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

12 months to 31 December 2024

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 2024 and changes to the SIP are detailed on page 7 of this report.

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 2024 for and on behalf of the Scheme including the most significant votes cast by the Scheme or on its behalf

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Summary of key actions undertaken over the Scheme reporting year

Over the reporting period, the Trustee focused on improving the Scheme's liquidity. To this end, the Trustee allocated a portion of the disinvestment proceeds from the IFM Global Infrastructure Fund (IFM) into a new mandate, the M&G Total Return Credit Investment Fund. To further support the Liability Driven Investment collateral, the Trustee also made additional investments into the Absolute Return Bonds Fund at Legal and General Investment Management (LGIM) using some of the proceeds received from IFM and the PIMCO Tactical Opportunities Fund redemption.

Over Q2 2024, The Trustee chose to gradually raise the Liability Driven Investment (LDI) hedge levels from 80% to a target of 85% of the interest rate and inflation risks inherent in the Scheme's liabilities, as measured on a Technical Provisions basis. This target was further increased from 85% to 90% in Q4 2024.

Annually, the Trustee undertakes an in-depth review of the investment managers' Environmental, Social and Governance (ESG) policies and practices during the reporting period. The Scheme's investment managers are placing greater emphasis on integrating ESG factors into their investment decisions. To encourage best practices, the Trustee, through their investment adviser, has outlined several actions for the investment managers to enhance their ESG policies further. The Trustee will continuously monitor the investment managers' progress against these actions.

Following the reporting period, the Trustee continued efforts to enhance the Scheme's liquidity by choosing to invest in the LGIM US Securitised Core Credit Fund. Consequently, the Scheme's Statement of Investment Principles (SIP) is being updated to reflect this new investment.

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

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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 90% 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 account for market movements over the reporting period. The Scheme increased the interest rate and inflation movements target hedge levels from 80% to 90% over 2024.
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 the reporting period, the Trustee focused on improving the Scheme's liquidity. The Trustee is satisfied with the current level of liquidity within the Scheme and the level of collateral supporting the Scheme's Liability Driven Investment 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.

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Risk / Policy	Definition	Policy	Actions and details on changes to policy
			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.
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.

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Changes to the SIP

Over the 12-month period to 31 December 2024, the SIP was updated to reflect an increase in the Scheme's interest rate and inflation movement target hedge from 80% to 90%. Additionally, there was an amendment to the investment implementation policy. This amendment is outlined in the table below.

Policies added to the SIP	
Date updated: October 2024	
Investment policy implementation	• The Trustee has noted the importance of maintaining sufficient liquidity to provide collateral to support the Liability Driven Investment ("LDI") mandate with the Scheme's LDI manager, Legal and General Investment Management. As the Scheme progresses on its journey plan, the Scheme's investment strategy is expected to gradually de-risk over time.

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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.

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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.

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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 established firm-wide ESG policies. For those without specific ESG objectives, they integrate ESG factors into their underwriting process. ESG reporting and data collection are challenging for asset classes like Direct Lending and Opportunistic Credit due to the private nature of borrowers. However, we have observed improvements as managers are actively addressing this issue.
- The overall ESG score of the Absolute Return Bond Fund held with LGIM was downgraded from 'meets additional sustainability criteria' to 'meets traditional criteria'. Please note that this downgrade was primarily due to more stringent sustainability scoring in our review of asset managers. The overall ESG score achieved by the Fund remains satisfactory.

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 net zero commitment, nor are they signed up to the Net Zero Asset Managers Initiative (NZAMI). Despite this, they have a standalone ESG team that is closely integrated into their asset class teams. However, climate, social, and nature factors are not a stewardship priority. At a Fund level, there are no ESG objectives in place. Additionally, while they do provide engagement and voting data,	• Walter Scott should consider: - Implementing a net zero commitment. - Establishing stewardship priorities. - Becoming a signatory of key initiatives focused on social factors. - Setting ESG objectives for the fund. - Modelling how the fund may be impacted under different climate change scenarios. - Setting company-specific KPIs for each holding in the fund.

