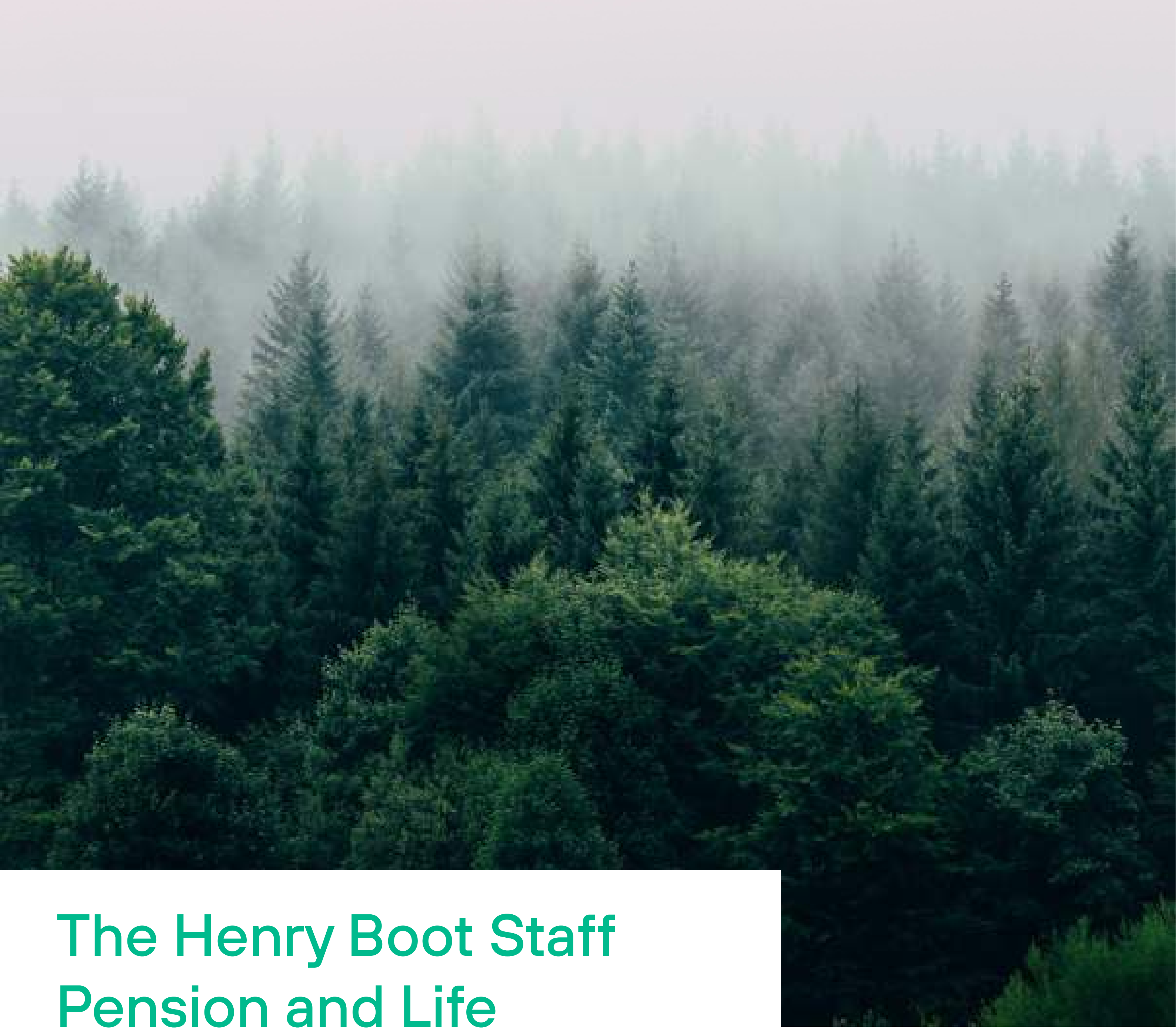

The Henry Boot Staff Pension and Life Assurance Scheme – Implementation Statement

12 months to 31 December 2023

Document classification: Confidential

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Statement

This implementation statement is to provide evidence that the Scheme continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address:

statement-of-investment-principles-october-2023.pdf (henryboot.co.uk) and changes to the SIP are detailed on page 7.

