

Munro & Miller Fittings Limited Retirement Benefits Scheme ('the Scheme') – Implementation Statement 6 October 2021 – 5 April 2023

An Implementation Statement (the 'Statement') has been prepared in accordance with applicable legislation, taking into account guidance from the Department of Work and Pensions for the period 6 October 2021 through to 5 April 2023 ('the Scheme Reporting Period').

The Statement sets out how, and the extent to which, the Trustees' policy in relation to exercising voting rights has been followed during the Scheme Reporting Period 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 Reporting Period.

A summary of the key points is set out below.

Legal and General Investment Management ('LGIM')

LGIM provided information on the voting and engagement activity for the Buy and Maintain Credit Fund. However, LGIM noted that it does not have a formal bond voting policy. In instances where bonds have voting rights, typically in relation to corporate actions, a case-by-case approach to determine the votes to cast is adopted. Given the nature of the investments in this fund, Minerva has concluded that the manager's approach is therefore in the best financial interest of the Scheme beneficiaries and by extension follows the Trustees' policy. Basic fund level engagement information was provided for the period 1st April 2022 to 31st March 2023 (rather than the Scheme's period of investment during the Scheme Reporting Period) and from this Minerva concluded that the manager's engagement approach is consistent with the Scheme's approach but believes that the manager should be able to provide more information relating to engagements undertaken at fund level.

Due to the nature of the underlying holdings in the All Stocks Gilts Index Fund, All stocks Index-Linked Gilts Index Fund and Sterling Liquidity Fund, it was determined that there is no voting information to report. LGIM provided basic fund level engagement information for both funds for the period 1st April 2022 to 31st March 2023 rather than the Scheme's investment period. That said, based on the information provided Minerva concluded that the manager's approach is in line the Trustees' engagement policy.

In relation to LGIM's holdings in the Over 15 Year Gilts Index Fund, it was determined that due to the nature of the underlying holdings, there was no voting or engagement information to report.

Scottish Widows

Despite multiple attempts, Scottish Widows failed to respond to Minerva's requests to disclose any voting and engagement information in relation to the Scheme's holdings held with the manager. This is very disappointing since the Trustees are unable to assess the voting and engagement activity of their holdings and if they align with their own policies. The Scheme disinvested from all Scottish Widows holdings part way through the Scheme Reporting Period but will consider raising a complaint with their relationship manager.

Annuities

The Scheme holds annuity policies in the name of the Trustees with Phoenix, Canada Life and Aviva, however it has determined that they will not be covered in this Statement on the grounds of materiality.

Final Comments

The Trustees are disappointed that Scottish Widows failed to respond to any requests from Minerva.

Minerva concluded that LGIM could improve the level of detail of information provided, particularly with regards to engagement activity. The manager needs to develop their reporting capabilities such that information can be provided for the full investment period of the Scheme (or Scheme Reporting Period, whichever is shorter) rather than quarterly or monthly reporting.

Munro & Miller Fittings Limited Retirement Benefits Scheme

Dalriada Trustees Limited

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

Scheme Reporting Period:
6th October 2021 to 5th April 2023

15th August 2023

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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:

*Munro & Miller Fittings Ltd Retirement Benefits Scheme
Statement of Investment Principles
September 2020*



1.1 Financially Material Considerations

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Scheme for members. It believes that financially material considerations (including climate change) are implicitly factored into the expected risk and return profile of the asset classes they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with its 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 Trustee 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 Trustee 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 provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

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

1.2 Non-Financial Considerations

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

1.3 Investment Manager Arrangements

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

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

The Trustee uses the fund objective/benchmark as a guide on whether its 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 Trustee selects managers based on a variety of factors including investment philosophy, and process, which it believes should include assessing the long term financial and non-financial performance of the underlying company.

The Trustee also considers the managers voting and ESG policies and how it engages with the company as it believes that these can factors can improve the medium to long-term performance of the investee companies.

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

The Trustee acknowledges that in the short term, these policies may not improve the returns it achieves, but do expect those companies with better financial and non-financial performance over the long term will lead to better returns for the Scheme.

The Trustee believes the annual fee paid to the fund managers incentivise them to do this.

If the Trustee feels that the fund managers are not assessing financial and non-financial performance or adequately engaging with the companies they are investing in, it 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 Trustee's policies

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

The Trustee assesses the performance periods of the funds over at least a 3-5 year period 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 considered as part of the manager selection process and is also monitored regularly with the help of its investment consultant to ensure it is in line with the Trustee's policies.

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

The Trustee monitors the portfolio turnover costs on an annual basis.