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Fund Name	ESG Summary	Proposed Actions
	this information is not linked to specific fund stewardship priorities. Finally, they publish a sustainability report annually, in line with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.	
PIMCO – Diversified Credit	While PIMCO have firm level ESG policies, the fund does not have any specific ESG objectives at the fund level, nor does it utilise an ESG scorecard to assess potential issuers. However, PIMCO has integrated ESG specialists into the investment decision-making process, ensuring that environmental, social, and governance considerations are taken into account during the evaluation and selection of investments.	• PIMCO should consider: - Setting Fund level ESG objectives. - Producing a dedicated sustainability report. - Setting company-specific KPIs for each holding in the fund.
PIMCO – Opportunistic Credit and Semi-Liquid Credit	PIMCO has firm-wide stewardship policies in place that they aim to incorporate into their portfolios. PIMCO does not have a net zero commitment, and ESG engagements are not managed by a central SI team. While the firm undertakes ESG training, including a formal training programme, the Fund itself has no specific ESG objectives. An ESG scorecard is used during the initial due diligence and underwriting processes; however, climate and nature risks are not captured in these ESG assessments. Additionally, there is limited engagement on ESG matters within the firm.	• PIMCO should consider: - Putting a net zero commitment in place. - Agreeing targets for diversity policies and report on its implementation. - Publishing a firm-level ESG policy publicly and review this frequently. - Setting ESG objectives and policies at a Fund-level. - Engaging and reporting on ESG factors with portfolio companies
Alcentra – Direct Lending	Alcentra has a dedicated Responsible Investment Team that evaluates the results of the quantitative ESG Scorecard and aids in the integration of ESG considerations into the Funds. ESG factors are thoroughly embedded within the investment process. However, given that the EDL funds are fully invested and mature, making further enhancements is challenging. Consequently, any potential improvements are expected to focus on stewardship and engagement policies.	• Alcentra should consider: - Introducing explicit stewardship priorities in the Responsible Investment policy. - Developing connections with academic institutions to develop a risk management framework. - Reporting on individual issuer ESG scores rather than a fund-level distribution of scores - Reviewing the ESG scorecard and risk framework annually.
Partners Group – Direct Lending	Partners Group has demonstrated significant progress in the ESG space. They have a well-resourced central Sustainable Investing (SI) team, and a robust investment approach aligned with industry-recognised guidance, such as the UN Global Compact (UNGC)	• Partners should consider: - Regular reporting on fund-level temperature pathway alignment and emissions data. - Engaging with a significant number of the underlying issuers and

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Fund Name	ESG Summary	Proposed Actions
	principles. Their commitment to ESG is further evidenced by structured training programs and strong net-zero commitments, including a pathway to achieving net zero by 2030 for all corporate activities and by 2050 across all portfolios.	improve the reporting of these engagements. - Implementing firm-level ESG objectives with a quantifiable target to enhance ESG policy. - Engaging with nature and biodiversity-related stewardship priorities. - Becoming a signatory to the Net Zero Asset Manager's Initiative (NZAMI).
LGIM – LDI	LGIM have evidenced their commitment to incorporating ESG in investment processes through strong firm-level policies and a robust approach to Stewardship and Collaboration across different initiatives and networks. At a fund level LGIM embeds ESG within their counterparty review process for LDI funds via their Active ESG tool & engaging with counterparties. However, the LDI funds do not have any explicit ESG objectives.	• LGIM should consider: - Introducing a formal ESG training program with defined priorities - Developing connections with leading academic institutions to develop robust risk management frameworks. - Expanding the approach to assessing green gilts to complement a relative value assessment in order to create positive externalities within the funds.
LGIM – Absolute Return Bonds	LGIM has demonstrated its dedication to integrating ESG into investment processes through comprehensive firm-level policies and a solid approach to Stewardship and Collaboration across various initiatives and networks. The Absolute Return Bond Fund has clear, forward looking quantifiable ESG objectives and aligns with the Net Zero Investment Framework's guidance on decarbonisation.	• LGIM should consider: - Engaging with more issuers in the fund on an annual basis. - Utilising third parties to independently verify ESG data reporting.
JP Morgan – Infrastructure Equity	At the firm level, JP Morgan demonstrates a robust approach to stewardship, complemented by comprehensive reporting. Their dedicated ESG team consistently reviews the Sustainable Investment Statement to ensure its relevance and effectiveness. At the fund level, JP Morgan employs an asset-specific scorecard for ongoing monitoring and uses its ESG in Action framework to evaluate the ESG potential of each investment. Moreover, JP Morgan actively engages with the majority of IIF holdings on ESG issues, underscoring their commitment to responsible investing.	• JPM should consider: - Expanding a Net-Zero target to capture all assets under management at firm level. - Making online ESG training platform mandatory for all employees. - Providing quarterly reporting of ESG metrics and GHG emissions data for the IIF Fund. - Utilising ESG data sources from external providers during the due diligence process and ongoing monitoring.