The Implementation Statement details:

- actions that the Scheme has taken to manage financially material risks and implement the key policies in its SIP;
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which the Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 December 2023 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

Summary of key actions undertaken over the Scheme reporting year

Over the reporting period, the Trustee agreed to increase the Liability Driven Investment ("LDI") interest rate and inflation target hedge ratio from 65% to 80% of Technical Provisions. This was funded using the proceeds from the sale of the Apollo Total Return Fund.

The Trustee took several actions to improve the Scheme's liquidity position and its ability to provide collateral to support the Liability Driven Investment ("LDI") mandate with the Scheme's LDI manager; Legal and General Investment Management ("LGIM"). These actions included redemptions from overweight non-LDI mandates; namely the PIMCO Diversified Fund and investments into the LGIM Absolute Return Bonds Fund. This meant that the Scheme's asset allocation was brought closer to the target asset allocation over the period.

The Trustee carried out a detailed review of the investment managers' ESG policies and practices over the reporting period. The Scheme's investment managers are increasingly prioritising ESG factors into their investment decisions. To further promote best practice, the Trustee has communicated through their investment adviser several actions for the investment managers that are expected to further improve their ESG policies. The Trustee will continue to monitor the investment managers' progress versus the actions set on an ongoing basis.

In line with the Scheme's journey plan and to increase liquidity flexibility of the Scheme, over Q4 2023, the Trustee agreed to fully redeem all holding from both the IFM Global Infrastructure Fund and the PIMCO Tactical Opportunities Fund. The proceeds from these disinvestments are due to settle after the reporting period. Post the reporting period, the Trustee also agreed to appoint a new investment manager, a multi-asset credit manager namely the M&G Total Return Credit Investment Fund. The initial investment at M&G will be funded using proceeds from disinvestments noted above.

The Scheme's SIP is being updated for the above decisions and will be reflected in a revised version of the Scheme's SIP.

Implementation Statement

This statement demonstrates that the Henry Boot Staff Pension and Life Assurance Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed

Position

Date

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	To broadly achieve a target hedge of 80% of interest rate and inflation risk on a Technical Provisions basis	The Scheme reviewed the level of hedging provided by the LDI mandate over the reporting period to reflect the updated liability data and to account for market movements over the reporting period. The Scheme increased the interest rate and inflation movements target hedge levels from 65% to 75% and subsequently to 80% over 2023. The Trustee is satisfied with the agreed target hedge levels as this provides an appropriate degree of protection against movements in interest rates and inflation expectations, given the Scheme's risk profile, liquidity available and funding position.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values), and to provide collateral to the LDI manager.	The investment strategy distributes regular income to assist in paying benefits as they fall due. Maintaining liquidity is crucial for the Scheme. To ensure adequate funds to meet potential collateral calls from the LDI mandate, it is recommended to hold 50% of the LDI mandate's value in liquid and easily redeemable assets. Over Q3 2023, the Trustee sold down a proportion of the portfolio to support the Scheme's liquidity position, providing

Risk / Policy	Definition	Policy	Actions and details on changes to policy
			additional collateral within the Absolute Return Bonds Fund at Legal and General to support the Liability Driven Investment ("LDI") mandate.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Scheme reduces market risk by diversifying its assets across a range of asset classes and investment managers. The Trustee is satisfied that the Scheme's assets remain sufficiently diversified to appropriately address market risk. The Scheme's allocations are monitored on a regular basis relative to the Strategic Asset Allocation.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Scheme for the risk of default.	The Scheme invests across a range of credit strategies, which provides exposure to several sectors and geographies. The Trustee maintained a diversified portfolio over the reporting period. The Scheme's investment adviser meets with the Scheme's investment managers on a regular basis to monitor portfolio risk. The Trustee is satisfied with the degree of credit risk taken by the Scheme.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Scheme's investments.	ESG is taken into account as part of Isio's standard due diligence and ongoing research and as such is a consideration in the selection and monitoring of the Scheme's investment managers.	The Trustee monitors the managers on an ongoing basis via the sustainability impact report, which provides further details and proposed actions for the Scheme's investment managers improvements in ESG integration. ESG ratings are also shared in the quarterly investment performance reports.

