

Implementation Statement

The A Bilbrough & Co Limited Pension & Life Assurance Scheme

Purpose of this statement

This implementation statement has been prepared by the Trustees of the **A Bilbrough & Co Limited Pension & Life Assurance Scheme (“the Scheme”)** to set out the following information over the year to **31 December 2022**:

- the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year, including information regarding the most significant votes; and
- how the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year.

Stewardship priorities

The Trustees have not set stewardship priorities for the Scheme as at 31 December 2022. The Trustees invest through pooled investment vehicles and stewardship responsibilities are delegated to the investment managers. Given this, and the fact that the Scheme’s assets represent a relatively small proportion of the total assets invested in the funds, the Trustees believe that setting stewardship priorities and engaging with managers on them is unlikely to have a material impact on financial outcomes for the Scheme. The Trustees believe that the fund selection and the general approach to stewardship used within those funds is likely to be more material to financial outcomes than engagement with the investment managers on the Trustees’ own stewardship priorities.

The Trustees understand that they are therefore constrained by the policies of the managers. However, the Trustees take stewardship and ESG factors into account as part of manager/fund selection and monitor these characteristics with the assistance of their investment consultant.

How voting and engagement policies have been followed

Based on the information provided by the Scheme’s investment managers, the Trustees believe that its policies on voting and engagement have been met in the following ways:

- At the year-end, the investment managers were Legal & General Investment Management (“LGIM”), CQS, Partners Group (“Partners”) and CBRE Global Investors (“CBRE”). The Trustees regularly consider the performance of the funds held with each investment manager and any significant developments that arise, as notified by their investment consultant.

- Company shares with voting rights are accessed through equity and multi-asset funds provided by LGIM. The Partners holding also carries voting rights on company shares through holdings in listed and private equities.
- As noted above, the Scheme invests entirely via pooled funds and the Trustees therefore delegate responsibility for carrying out voting and engagement activities to the Scheme's investment managers. The Trustees, as advised by their investment consultant, consider the stewardship and engagements activities of the funds to be suitable and consistent with the financial objectives of the funds held.
- The Trustees, through their investment consultant, reviewed information on the stewardship and engagements activities of their investment managers during the year, and were satisfied that their policies were reasonable, and no remedial action was required at that time.
- Having reviewed the above in accordance with their policies, the Trustees are comfortable that the actions of their fund managers are consistent with the Scheme's stewardship policies, as set out in the Statement of Investment Principles.

A summary providing examples of voting activities undertaken by the investment managers, based on what they regard as being significant votes, is given in the appendix.

**Prepared by the Trustees of the A Bilbrough & Co Limited Pension & Life Assurance Scheme
March 2023**

Appendix - voting undertaken on behalf of the Trustees

The Scheme's equity investments are all held through pooled funds. The investment managers of these funds vote on behalf of the Trustees.

This section provides a summary of the voting activity undertaken by the investment managers on behalf of the Trustees over the year to **31 December 2022**, together with information on any key voting priorities and information on the use of proxy voting advisors by the managers.

The CQS Total Return Credit Fund, LGIM Absolute Return Bond Fund, LGIM Over 15y Gilts Index Fund, LGIM All Stocks Index-Linked Gilts Fund and LGIM LDI funds have no voting rights and limited ability to engage with key stakeholders given the nature of the mandate. There is no CBRE voting data as CBRE manages indirect private real estate portfolios on behalf of separate accounts and pooled vehicles, with limited, if any, voting rights.

Fund	% of votes cast as a proportion of total possible votes	Does the manager use a proxy voting advisor?	Key voting priorities
LGIM All World Equity Index Fund	99%	A proxy-voting advisor (ISS) is used by LGIM, but LGIM actively direct a significant proportion of clients' voting rights.	Focus on improving corporate management of environmental, social and governance issues, including board remuneration and diversity.
LGIM Dynamic Diversified Fund	99%		
Partners Group Partners Generation Fund	100%	A proxy voting advisor (Glass Lewis) is used by Partners Group, but Partners Group created own bespoke policy which Glass Lewis then implement on the manager's behalf.	Focus on transparency on carbon emissions, climate change transition plans, diversity and inclusion, and corporate governance.

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2022 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance states that a significant vote is likely to be one that is linked to one or more of a scheme's stewardship priorities / themes. At this time, the Trustees have not set stewardship priorities / themes. For this Implementation Statement, the Trustees have asked the investment managers to determine what they believe to be a "significant vote".

Some managers have provided a selection of votes which they believe to be significant, and in the interest of concise reporting the tables below show three of these votes for each fund. The example is intended to cover a range of themes to represent what the most significant votes cast on behalf of the Scheme.

LGIM

In determining significant votes, LGIM's investment stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association ("PLSA"). This guidance dictates significant votes include, but are not limited to:

- A high profile vote which has such a degree of controversy that there is high client and/or public scrutiny;
- Significant client interest for a vote, directly communicated by clients to the investment stewardship team at LGIM's Stakeholder roundtable event, or where LGIM notes there has been a significant increase in requests from clients on a particular vote;
- A sanction vote as a result of a direct or collaborative engagement; and
- A vote linked to an LGIM engagement campaign.

