

LEE BEESLEY DERITEND PENSION SCHEME

ENGAGEMENT POLICY IMPLEMENTATION STATEMENT

Financial Year Ending 5 April 2022

Introduction

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles (SIP) produced by the Trustees, has been followed during the year to 5 April 2022. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and the guidance published by the Pensions Regulator.

Trustee Investment Objective

The Trustee's primary investment objective for the Scheme is to achieve an overall rate of return that is sufficient to ensure that assets are available to meet all liabilities as and when they fall due.

In doing so, the Trustee aims to maximise returns at an acceptable level of risk taking into consideration the circumstances of the Scheme.

The Trustee also ensures that their investment objectives and the resultant investment strategy are consistent with the actuarial valuation methodology and assumptions used in the Statutory Funding Objective.

Investment Strategy

The investment strategy of the Scheme as at 5 April 2022 was split 32% Diversified Growth, 10% Equity, 10% Multi Asset Credit, 6% Property (split 3% Pooled Property Fund / 3% Freehold Property), 7% Real LDI, 13% Nominal LDI and 22% Equity-Linked Gilts.

Statement of Investment Principles

The Scheme's SIP was last updated in September 2020. The changes made to the Statement reflected the regulatory requirements that were introduced aimed at strengthening Trustee's investment duties in relation to ESG and stewardship and arrangements with their investment Managers.

Policy on ESG, Stewardship and Climate Change

The Trustee understands that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustee's policies on ESG factors, stewardship and Climate Change.

The policies were last reviewed in September 2020. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

Scheme's Investment Structure

The Scheme's only investment (excluding the Freehold Property) is a Trustee Investment Policy (TIP) with Mobius Life Limited (Mobius). Mobius provides an investment platform and enables the Scheme to invest in pooled funds managed by third party investment managers.

As such, the Trustee has no direct relationship with the Scheme's underlying investment managers.

Engagement

In the relevant year, the Trustee has not engaged with Mobius or the underlying pooled investment managers on matters pertaining to ESG, stewardship or climate change.

Investment performance reports are provided to the Trustee from Mercer on a quarterly basis and include ESG specific ratings (derived by Mercer). This enables the Trustee to determine whether further action should be taken in respect of specific funds. The Trustee is satisfied that Mercer's ESG scores for the Fund's managers are satisfactory.

The Trustee continues to work with Mercer, to consider actions that can be taken to engage with their investment managers going forward.

Voting Activity

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustee has therefore effectively delegated its voting rights to the managers of the funds the Scheme's investments are ultimately invested in.

Over the Scheme year, the Trustee has not been asked to vote on any specific matters and have therefore not cast any votes.

Nevertheless, Appendix 1 of this Statement sets out a summary of the key voting activity of the pooled funds for which voting is possible (i.e., those funds which include equity holdings) in which the Scheme's assets are ultimately invested.

This includes information on what each of the fund managers consider to be a "significant vote", and examples of these. The Trustee has no influence on the managers' definitions of significant votes but have noted these and are satisfied that they are all reasonable and appropriate.

Appendix 1 – Voting Activity

The table below sets out a summary of the key voting activity over the financial year:

Manager / Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	abstentions		
Columbia Threadneedle Multi Asset Fund	<p>ISS – to take recommendations and vote via ISS.</p> <p>Glass Lewis & Co. – recommendations only.</p> <p>IVIS – recommendations only.</p>	2,549 resolutions eligible for (100% cast)	7.6% of votes cast	1.5% of votes cast	<p>Significant votes are dissenting votes, i.e., where a vote is cast against (or abstained from) a management – tabled proposal or where support is given to a shareholder – tabled proposal not supported by management.</p>	<p>NIKE Inc. – a vote “for” the report on “Political Contributions Disclosure” and “Diversity and Inclusion Efforts”. The rationale behind the vote was to support better corporate government practices. The vote was not approved. Active stewardship (engagement and voting) continues to form an integral part of the manager’s research and investment process.</p> <p>The Walt Disney Company. – a vote “for” the report on “Human Rights Due Diligence”. The rationale behind the vote was to support better ESG risk management disclosures. The resolution did not pass.</p>
Pictet Multi Asset Portfolio	ISS - for voting execution and recommendations	565 eligible for (100% cast)	23 (4.1% of votes cast)	2 (0.4% of votes cast)	<p>A vote is significant due to the subject matter of the vote, for example a vote against management, if the company is one of the largest holdings in the portfolio, and/or they hold an important stake in the company.</p>	<p>American Express Company – a vote “for” was cast in regards to a shareholder resolution to “Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts”. Pictet supported this proposal, against the recommendation of management, as the firm agreed with the proponents that while American Express is taking meaningful steps to increase its workforce diversity and promote inclusion, the company’s reporting of its diversity statistics falls short of disaggregating data in line with the ten job categories outlined by the EEOC, and, as pointed out by the exempt solicitation, lags behind some peers. Improvement in disclosure would benefit shareholders in assessing the company’s long-term value and reputational and legal risks associated with discrimination. The resolution was approved.</p>