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	To hedge currency risk where reasonably possible within the funds which the Scheme invests in.	There have been no changes to policy over the reporting year.

Changes to the SIP

Over the 12-month period to 31 December 2023, following new stewardship guidance for Trustees of UK pension Scheme's, the Scheme's SIP was updated to further strengthen the policies around stewardship, reflect the Scheme's updated strategic asset allocation and incorporate guidance around leverage and collateral management. The additional policies added to the SIP are outlined in the table below.

Policies added to the SIP	
Date updated: October 2023	
How the investment managers are incentivised to vote on the Trustee's behalf.	• The Trustee has acknowledged responsibility for the voting policies that are implemented by the Scheme's investment managers on their behalf. • The Trustee monitors the investment managers' engagements and voting activities regularly as part of their ESG monitoring process to engage with investment managers on alignment.
How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'.	• The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Scheme's investment managers on their behalf. • The Trustee, via their investment advisers, will engage with managers about 'relevant matters' at least annually.
Leverage and Collateral management	• The Trustee will adhere to all relevant regulatory guidance and requirements in relation to leverage and collateral management within the Scheme's liability hedging (LDI) portfolio. • The Trustee has agreed a process for meeting collateral calls, should these be made by the Scheme's LDI manager. The Trustee will review and stress test this framework on a regular basis.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Scheme's policy with regarding to ESG as a financially material risk. This page details how the Scheme's ESG policy is implemented, while the following page outlines Isio's assessment criteria as well as the ESG beliefs used in evaluating the Scheme's managers' ESG policies and procedures. The rest of this statement details our view of the managers, our actions for engagement and evaluation of the stewardship activity.

The below table outlines the areas which the Scheme's investment managers are assessed on when evaluating their ESG policies and engagements. The Trustee intend to review the Scheme's ESG policies and engagement periodically to ensure they remain fit for purpose.

Implementation

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Environmental, Social, Corporate Governance factors and the exercising of rights and engagement activity	Through the manager selection process ESG considerations will form part of the evaluation criteria. The Scheme's investment advisor, Isio, will monitor managers' ESG polices on an ongoing basis.	The manager has not acted in accordance with their policies and frameworks.

Areas of assessment and ESG beliefs

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee
Approach / Framework	3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in the debt of a company/project/asset, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore the Trustee will receive training as required to develop their knowledge. 8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

ESG summary and actions with the investment managers

The Trustee carried out a review of the Scheme's investment managers from an ESG perspective over the reporting period with the assistance of the Scheme's investment adviser. As part of the review the Trustee communicated via the investment adviser several suggested actions for improvement in ESG integration. The Trustee agreed that the performance of all of the investment managers was satisfactory and will continue to engage with the managers to seek improvement.

The key findings of the review are summarised below:

- Overall, the Scheme's managers' ESG capabilities are in line with expectations.
- Most of the Scheme's investment managers have developed a firm wide ESG Policy. For managers with no specific ESG objectives, they have demonstrated that ESG factors are incorporated into their underwriting process. ESG reporting and obtaining ESG data is a particular challenge for certain asset classes like Direct-Lending and Opportunistic Credit due the private nature of borrowers in the portfolio, however, we have noted improvements in this area as managers are actively taking steps to overcome this issue going forward.
- The Scheme's Absolute Return Bonds Fund made a number of key improvements since the last review, leading to an upgraded ESG rating across multiple categories. LGIM continue to integrate ESG factors into the fundamental assessment of issuers rather than as isolated factors.
- Additionally, the Liability Driven Investment ("LDI") mandate managed by LGIM have gone beyond many of their competitors in incorporating ESG into the LDI space and is a leader in this area, demonstrating an impressive process for assessing and reporting on its engagement with counterparties.

A summary of the individual investment managers' ESG policies and practices is outlined below, alongside proposed actions that have been communicated to the investment managers to further integrate ESG into the investment process.