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Fund Name	ESG Summary	Proposed Actions
M&G – Total Return Credit Investment (TRCI) Fund	M&G has established robust firm-level policies, including a commitment to achieving net zero across all assets under management by 2050. Their capability to model various climate scenarios highlights their proactive approach to managing climate-related risks. While their firm-level stewardship is strong and primarily focused on climate change, M&G does not have a specific ESG policy at the fund level. Despite adhering to an extensive firm-level ESG policy, their engagement activities with portfolio issuers at the fund level are limited. Additionally, M&G does not produce detailed sustainability reports at the fund level.	• M&G should consider: - Establishing and reporting on fund-level ESG objectives. - Improving and reporting on active engagement with issuers across climate, social and biodiversity factors at a fund level. - Including nature and social factors in stewardship priorities at a firm level - Enhancing collaboration with academic institutions to develop risk management frameworks.

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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 2024, are included below

Fund name	Engagement summary	Commentary
Walter Scott – Long Term Global Equity Fund	Number of entities engaged: 23 Environmental: 15 Of which relating to Climate change: 13 Governance: 10 Financial: 5	In the 12 months to 31 December 2024, Walter Scott held around 300 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: **Jardine Matheson (JM)** – Walter Scott concluded a long-term engagement with Jardine Matheson (JM) in July 2024, aimed at improving ESG considerations like decarbonisation and board independence. Historically lagging in ESG, Jardine Matheson has made notable progress in addressing financially material risks. The company's 2023 Sustainability Report showed advancements in their Net Zero framework, with businesses setting decarbonisation targets aligned with a 1.5°C trajectory. JM's Indonesian mining and energy business United Tractors, expanded into renewable energy to mitigate coal business impacts. Despite limited progress on divesting palm oil assets, PT Astra Agro Lestari, the palm oil subsidiary of JM's Astra International business applied for Roundtable on Sustainable Palm Oil membership. These developments mark a significant shift in JM's ESG approach, justifying the closure of Walter Scott's engagement.

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Fund name	Engagement summary	Commentary
PIMCO – Diversified Income Fund	Total Engagements: 377 Number of entities engaged: 265 Environmental: 395 Of which relating to Climate change: 338 Social: 124 Governance: 355 Financial: 305 Other: - ESG Bonds (63), - Product Safety and Quality (17)	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: **German Investment Bank**– Over the years, PIMCO has engaged with the issuer on sustainability topics like climate ambition, deforestation, and ESG bonds. In 2022 and early 2023, the issuer, a German multinational investment bank, made notable progress in governance and capacity for net zero targets, though they still trail their European peers. PIMCO participated in a call with the Institutional Investors Group on Climate Change (IIGCC) and the issuer's sustainability team to discuss interim net zero targets, emphasising the integration of client transition plans into overall financing policies. PIMCO also provided feedback on their Green Financing Framework, advocating for stricter eligibility criteria and EU Taxonomy compliance. Following this engagement, the issuer joined the Oil and Gas Methane Partnership 2.0 (OGMP) and has advanced relative to peers. PIMCO will continue to encourage alignment with best practices for methane efforts and other climate strategy aspects, including physical climate risks, credible transition plans, and just transition initiatives.
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 Funds. 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. As the Bravo Funds are closed-ended and largely	