						<p>Rio Tinto – Voted against the proposal to “Approve Remuneration Report for UK Law Purposes”. Pictet voted against this resolution as the company has allowed the former CEO to retain a significant proportion of his outstanding LTIP awards, subject to pro-rating for time and performance. The failures in risk oversight and governance at the Juukan site clearly constitute a "catastrophic environment event" which has "had a material effect on the reputation" of Rio Tinto, as defined in the malus and clawback provisions of the 2018 remuneration policy. In this light, it is unclear why these provisions have not been more comprehensively applied. The resolution did not pass.</p>
<p>Ninety One Diversified Growth</p>	<p>ISS – to produce custom research reports. Reports include vote recommendations (not instructions).</p>	<p>1,208 resolutions eligible for (98.9% cast)</p>	<p>7.0% of votes cast</p>	<p>1.9% of votes cast</p>	<p>Ninety One describes these as votes with significant client, media or political interest, material holdings, those of a thematic nature (i.e., climate change) and significant corporate transactions that have a material impact on future company performance.</p>	<p>S&P Global Inc. – a vote “for” the resolution to “Approve Greenhouse Gas (GHG) Emissions Reduction Plan”. ‘A vote for this resolution was warranted because the company’s climate transition plan includes clear targets for 2025 and the governance structure for addressing and dealing with the climate topics is transparent and appears robust. This vote was in line with management recommendation and the resolution was passed.</p> <p>Microsoft Corporation – a vote “for” the resolution to “Report on Gender/Racial Pay Gap” was cast. ‘A vote for this proposal was warranted, as shareholders could benefit from the median pay gap statistics that would allow them to compare and measure the progress of the company’s diversity and inclusion initiatives. The resolution did not pass.</p>
<p>L&G Life KY World Equity Index Fund — GBP Currency Hedged</p>	<p>IVIS – for research purposes. ISS – for research purposes.</p>	<p>36,675 resolutions eligible for (99.8% cast)</p>	<p>19.0% of votes cast</p>	<p>0.9% of votes cast</p>	<p>Significant votes are determined using the PLSA criteria, these include but is not limited to votes of high profile where there is a degree of controversy, there</p>	<p>Apple, Inc. – a vote “for” was cast in regards to the “Report on Civil Rights Audit”. A vote in favour was applied as LGIM supports proposals related to diversity and inclusion policies as the firm consider these issues to be a material risk to companies. The vote was passed with 54% of</p>

is significant client interest or the vote is linked to an LGIM engagement campaign.

voters supporting the resolution. LGIM will continue to engage with the company.

McDonald's Corporation– a vote “for” was cast relating to the shareholder resolution to “Report on Antibiotics and Public Health Costs”, against the management recommendation. Given LGIM’s recent engagement with the company on the topic of antibiotic use in their supply chain and the firm’s decision to publicly pre-declare its support to the shareholder resolution on the topic, LGIM exceptionally decided to communicate its vote intentions to the company as part of its continuous engagement with them. LGIM voted in favour as the firm believes the proposed study will contribute to informing shareholders and other stakeholders of the negative externalities created by the sustained use of antibiotics in the company’s supply chain and its impact on global health, with a particular focus on the systemic implications. Antimicrobial resistance (AMR) is a key focus of the engagement strategy of LGIM’s Investment Stewardship team. LGIM believe that, without coordinated action today, AMR could prompt the next global health crisis, with a potentially dramatic impact on the planet, its people, and global GDP. Whilst LGIM applauds the company’s efforts over the past few years on reducing the use of antibiotics in its supply chain for chicken and beef as well as pork, the firm believes AMR is a financially material issue for the company and other stakeholders, and LGIM want to signal the importance of this topic to the company’s board of directors. The vote failed to pass with only 11.3% of voters supporting the resolution.

Notes: ISS = Institutional Shareholder Services Inc.
 IVIS = Institutional Voting Information Service
 The information in the table has been provided by the investment managers for the year ending 31 March 2022.