Fund Name	ESG Summary	Proposed Actions
Walter Scott – Unconstrained Equity	Walter Scott's long term investment philosophy focuses on the sustainability of investee companies. The process naturally excludes poor-scoring ESG stocks from the portfolio. Walter Scott do not have a dedicated ESG team with the responsibility to implement ESG processes falling to each individual member of the research team. They do not directly monitor ESG risks for the fund which therefore impacts the funds reporting capabilities.	- To set fund-level ESG objectives measured by quantifiable metrics. - To develop an ESG scorecard for portfolio companies. - To monitor key ESG metrics for each holding in the portfolio. - To develop a net-zero carbon pathway for the fund.
PIMCO – Diversified Credit	While PIMCO have firm level ESG policies, the Fund does not have any specific ESG-related objectives or stewardship priorities. PIMCO do assess potential issuers and fund holdings for ESG considerations, but these have limited impact on credit selection decisions. ESG reporting within quarterly reports is also limited, with further details only available on request.	- PIMCO should set clear fund-specific ESG policies with KPIs to monitor - ESG scores should be used more within fund exclusion criteria alongside utilisation of a fund specific scorecard. - Stewardship priorities for the Fund should be set to guide engagement. - ESG reporting metrics should be included in regular quarterly reports
PIMCO – Opportunistic Credit and Semi-Liquid Credit	PIMCO has firm-wide stewardship policies in place that they aim to incorporate into their portfolios, however there are no specified fund-level ESG objectives. PIMCO should look to incorporate ESG metrics into reporting and consider both fund-specific objectives and clear ESG assessment of issuers. We believe they are behind most fixed income managers in this area. As the Bravo Funds are closed-ended and largely invested, it is unlikely any material ESG improvements will be made via credit selection. While Tactical Opportunities Fund is open-ended, the Fund's opportunistic nature limits the scope for ESG integration relative to traditional fixed income funds with broader opportunity sets.	- To consider using an ESG scorecard as part of their due diligence. - To illustrate how they are mitigating fund specific ESG risks in specific deals. - To consider implementing fund-specific stewardship polices. - To collate portfolio-level ESG metrics and include these in quarterly reports.
Alcentra – Direct Lending	Alcentra have a Responsible Investment Team who review the output of the quantitative ESG Scorecard and help to integrate ESG into the Funds. ESG metrics are incorporated into Alcentra's quarterly reports and over the previous 12 months have introduced dedicated ESG reports. As the existing EDL funds are fully invested, any future ESG improvements are most likely to be focused on	- To set fund-level ESG priorities and introduce fund-level ESG policies - To introduce engagement / stewardship objectives and milestones for portfolio companies and provide fund-level engagement data - To consider adopting a firm-wide net zero commitment and climate policy

Fund Name	ESG Summary	Proposed Actions
	enhanced engagement and stewardship priorities.	
Partners Group – Direct Lending	While Partners Group have demonstrated growth within their ESG team and practices, they are lagging compared to peers across a number of areas, primarily reporting. PG should consider the below proposed actions in order to improve their ESG score.	- To identify Fund Level ESG targets. - To provide a diversity report and improve diversity reporting metrics. - To adopt engagement targets and include engagement information in quarterly reporting. - To report on TFCD Climate Change Metrics and incorporate ESG metrics into quarterly reports.
LGIM – LDI	LGIM have evidenced their ability to integrate ESG factors in their LDI fund range through counterparty review and engagement. LGIM's ESG approach brings together granular quantitative and qualitative inputs in order to reflect a full picture of the ESG risks and opportunities embedded within each company. LGIM are working to improve their reporting processes and are looking to provide more granularity on ESG metrics in their standard reporting across all their funds. LGIM have strong commitments to net zero and the decarbonisation framework.	- LGIM should include enhanced ESG counterparty reporting in regular client reporting of LDI Funds
LGIM – Absolute Return Bonds	LGIM is one of the more advanced asset managers in relation to ESG, with a well-defined firm-wide ESG policy and a net zero commitment. LGIM provide ESG scores for all assets within the portfolio and can provide the required TCFD Scope 1 and 2 metrics. LGIM also encourage investee companies to align sustainability reporting with best-practice frameworks. LGIM collaborates with a range of industry participants to monitor and influence a broad range of ESG topics.	- To develop Fund-specific ESG, climate and social policies - To set clear engagement objectives and milestones for underlying portfolio companies; engage with a higher proportion of portfolio companies. - To provide Fund-level ESG or sustainability reporting
JP Morgan – Infrastructure Equity	JP Morgan have demonstrated that the Fund has clear ESG policies and priorities in place, and that ESG is integrated through all stages of the investment process. The level of ESG integration is strong and reporting is in line with its peers in the market. Industry participants to monitor and influence a broad range of ESG topics.	- To include measurable climate and a social objective and to put in place a firm target for carbon emission and temperature increases. - To include social scoring within the scorecard. - To report on EGS specific risks in quarterly reports with greater focus on social issues.