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Fund name	Engagement summary	Commentary
	invested, it is unlikely any material ESG improvements will be made via credit selection.	
Alcentra – European Direct Lending (EDL) Fund I **Alcentra – European Direct Lending (EDL) Fund II**	Total Engagements: 215 Number of entities engaged: 38 Environmental: 42 Of which relating to Climate change: 24 Social: 53 Of which relating to Human capital management: 22 Governance: 27 Financial: 49	In the 12 months to 31 December 2024, Alcentra conducted 217 engagements discussing ESG issues, including 171 meetings and 14 through their ESG questionnaire. In addition to meetings. Alcentra engage with borrowers annually via an ESG questionnaire to assess their management of ESG risks and initiatives. Alcentra's ongoing monitoring of ESG issues aims to improve disclosures, understand risks, and encourage sustainable practices among issuers in their portfolio companies. Examples of engagement include: **Company A (Motorcycle accessories manufacturer)** – Alcentra worked with a portfolio company and their sponsor to structure ESG related KPIs for their loan facility. These KPIs included carrying out an assessment of baselines emissions of the group as well as an assessment of the groups eco-design practices (which included a roadmap for future objectives) and finally linking the companies CEO and executive pay to ESG criteria. **Company B (Digital Advertising Services)** – Alcentra engaged with a digital advertising services portfolio company to embed ESG KPIs into their loan. The company initially proposed KPIs on climate awareness, employee engagement, and ESG awareness among senior leadership. Alcentra recommended enhancing these KPIs by including scope 1, 2, and 3 emissions measurement, detailed employee engagement survey outputs, and comprehensive ESG training plans for executives. These enhanced KPIs aim to drive impactful ESG improvements across the company's stakeholders. Alcentra will monitor these KPIs over the next year and set more ambitious targets to ensure meaningful and sustainable impact.
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 reduce the transparency of the information available to assess ESG risks.

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Fund name	Engagement summary	Commentary
		Examples of engagement include: **LGC Ltd.**– Partners Group engaged with management to get a trading update and update on business performance. Following engagement, LGC growth picked up again following a strong performance boost driven by Covid and temporary phase of revenue normalization thereafter. Most notably with strong momentum in the Assurance segment resulting in c. 7% quarterly year-on-year growth overall.
LGIM – Matching Core LDI Range	LGIM no longer disclose information about the number of engagements related to their Matching Core LDI Range. However, LGIM embeds ESG within their counterparty review process for LDI funds via their Active ESG tool & are constantly engaging with counterparties.	LGIM considers ESG to be a crucial aspect of LDI and integrates it into their LDI approach both from a top-down and bottom-up perspective. They engage with regulators, governments, and other industry participants to tackle long-term structural issues, while also using proprietary ESG tools to analyse ESG-related criteria in the assessment of counterparties. Examples of significant engagements include: **Volva Car AB** - LGIM are in the early stages of engagement with Volvo to understand Volvo's views on regulations around plug-in-hybrid technology. The next steps will involve engaging with LGIM to understand the current regulatory framework and if this is in line with industry expectations. Following these discussions, LGIM may further engage with Volvo to develop a framework for improved disclosure of real-world plug-in hybrid electric vehicle ('PHEV') emissions. **BHP Group Ltd**: – At BHP's (a multinational mining, metals and petroleum company) AGM on 30 October 2024, LGIM voted in favour of Resolution 13 to approve the Climate Transition Action Plan (CTAP), aligning with management's recommendation. Having engaged with BHP on climate change for years, LGIM recognised significant progress in BHP's sustainable transition efforts. BHP's CTAP aligns well with LGIM's framework for assessing mining company transition plans. With 92.2% of votes in favour, LGIM will continue to monitor BHP's progress on methane management and steelmaking decarbonisation, ensuring resilience in the metallurgical coal market. This vote is significant due to the mining sector's critical role in the energy transition.
LGIM – Absolute Return Bonds	Total Engagements: 392 Environmental: 205 Social: 79 Governance: 78 Other: 30	