The Trustee defines 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 Trustee has 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 Trustee plans 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 Manager	Investment Fund/Product	Voting Information	Significant Votes	Engagement Information
LGIM*	All Stocks Gilts Index Fund	No Info to Report	No Info to Report	Part Info Available
	All Stocks Index-Linked Gilts Index Fund	No Info to Report	No Info to Report	Part Info Available
	Buy and Maintain Credit Fund	Part Info Available	No Info to Report	Part Info Available
	Over 15 Year Gilts Index Fund	No Info to Report	No Info to Report	No Info to Report
	Sterling Liquidity Fund	No Info to Report	No Info to Report	Part Info Available
Scottish Widows	Cash Fund	No Info Provided	No Info Provided	No Info Provided
	Index Linked Gilt Tracker Fund	No Info Provided	No Info Provided	No Info Provided
	Long Dated Corporate Bond Fund	No Info Provided	No Info Provided	No Info Provided
	Pension Protection Fund	No Info Provided	No Info Provided	No Info Provided

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

Full Info Available

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

Part Info Available

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

No Info to Report

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

No Info Provided

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



Minerva Says:

Voting Activity

There was voting information disclosed for the Scheme's investments in the following funds:

- LGIM Buy & Maintain Credit Fund

Significant Votes

There was no 'Significant Vote' information disclosed for any of the Scheme's investments.

Engagement Activity

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

- LGIM All Stocks Gilts Index Fund
- LGIM All Stocks Index-Linked Gilts Index Fund
- LGIM Buy & Maintain Credit Fund
- LGIM Sterling Liquidity Fund

Missing Information

Despite contacting them several times, Scottish Widows did not provide details of any voting and/or engagement activity for the Scheme's investments that were held during the reporting period. The Trustees may wish to formally take this lack of response up with the platform provider.

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 summarizes Minerva's findings on behalf of the Scheme over the Scheme's reporting year.

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

3.1 Voting and Engagement Policy and Funds

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

The Trustee's 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 Trustee's 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 Trustee believes this will be beneficial to the financial interests of members over the long term. The Trustee will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.

The Trustee also expects 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 Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expects 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 Manager	Investment Fund/Product	Investment Made Via	Fund / Product Type	Period Start Date	Period End Date	'Proxy Voter' Used?
LGIM	All Stocks Gilts Index Fund	L&G Platform	DB Fund	10/11/22	05/04/23	N/A
	All Stocks Index-Linked Gilts Index Fund	L&G Platform	DB Fund	10/11/22	05/04/23	N/A
	Buy and Maintain Credit Fund	L&G Platform	DB Fund	10/11/22	05/04/23	N/A
	Over 15 Year Gilts Index Fund	L&G Platform	DB Fund	10/11/22	05/04/23	N/A
	Sterling Liquidity Fund	L&G Platform	DB Fund	10/11/22	05/04/23	N/A
Scottish Widows	Cash Fund	SW Platform	DB Fund	06/10/21	23/11/22	?
	Index Linked Gilt Tracker Fund	SW Platform	DB Fund	06/10/21	23/11/22	?
	Long Dated Corporate Bond Fund	SW Platform	DB Fund	06/10/21	23/11/22	?
	Pension Protection Fund	SW Platform	DB Fund	06/10/21	23/11/22	?

Minerva Says

As shown in the table above:

- LGIM did not make use of a 'Proxy Voter' in the funds held by the Scheme. This was to be expected, given the lack of listed equities held in the different funds.
- As Scottish Widows did not formally respond to our information request, we are unable to comment on their use, or otherwise, of 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).

Table 4.1: LGIM's Approach to Voting

Asset manager	LGIM (Legal & General Investment Management)
Relevant Scheme Investment(s)	Buy & Maintain Credit Fund
Key Points of Manager's Voting Policy	LGIM 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.
Is Voting Activity in Line with the Scheme's Policy?	Yes 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.

Minerva Says

- LGIM have confirmed that they do not have a formal bond voting policy.
- From the information available, we believe that the voting approach is consistent with the Scheme's voting approach expectations of its investment managers.

5 Manager Voting Policy

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

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

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

Table 5.1: Voting Policy Alignment

Manager Voting Policy Alignment with Current Good Practice

Investment Manager	Audit & Reporting	Board	Capital	Corporate Actions	Remuneration	Shareholder Rights	Sustainability
LGIM	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comments	LGIM have 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.						

Table Key

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



Minerva Says

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

- LGIM confirmed that they do not have a formal voting policy for bond investments.