Fund Name	ESG Summary	Proposed Actions
		- To expand on engaging with other asset managers and the wider community on ESG matters.
IFM – Global Infrastructure Fund (“GIF”)	IFM comprehensively integrate the firm’s Responsible Investment Charter throughout the investment process and have a clear process for ESG integration through the investment process. IFM have specifically included climate concerns throughout their assessment approach, with quantifiable metrics and targets at fund level. GIF should complete its emission reduction plans at the asset level at the earliest opportunity to understand alignment with its net zero targets. Reporting is now TCFD aligned but there is potential for more detail in fund-level ESG metrics scoring and reporting, especially for social scoring.	- To develop an ESG scorecard approach to quantify ESG risks. - To improve climate scenario testing on fund value. - To improve fund level reporting on ESG metrics, particularly social metrics.

Engagement

The Trustee delegates the day-to-day management of the Scheme's assets to investment managers. Details of the investment managers' engagement actions, including a summary of the engagements for the 12-month period to 31 December 2023, are included below

Fund name	Engagement summary	Commentary
Walter Scott – Long Term Global Equity Fund	Total engagements: 15 Number of entities engaged: 14 Environmental: 10 Of which relating to Climate change: 8 Social: 0 Governance: 5 Financial: 0	In the 12 months to 31 December 2023, Walter Scott held around 400 meetings with equity companies where ESG issues were discussed. Engagement responsibilities are managed by the Research Team members, who are responsible for sustainability considerations within the investment process. The firm has two goals for engagement: Engagement for Information and Engagement for Change. Example of engagement include: **CLP Holdings** – Water Scott continue to engage with CLP Holdings (China Light and Power Company) on accelerating the firm's de-carbonisation roadmap and its commitment to net zero. CLP Holdings have noted that decarbonisation remains a core pillar of CLP's long-term strategy noting that although the Company's Hong Kong operations may take longer to close down/repurpose its coal assets, the mainland nuclear power plant aims to retire its coal assets by mid-2030. Walter Scott will continue to engage with and monitor CLP Holdings decarbonisation plans improvement. **Paychex** – Walter Scott engaged with Paychex (a provider of human resources, payroll and employee benefit services) to encourage greater independence at both the board and committee level due to the number of long-tenured directors. Following the engagement, to refresh the board, Paychex welcomed the addition of an independent non-executive director. Paychex have also committed to further enhancements to the board structure in the coming years.

Fund name	Engagement summary	Commentary
PIMCO – Diversified Income Fund	Total Engagements: 267 Number of entities engaged: 193 Environmental: 248 Of which relating to Climate change: 225 Social: 98 Of which relating to Board diversity: 18 Governance: 230 Financial: 191 Other: - ESG Bonds (39), - Product Safety and Quality (15)	As one of the largest bondholders in the world, PIMCO has a significant platform with which to engage issuers on factors that may be material to risk and return considerations – including ESG topics. PIMCO constructively engages with issuers to both uncover investment insight and seeks to influence outcomes which may reduce risks or capitalise on opportunities. PIMCO aim to create value and promote positive change by working with companies still evolving in their sustainability practices, as well as those already demonstrating a deeply unified approach to sustainability. PIMCO seek to influence changes to benefit investors, which may also benefit additional stakeholders, including a company's employees and the environment. Example of engagement include: **US Utility Company** – PIMCO engaged with the company on climate adaption best practices and continued improvements for climate resilience disclosure and actions, as the Company suffered significant financial losses, reputational damages, and regulatory action following multiple destructive wildfire seasons. This led to meaningful wider spreads on the Company's bonds and exclusion from much of the sustainable investment universe as a result of the UN Global Compact "Fail" status issued by MSCI. Following PIMCO's engagement with the Company, it met its climate resilience targets, MSCI removed the 'Fail' status on the Company and it has committed to future multi-year climate resilience targets. PIMCO continue to engage with the Company to monitor actions and to provide assistance in their approach to climate resilience.
PIMCO – Tactical Opportunities Fund **PIMCO - BRAVO III and BRAVO IV**	PIMCO currently do not provide details of their engagement activities for the Tactical Opportunities Fund and BRAVO III and IV due to the nature of the Fund. However, at the firm level PIMCO note all relevant ESG related factors are evaluated in the underwriting process and when assessing overall risk/return profile for each investment. Importantly, given the nuances of private market investing, PIMCO has incorporated ESG templates that capture appropriate risk factors into the investment process	

