwentyFour Strategic Income	06/04/21	05/04/22	9	44.4%	22.2%	33.3%	-	Not Stated	Not Stated

Aspect of Engagement Activity	Details
Key Points of the Manager's Engagement Policy	<p>TwentyFour have made the following statement in their 'Engagement Policy' of March 2021, in terms of their approach towards engagement activity:</p> <p><i>'The decision to engage with the management of an investee company is primarily based on what TwentyFour investment professionals believe will maximise bondholder value in the long-term, specifically the value of its clients' investments.</i></p> <p><i>TwentyFour's investment professionals may engage with company management on a variety of issues, including ESG matters that present a potential material risk to a company's financial performance. The Firm believes that its investment professionals are in the best position to evaluate the potential impact that ESG issues or the outcome of a given proposal will have on bondholder value. As such, all of the Firm's engagement activities are the responsibility of investment professionals and are fully integrated into its investment process.</i></p> <p><i>TwentyFour engages with the company management through periodic meetings, visits, and telephone calls during which Firm investment professionals discuss and pose questions on operational, strategic, and other management issues.</i></p> <p><i>TwentyFour's investment professionals communicate internally on the status of engagement activities and any outcomes arising.</i></p> <p><i>As a fixed income company TwentyFour's proxy voting rights are limited.'</i></p>

	<p>While TwentyFour have not explicitly defined their engagement priorities in their policy, they have stated in their latest UK Stewardship Code submission (under Principle 9) engagements undertaken at firm level, along with associated reasons that prompted the engagement.</p>
<p>Comparison of the Manager's Engagement Activity vs the Scheme's Policy</p>	<p>An example of a reported engagement undertaken for the Strategic Income Fund is:</p> <p><u>31/03/22 – Barclays Bank – Social and Governance-themed Engagement on Executive Remuneration & Russian Exposure</u></p> <p><i>'After hearing that former CEO Jes Staley was still being compensated after stepping down to contest allegations about his relationship with Jeffrey Epstein, we reached out to enquire on the details of this compensation. Additionally, we requested information on the action taken on Russian sanctions and ongoing Russian business. Barclays confirmed that the compensation was in line with their process as set out, and also that there were clawback and malus terms on this compensation if future revelations emerged. It later emerged that Barclays suspended £22million worth of shares while he remains the subject of a regulatory investigation.</i></p> <p><i>Barclays direct exposure to Russia and Ukraine is limited. They exited Russia as part of the disposal of non-core businesses in 2014-17, and do not have any physical business operations in Russia or Ukraine. They also do not hold any related undertakings (subsidiaries, joint ventures, associates and significant other interests) in both countries. On trading exposure, as with any clients, Barclays will exercise appropriate care and diligence if onboarding Russian entities and clients. They continue to operate according to parameters set out by regulators and international law, including the UK and other applicable sanctions regimes. Worth noting that Barclays does not have a commodities franchise, so the impact on us there is likely to also be limited.'</i></p> <p><u>Engagement Outcome:</u> <i>'We will continue to monitor the geopolitical situation as it evolves.'</i></p>
<p>Is Engagement Activity in Line with the Scheme's Policy?</p>	<p>The engagement activity seems aligned with the Manager's stated engagement approach, and so is also consistent with the Scheme's approach.</p>



Minerva
Says

- As can be seen from the previous tables, the managers' reported engagement approaches appears to be consistent with the Scheme's expectations of them in this stewardship area
- However, we remain disappointed that LGIM continue to struggle in terms of reporting engagement activity at client fund investment level. Whilst there have been improvements in the reporting of summarised statistics of engagement activity, there remains work to be done to provide details of specific engagements at the investee fund level

9 Conclusion

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: Summary Assessment of Compliance

Fund / Product Manager	Investment Fund/Product	Does the Manager's Reported Activity Follow the Scheme's Policy:				UK Stewardship Code 2020 Signatory?	Overall Assessment
		For Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
BlackRock	Aquila Life Up To 5 Year Corporate Bond Index Fund	N.I.R	N.I.R	N.I.R	N/A	YES	N.I.R
BNY Mellon	Newton Global Dynamic Bond Fund	YES	N.I.R.	YES	N/A	YES	COMPLIANT
Columbia Threadneedle	Threadneedle Property Fund	N.I.R	N.I.R	N.I.R	N/A	NO	N.I.R
LGIM	Cash Fund	N.I.R	N.I.R	N.I.R	N/A	YES	N.I.R
	Dynamic Diversified Fund	YES	YES	YES	ISS		COMPLIANT
	Investment Grade Corporate Bond All Stocks Index Fund	YES	YES	YES	N/A		COMPLIANT
	LDI Matching Core Fund (4 funds)	N.I.R	N.I.R	N.I.R	N/A		N.I.R
Vontobel	TwentyFour Strategic Income Fund	N.I.R	N.I.R	YES	N/A	YES	COMPLIANT

Full Information Available

Partial Information Available (P.I.A)

No Information to Report (N.I.R.)

No Information Provided (N.I.P)

Not Applicable (N/A)



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:
 - From the Voting and 'Significant Vote' information we received from BNY Mellon (Newton) and LGIM, their voting approaches are in step with the Scheme's expectations
 - Having reviewed the available engagement information for the Scheme's managers, their overall engagement approaches also seem in step with the Scheme's expectations
- 2) Of the Scheme's investment managers, only Columbia Threadneedle are not signatories to the UK Stewardship Code 2020, and we understand that they are currently waiting on a response to their submission from the Financial Reporting Council (FRC)
- 3) At the time of writing this report, we had not yet received the summarised engagement information from LGIM for the Investment Grade Corporate Bond All Stocks Index Fund (although they did make reference to some climate-themed engagements undertaken in a different report)

About Minerva

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For more information, please email hello@minerva.info or call + 44 (0)1376 503500

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