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 6.1: Manager Voting Behaviour

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
LGIM	Buy and Maintain Credit Fund	2	3	100.0%	100.0%	0.0%	0.0%
	Comments						
	<p>The manager provided a summarised voting record for the Buy and Maintain Credit Fund that covered the period from 01/04/22 to 31/03/23, rather than for the Scheme's specific investment holding period. (N.B. – LGIM are unable to provide bespoke client reporting period information).</p> <p>From the summarised information provided, we can see that the manager has voted at virtually all investee company meetings for the Fund, which is in line with the Trustees' expectations of their managers.</p>						

Minerva Says

For the Scheme's managers that responded to our information requests by providing voting information, we believe that they have followed the Scheme's requirements in relation to voting activity, as stated in the Scheme's SIP:

The Trustee's 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 Trustee's 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	Approx Size of Holding (as % of Fund)	Summary of Resolution	Voting Action	Outcome of Vote
LGIM	Buy and Maintain Credit Fund				There were no ‘Significant Votes’ reported for this Fund		
Why a ‘Significant Vote?’							
-							
Manager’s Vote Rationale:							
-							
Were Votes Against Company Management Communicated to the Company Ahead of the Meeting?							
-							
Next Steps / Implications of the Outcome:							
-							
Relevance to Manager’s Stated Policy:							
-							

As there were no reported 'Significant Votes', we are unable to comment here



Minerva Says

The manager did not identify any 'Significant Votes' associated with the voting activity in the Buy and Maintain Credit Fund.

8 Manager Engagement Information

The Trustees have set the following expectation 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 Trustee believes this will be beneficial to the financial interests of members over the long term. The Trustee will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate.

The Trustee also expects 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 Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee 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 Obtained	Level of Available information	Info Covers Scheme's Reporting Period?	Comments
LGIM	YES	FUND	NO	The manager provided <i>basic fund level information</i> covering the period from <i>01/04/22 to 31/03/23</i> rather than for the Scheme's individual investments' specific investment holding periods.
Scottish Widows	NO	NO	NO	Scottish Widows did not respond to our information requests.

Table Key

GREEN = A positive result. The manager has provided engagement information / fund level info available / matches the Scheme's reporting / investment holding period

ORANGE = A 'partial' result. We had to try to source engagement information / firm level info available / does not match the Scheme's reporting / investment holding period

RED = A negative result. No engagement information was located at any level

LGIM

Fund(s)	Period Start	Period End	No. of Engagements	Breakdown of Engagement Topics Covered				Outcomes	
				Environmental	Social	Governance	Other	Resolved	Open
All Stocks Gilts Index Fund	01/04/22	31/03/23	33	69.7%	3.0%	24.2%	3.0%	Not Stated	Not Stated
All Stocks Index-Linked Gilts Index Fund	01/04/22	31/03/23	39	61.5%	5.1%	33.3%	-	Not Stated	Not Stated
Buy & Maintain Credit Fund	01/04/22	31/03/23	327	29.1%	16.8%	44.3%	9.8%	Not Stated	Not Stated
Sterling Liquidity Fund	01/04/22	31/03/23	50	58.0%	4.0%	34.0%	4.0%	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> <ol style="list-style-type: none"> 1) Identify the most material ESG issues 2) Formulate a strategy 3) Enhance the power of engagement (e.g., through public statements) 4) Collaborate with other stakeholders and policymakers 5) Vote 6) Report to shareholders <p>From LGIM's most recent Active Ownership Report the manager has identified the following as their top 5 engagement topics:</p> <ol style="list-style-type: none"> 1. Climate Change 2. Remuneration 3. Diversity (Gender and Ethnicity) 4. Board Composition 5. Strategy

<p>Additional information on engagements provided by the Manager</p>	<p>Whilst the manager provided a list of engagements undertaken on investments in the fund during the Scheme's holding period, no additional information was provided in terms of:</p> <ul style="list-style-type: none"> ▪ engagement objectives ▪ collaborative engagements ▪ process for escalating ineffective engagement and ▪ whether any fintech solution was used to facilitate engagement
<p>Comparison of the Manager's Engagement Activity vs the Trustees' policy</p>	<p>Set out below is an example of engagement activity reported by LGIM in the Buy & Maintain Credit Fund:</p> <p><u>31/03/23 – Eli Lilly & Co. – Social and Governance-themed Engagement Activities</u></p> <p><i>Engagement Type: Not stated.</i></p> <p><i>Issue Theme: Social/Public Health and Governance/Risk Management.</i></p> <p><i>Engagement Details: Not provided.</i></p> <p><i>Engagement Outcome: Not provided.</i></p>
<p>Is Engagement Activity in Line with the Trustees' Policy?</p>	<p>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 provide more information relating to engagements undertaken at fund level.</p>

Minerva Says

As can be seen from the previous table, LGIM's 'Engagement Activity' broadly appears to comply with their own engagement approach, and so also complies with the Scheme's approach.