Fund name	Engagement summary	Commentary
Alcentra – European Direct Lending (EDL) Fund I **Alcentra – European Direct Lending (EDL) Fund II**	Total Engagements: 91 Number of entities engaged: 64 Environmental: 32 Of which relating to Climate change: 15 Social: 22 Of which relating to Board diversity: 9 Governance: 6 Financial: 31	Alcentra, as a signatory to the Financial Reporting Council's UK Stewardship Code, follows stewardship standards for asset owners and asset managers. While specific fund-level stewardship priorities are not in place, Alcentra's stewardship activities intend to deliver strong, long-term investment returns for clients. The investment team, supported by the monitoring and Responsible Investment team, engages with portfolio companies on ESG-related topics, which are reported in the CRM system. Alcentra also engage with borrowers on ESG topics through an annual ESG questionnaire to assess their approach to managing ESG risks and initiatives in place. Monitoring of ESG issues and risks is ongoing, and Alcentra's ESG engagement efforts are aimed at improving disclosures, understanding risks, and encouraging sustainable practices among issuers in its portfolio companies. Examples of engagement include: **Company A (Internet of Things provider)** – Alcentra holds a board observer position with the business and engaged with the firms CEO and CFO on the firms ESG strategy. Following the engagement, the Company has set-up an ESG Committee. Additionally, Alcentra is engaging with the Company about implementing an ESG margin ratchet.
Partners Group – Private Markets Credit Strategies 2016 **Partners Group – Private Markets Credit Strategies 2018**	Total Engagements: 9 Number of entities engaged: 9	Partners Group maintain ongoing contact with the management teams of their portfolio companies, however, given their position as lenders they typically rely on the equity sponsor to report ESG-related concerns and drive ESG improvements. Investing in private companies also reduces the transparency of the information available to assess ESG risks. Examples of engagement include:

Fund name	Engagement summary	Commentary
		Aromazone - Partners Group engaged with management with respect to improving its recycling capabilities and also limiting its use of single-use packaging. Following engagement, Aromazone have ensured that; (i) 96% of the products packaged in France can be recycled, (ii) 96% of products only have 1 wrapping (instead of 2 customary), (iii) 92% of products are packaged with recycled paper and (iv) 100% of the electricity used by the Company comes from renewable sources **Waystar** – Partners Group engaged with management to get a trading update and update on business performance. Following engagement, Waystar (a cloud-based platform for healthcare providers) continued strong performance with revenues up 10%, and is currently evaluating various options for use of free cash. The Company sponsor is currently exploring an IPO.
LGIM – Matching Core LDI Range	Total Engagements: 25 Environmental: 19 Governance: 6	LGIM view ESG as an essential component to LDI and integrate ESG into their LDI approach on a top-down and bottom–up basis. LGIM engage with regulators, governments, and other industry participants to address long-term structural issues. Alongside analysing ESG-related criteria in the assessment of counterparties through LGIM's proprietary ESG tools. Examples of significant engagements include: **Mizuho Financial Group Inc** - LGIM engaged with Mizhuo both independently and as part of an investor group. Following this engagement, there has been significant improvement in the banks ESG disclosures. LGIM continue to engage with the company to monitor actions and to provide assistance in their approach to climate issues as LGIM believe the banking sector is crucial to funding the transition to net zero. **Toyota Motor Group** – LGIM engaged with Toyota over climate and environmental issues with regards to the alignment of its climate lobbying practices with Paris Agreement, its climate ambitions, and on governance. A shareholder resolution was proposed and LGIM supported the resolution for this, which did not pass. LGIM continue to engage with Toyota with respect to this.
LGIM – Absolute Return Bonds	Total Engagements: 143 Environmental: 76 Social: 20 Governance: 33 Other: 14	