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Fund name	Engagement summary	Commentary
JP Morgan ('JPM') - Infrastructure Investments Fund ('IIF')	Number of entities engaged: 18	Due to Infrastructure Investment Fund's 100% ownership or majority governance controls, the IIF team manages each of the assets. This includes continuous engagement with portfolio companies which can then include engagements with government entities, regulators, other stakeholders, lenders and industry bodies. IIF's focus is on managing the business and incorporating specific financially material sustainability factors in business plans and strategies. Examples of engagements include: **South Jersey Industries**– Through IIF's ownership (100%), asset management and governance structure, the team worked together with management of the energy services holding company that owns natural gas utility and non-utility companies to set specific carbon reduction goals with action plans in place. Over the reporting period, South Jersey Industries has since committed to reducing its scope 1 and 2 operational and consumption carbon emissions by 70% by 2030 and aims to be 100% carbon-neutral by 2040 for its utility business.
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 is seeking to increase the installed capacity of renewable generation, supporting the development of biomethane and green hydrogen as new products, developing storage systems and improving value chain energy efficiency. **Sydney Airport** – IFM has significant experience in managing airport businesses and see this as a sector that will benefit highly from decarbonisation efforts. Over the reporting period Sydney airport received an Airports Council International recognition award for its First Nations approach to Wetlands restoration in partnership with Wildflower, an Indigenous land care expert group.

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Fund name	Engagement summary	Commentary
M&G – Total Return Credit Investment Fund ('TRCI')	Total Engagements: 10	M&G consider ESG integration imperative to creating long term value for clients. M&G have set explicit engagement objectives and continually measure the impact of engagements undertaken by benchmarking progress against objectives in both public and private assets. Historically the main areas of engagement were focused on climate, diversity and inclusion, and developing the managers thinking on biodiversity as a topic. Going forward M&G to extend climate engagements to include biodiversity where it is relevant. Examples of engagement include: **AIB Group Plc** – M&G engaged with AIB to understand the process it undertook to secure Science Based Target initiative (SBTi) approval for its near-term decarbonisation targets, being one of the few banks to achieve this. As part of this engagement, M&G also encouraged AIB to also seek SBTi approval for its net zero targets and to regularly report on the outcomes of its scope 3 engagement programme, especially concerning its loan book. **Holcim Finance (Luxembourg) SA** - M&G engaged with Holcim Finance as part of the ongoing Climate Action 100+ collaborative engagement, to encourage the Swiss-based cement company Holcim to improve disclosures around their absolute scope 3 GHG reduction targets, plant-by-plant decarbonisation pathways and required investments and buyer due diligence process for C02 intensive company disposals. Holcim acknowledged the feedback and suggested that post-spin-off of their US business might be an appropriate time to set explicit scope 3 targets. They highlighted challenges in providing plant-by-plant pathways due to market sensitivity, though a regional assessment has been completed in Europe and will be extended to other regions. Holcim is currently working on their next disclosure and will consider including the high-level due diligence process for asset sales as requested. The next review will occur when the 2024 disclosures are available.

Source: Investment Managers

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Voting (for equity funds only)

As the Scheme invests 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 2024.

The Trustee have adopted the managers definition of significant votes and have not set stewardship priorities. The managers have provided examples of votes they deem to be significant, and the Trustee have shown the votes relating to the greatest exposure within the Scheme's investment. When requesting data annually, via their investment consultant, the Trustee informs their managers what they deem most significant.

Fund name	Voting Summary	Examples of significant votes	Commentary
Walter Scott – Long Term Global Equity Fund	Votable Proposals: 47 Resolutions Voted: 730 Proposals Voted: 100% For votes: 95.3% Against votes: 4.7% Abstain votes: 0% Proxy agent used: Yes	**Compass Group** – 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 96.7% votes for the resolution. Walter Scott continues to monitor the situation. **Ferguson Plc** – Walter Scott endorsed the management resolution to grant shareholders the right to call a special meeting, viewing the 15% ownership threshold as sufficient. Walter Scott highlighted that this balance appropriately enhances shareholders' capacity to address important and urgent matters while safeguarding against potential misuse. Despite his support, the resolution ultimately failed to pass.	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 continues to vote against management when investee companies look to issues new equity.

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