

Engagement Policy Implementation Statement (“EPIS”)

The Sangers (Northern Ireland) Limited Pension Fund (the “Fund”)

Fund Year End – 31 March 2023

The purpose of the EPIS is for us, the Trustees of the Fund, to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Fund’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

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

In our view, the Fund’s investment manager (‘LGIM’) was able to disclose good evidence of voting and engagement activity, that the activities completed by LGIM align with our stewardship priorities, and that our voting policy has been implemented effectively in practice.

LGIM provided us with high-quality engagement information that was sufficient for us to deduce that the policies in our SIP had been implemented effectively.

How voting and engagement policies have been followed

The Fund is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to LGIM. We reviewed the stewardship activity that LGIM carried out over the Fund year and in our view, LGIM were able to disclose strong evidence of voting and engagement activity. More information on the stewardship activity carried out by LGIM can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Fund's investments frequently and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received regular Environment Social Governance ("ESG") ratings from Aon for the funds the Fund is invested in, where available.

Each year, we review the voting and engagement policies of LGIM to ensure they align with our own policies for the Fund and help us to achieve them.

The Fund's stewardship policy can be found in the SIP here: <https://sites.google.com/view/the-sangers-ni-pension-fund/home>

What is stewardship?

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

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

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

Source: UN PRI

Our manager’s voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company’s stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Fund’s investments is an important factor in deciding whether a manager remains the right choice for the Fund.

Voting rights are attached to listed equity shares in global equity pooled funds. We expect LGIM to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for each of the Fund’s material funds with voting rights for the year to 31 March 2023.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
LGIM All World Equity Index Funds GBP – (Currency Hedged and Unhedged)	68,320	99.9%	19.7%	1.2%

Source: Manager

Use of proxy voting advisers

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

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

The table below describes how LGIM uses proxy voting advisers.

	Description of use of proxy voting adviser
LGIM	LGIM’s Investment Stewardship team uses Institutional Shareholders Services’ (“ISS”) ‘Proxy Exchange’ 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.

Source: Manager

Significant voting examples

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

Why is voting important?

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

Source: UN PRI

Why use a proxy voting adviser?

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

Our manager’s engagement activity

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

The table below shows some of the engagement activity carried out by LGIM. LGIM have provided information for the most recent calendar year available.

Funds	Number of engagements	Themes engaged on at a fund-level
LGIM AAA-AA-A Corporate Bond Over 15 Year Index Fund	57	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity) and others. Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) and others. Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Shareholder rights, Capital allocation Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose and others.
LGIM All World Equity Index Funds	574	Environment - Climate change and others. Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety), Inequality, Public health and others. Governance - Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Reporting (e.g. audit, accounting, sustainability reporting), Strategy/purpose and others.
LGIM Managed Property Fund	34	Environment - Climate change and others. Social - Conduct, culture and ethics (e.g. tax, anti-bribery, lobbying), Human capital management (e.g. inclusion & diversity, employee terms, safety) and others. Board effectiveness - Diversity, Board effectiveness - Other, Remuneration, Shareholder rights, Capital allocation, Strategy/purpose, Risk management (e.g. operational risks, cyber/information security, product risks) and others.

Source: Manager

Data limitations

LGIM did not provide firm level engagement information; however, they did provide fund level engagement information.

This report does not include commentary on the Fund’s UK Government bonds (or “gilts”) or liquidity pooled fund holdings because of the limited materiality of stewardship to these asset classes. Further this report does not include the additional voluntary contributions (“AVCs”) due to the relatively small proportion of the Fund’s assets that are held as AVCs.

Appendix – Significant Voting Examples

In the table below is a significant vote examples provided by LGIM. We consider a significant vote to be one which LGIM considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, an example of which is outlined below.

LGIM – All World Equity Index Funds	Company name	Equinor ASA
	Date of vote	11 May 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.05%
	Summary of the resolution	Approve Company's Energy Transition Plan (Advisory Vote)
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote? (Please add additional comments in the space below)	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
	Rationale for the voting decision	Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5 C. Whilst we welcome Equinor's progress in setting emission reduction targets covering all scopes of emissions, we remain concerned over Equinor's future plans in oil and gas production.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
	On which criteria have you assessed this vote to be "most significant"?	LGIM considers this vote significant as it is an escalation of our climate-related engagement activity and our public call for high quality and credible transition plans to be subject to a shareholder vote.

Source: Manager