9 Conclusions

9.1 Assessment of Compliance

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

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

Table 9.1: Summary Assessment of Compliance

Fund / Product Manager	Investment Fund/ Product	Does the Manager's Reported Activity Follow the Scheme's Expectations:				UK Stewardship Code 2020 Signatory?	Overall Assessment
		Voting Activity	Significant Votes Identified	Engagement Activity	Use of a 'Proxy Voter?'		
LGIM*	All Stocks Gilts Index Fund	N.I.R.	N.I.R.	YES	N/A	YES	COMPLIANT
	All Stocks Index-Linked Gilts Index Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT
	Buy and Maintain Credit Fund	YES	N.I.R.	YES	N/A		COMPLIANT
	Over 15 Year Gilts Index Fund	N.I.R.	N.I.R.	N.I.R.	N/A		N.I.R.
	Sterling Liquidity Fund	N.I.R.	N.I.R.	YES	N/A		COMPLIANT
Scottish Widows	Cash Fund	N.I.P.	N.I.P.	N.I.P.	N.I.P.	YES	N.I.P.
	Index Linked Gilt Tracker Fund	N.I.P.	N.I.P.	N.I.P.	N.I.P.		N.I.P.
	Long Dated Corporate Bond Fund	N.I.P.	N.I.P.	N.I.P.	N.I.P.		N.I.P.
	Pension Protection Fund	N.I.P.	N.I.P.	N.I.P.	N.I.P.		N.I.P.

* LGIM have requested that a Disclaimer be shared, which should be read in relation to any stewardship information provided by them. It can be found at the end of this report.

Table Key

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

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

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

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

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

Minerva Says

Overall Assessment:

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

Notes

- 1) The preceding table shows that Minerva has been able to determine that:
 - For the manager where Voting and 'Significant Vote' information was available, their overall approach is broadly in step with the Scheme's requirements
 - For the manager where Engagement information was available, their overall approach is broadly in step with the Scheme's requirements
- 2) Both of the Scheme's investment managers are Signatories to the UK Stewardship Code.
- 3) We were slightly disappointed with the information provided by LGIM, in terms of either not specifically covering the Scheme's individual investment holding periods, or by providing little in the way of detail to support their engagement activities.
- 4) We were very disappointed with Scottish Widows, in terms of their inability to provide a formal response to our information requests, despite being contacted a number of times. Whilst the Scheme no longer has any investments made via the Scottish Widows platform, the Trustees may or may not wish to take this lack of response up with them.

LGIM Information Disclaimer

- i. Carbon dioxide equivalent (CO₂e) is a standard unit to compare the emissions of different greenhouse gases.
- ii. The choice of this metric follows best practice recommendations from the Task Force on Climate-related Financial Disclosures.
- iii. Data on carbon emissions from a company's operations and purchased energy is used.
- iv. This measure is the result of differences in weights of companies between the index and the benchmark, and does not depend on the amount invested in the fund. It describes the relative 'carbon efficiency' of different companies in the index (i.e. how much carbon was emitted per unit of sales), not the contribution of an individual investor in financing carbon emissions.
- v. LGIM set the following threshold for our reportable funds 1) the assets eligible for coverage e.g. eligible ratio needs to be greater than or equal to 50% and 2) the carbon coverage of the eligible assets e.g. eligible coverage needs to be greater than or equal to 60%.
- vi. Eligibility % represents the % of the securities in the benchmark which are eligible for reporting including equity, bonds, ETFs and sovereigns (real assets, private debt and derivatives are currently not included for carbon reporting). The Coverage % represents the coverage of those assets with carbon scores.
- vii. Derivatives including repos are not presently included and the methodology is subject to change. Leveraged positions are not currently supported. In the instance a leveraged position distorts the coverage ratio over 100% then the coverage ratio will not be shown.
- viii. LGIM define 'Sovereigns' as, Agency, Government, Municipals, Strips and Treasury Bills and is calculated by using: the CO₂e/GDP, Carbon Emissions Footprint uses: CO₂e/Total Capital Stock.
- ix. The carbon reserves intensity of a company captures the relationship between the carbon reserves the company owns and its market capitalisation. The carbon reserves intensity of the overall benchmark reflects the relative weights of the different companies in the benchmark.
- x. Green revenues % represents the proportion of revenues derived from low-carbon products and services associated with the benchmark, from the companies in the benchmark that have disclosed this as a separate data point.
- xi. Engagement figures do not include data on engagement activities with national or local governments, government related issuers, or similar international bodies with the power to issue debt securities.
- xii. LGIM's temperature alignment methodology computes the contribution of a company's activities towards climate change. It delivers a specific temperature value that signifies which climate scenario (e.g. 3°C, 1.5°C etc.) the company's activities are currently aligned with. The implied temperature alignment is computed as a weighted aggregate of the company-level warming potential.

Third Party ESG Data Providers: Source: ISS. Source: HSBC© HSBC 2022. Source: IMF (International Monetary Fund). Source: Refinitiv. Information is for recipients' internal use only.

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