LGIM: All World Equity Index Fund

	Vote 1	Vote 2	Vote 3
Company name	Apple Inc.	Amazon.com Inc.	Alphabet Inc.
Date of vote	4 March 2022	25 May 2022	1 June 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	3.8%	1.7%	1.1%
Summary of the resolution	Report on Civil Rights Audit	Elect of Director Daniel P. Huttenlocher	Report on Physical Risks of Climate Change
How the manager voted	For	Against	For
Rationale for the voting decision	LGIM voted in favour of the resolution as they support proposals related to diversity and inclusion policies. They consider these material risks to companies.	LGIM voted against the resolution as the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.	LGIM voted in favour of this resolution because they expect companies to be taking sufficient action on the key issue of climate change.
Outcome of the vote	Passed: 53.6% voted in favour of the resolution.	Passed: 93.3% voted in favour of the resolution.	Failed: 17.7% voted in favour of the resolution.
Implications of the outcome	LGIM will continue to engage with their investee companies and will publicly advocate their position on this issue and monitor the company and market level progress.		
Criteria on which the vote is considered "significant"	LGIM views gender diversity as a financially material issue for their clients, with implications for the assets they manage on their clients' behalf.	LGIM pre-declared their voting intention for this resolution, demonstrating its significance.	It is an escalation of LGIM's climate-related engagement activity and their call for credible transition plans to be subject to a shareholder vote.

LGIM: Dynamic Diversified Fund

	Vote 1	Vote 2	Vote 3
Company name	Royal Dutch Shell Plc	Rio Tinto Plc	Prologis, Inc.
Date of vote	24 May 2022	8 April 2022	4 May 2022
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.33%	0.30%	0.26%
Summary of the resolution	Approval of the Shell Energy Transition Progress Update	Approval of the Climate Action Plan	Election of Director Hamid R. Moghadam
How the manager voted	Against	Against	Against
Rationale for the voting decision	<p>Whilst LGIM acknowledged the substantial progress made by the company in improving its operational emissions reduction targets by 2030, LGIM remain concerned over the disclosed plans for oil and gas production, and are interested in further disclosure of the targets associated with the upstream and downstream businesses.</p>	<p>LGIM recognised the considerable progress the company made in strengthening its operational emissions reduction targets by 2030. However, LGIM remain concerned with the absence of quantifiable targets for scope 3 emissions, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.</p>	<p>LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. They also expect the board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.</p>
Outcome of the vote	Passed: 79.9% voted in favour of the resolution.	Passed: 84.3% voted in favour of the resolution.	Passed: 92.9% voted in favour of the resolution.
Implications of the outcome	LGIM will continue to engage with their investee companies and will publicly advocate their position on this issue and monitor the company and market level progress.		
Criteria on which the vote is considered "significant"	<p>It is an escalation of LGIM's climate-related engagement activity and their call for credible transition plans to be subject to a shareholder vote.</p>	<p>It is an escalation of LGIM's climate-related engagement activity and their call for credible transition plans to be subject to a shareholder vote.</p>	<p>It is an escalation of LGIM's voting policy on the topic of the combination of the Board chair and CEO. LGIM advocate for the separation of roles since they are substantially different, in both skill requirements and experiences. Since 2020 LGIM have voted against all combined board chair/CEO roles.</p>

Partners

Partners deem votes significant depending on the size of the holding of the company, therefore the larger the size of the company in the fund, the more significant. Any missing data was requested from the manager, but they were unable to provide it at this time.

Partners Group: Partners Generations Fund

	Vote 1	Vote 2	Vote 3
Company name	Axia Women's Health	EyeCare Partners	Pharmathen
Date of vote	n/a	n/a	n/a
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	n/a	n/a	n/a
Summary of the resolution	As they control the board, see below the ESG efforts of the portfolio company.		
How the manager voted	Control of Board	Control of Board	Control of Board
Rationale for the voting decision	Axia Women's Health has improved its quality of care and clinical outcomes, providing a superior and convenient patient experience, exhibiting a reduction in hospital days per patient to 2.1 days, alongside a 10.9% reduction in c-section rates.	In 2022, the number of patients served by EyeCare Partners (ECP) rose to 3 million, with the company exceeding its targets for its ECP clinics and Medicare/Medicaid patients served. In 2021, ECP clinics had had served 37% of Medicare/Medicaid patients.	In May 2022, Pharmathen launched a sustainability assessment with EcoVadis. The results will be incorporated into Pharmathen's ESG Strategy.
Outcome of the vote	n/a	n/a	n/a
Implications of the outcome	The company launched an employee engagement survey with 73% participation and will use the results to craft specific employee engagement initiatives. Axia Women's Health has established a Risk & Audit committee (including cybersecurity), while ensuring ownership and accountability at executive and board level and establishing a cyber baseline with regular reporting.	Several initiatives were implemented to improve stakeholder benefits. For instance, significant investments in benefits were made in 2021 and 2022. Incident Frequency Rate (IFR) measures were established and are being captured to drive root-cause analysis and drive prevention strategies. This has engaged employees and helped to increase employee retention to 31% (exceeding the target of 27%).	The company has a strong ESG culture as reflected in its core mission of making a positive impact on the lives of people by ensuring that they enjoy better health.
Criteria on which the vote is considered "significant"	Size of holding in the fund.	Size of holding in the fund.	Size of holding in the fund.