Fund name	Engagement summary	Commentary
JP Morgan ('JPM') - Infrastructure Investments Fund ('IIF')	Total Engagements: 3	JPM's engagements are conducted primarily with investee companies within the respective portfolios. IIF is focused on reducing its carbon footprint – which includes Scope 3 emissions. Over 2023 and into 2024, IIF have been working with portfolio companies and third parties to measure Scope 3 and to also prepare for regulatory reporting that requires Scope 3 reporting. IIF completed Scope 3 pilots over Q4 2023 with Summit Utilities, Ventient Energy, Sonnedix and Renantis. The learnings and best practices from the pilot exercise are being shared across the portfolio through the ESG cohort and more Scope 3 pilots are being kicked off in Q1 2024. IIF are currently looking to kick off Scope 3 pilots for both U.S. and European portfolio companies. Examples of engagements include: **El Paso Electric** – Through IIF's ownership (100%), asset management and governance structure, the team worked together with management to set specific carbon reduction goals with action plans in place. Over the reporting period, El Paso Electric received regulatory approval to expand its Texas Community Solar Program with an additional 10 MW solar facility. **Sonnedix**–JPM continues to work with Sonnedix to continuously monitor human rights issues, its supply chain and meeting the requirements of its Modern Slavery policy to prevent and eradicate forced labour.
IFM – Global Infrastructure Fund ("GIF")	IFM does not disclose information about the number of engagements related to their infrastructure fund. However, IFM is actively engaged with all of its portfolio assets, working closely with management to establish specific Environmental, Social, and Governance (ESG) action plans. IFM also puts in place governance structures that have responsible investment controls to ensure responsible investment practices are followed.	IFM's Infrastructure Team actively engages with assets held in GIF, focusing on various ESG matters including energy and GHG emissions management, biodiversity, water and waste management, stakeholder engagement, labour relations, safety, health and safety initiatives, customer privacy, diversity, board composition, code of conduct, remuneration, local political structure, and capital structure. Examples of engagement include: **Naturgy** – IFM continue to engage with Naturgy as it represents c.30% of IFMs 2030 decarbonisation target. As part of its long-term climate strategy, Naturgy have continued to make significant progress and is seeking to increase the installed capacity of renewable generation, supporting the development of biomethane and green hydrogen as new

Fund name	Engagement summary	Commentary
		products, developing storage systems and improving value chain energy efficiency. **Buckeye Partners** - IFM's engagement led Buckeye Partners to create an alternative energy operating segment. This segment focuses on the development of energy transition opportunities through investment in and development of renewables, cleaner fuels, alternative energy, and other sustainable innovations. Some of the transition investments underway at Buckeye Partners include a minority investment in OneH2; a hydrogen production and logistic company, and a majority investment in Swift Current Energy; a utility-scale renewable energy developer focused on solar wind and battery storage projects.

Source: Investment Managers

Voting (for equity funds only)

As the Scheme invest via fund managers, the managers provided details on their voting actions including a summary of the activity covering the reporting year up to 31 December 2023. The managers also provided examples of any significant votes.

Fund name	Voting Summary	Examples of significant votes	Commentary
Walter Scott – Long Term Global Equity Fund	Meetings Voted at: 48 Votes cast: 782 Votes 'For' management; 96.9% Votes 'Against' management: 3.1%	**LVMH Moet Hennessy Louis Vuitton Se** – Walter Scott voted against a resolution to authorise the issue of additional equity due to the potential to dilute the firm's equity by greater than 10%. This vote was against management's recommendations. This resolution was passed as there was 99.4% votes for the resolution. Walter Scott continue to monitor the situation.	While Walter Scott has voted with management on the majority of its resolutions, they have evidenced a series of significant votes in which they have voted against management if they believe it's against current shareholders interest. Notably, Walter Scott continue to vote against management when investee companies look to issues new equity.

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