Implementation statement – B&CE Benefits Scheme

for the year ended 31 March 2022

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This is the Implementation Statement prepared by the Trustee of B&CE Benefit Pension Scheme ("the Scheme") and sets out the following information over the year to 31 March 2022:

- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustee over the year, including information regarding the most significant votes; and

- how the Trustees' policies on exercising rights (including voting rights) and engagement have been followed over the year.

Trustee's policies on voting and engagement

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers. The Scheme's LDI portfolio is effectively segregated but is accessed via a bespoke pooled fund arrangement with LGIM where the Scheme is the only investor in this fund.

The Trustee's policy on voting and engagement is set out in the Scheme's Responsible Investment ("RI") Policy, which forms part of the Statement of Investment Principles. To enable the Trustee to make high quality decisions, the fact-finding and analysis is delegated to the Managing Director of Investment for B&CE, who receives input from the Trustee's independent investment advisers. The Trustee's RI Policy notes a key priority of engaging with companies in an investment portfolio regarding issues believed to have a material impact (both positive and negative) on future returns. The Trustee is looking for fund managers who are prepared to:

- Be transparent and accountable;
- Enhance and evolve ESG practices in markets;
- Develop long-term partnerships with companies and guide them through the evolution in ESG practices.

In addition, the Trustee will take into account whether their managers are signatories to the Principles for Responsible Investment (PRI) and UK Stewardship Code.

All of the managers are signatories to the PRI, as well as the Scheme's investment advisor. LGIM, BNY Mellon and SSGA are signatories to both the 2012 and 2020 versions of the UK Stewardship Code. Partners Group is not a signatory to either Stewardship Code as it mainly refers to listed investments, rather than private markets. The Trustee is satisfied with the manager's stewardship approach and have no concerns.

Trustee's policies on voting and engagement (continued)

The Trustee has established agreed ownership/voting principles with their managers. These principles include researching companies, identifying any issues and then engaging with them as necessary. Voting and engagement focuses on a range of themes including:

- Election of Directors and Boards;
- Accounting and Audit Related Issues;
- Capital Structure, Reorganisation and Mergers;
- Compensation;
- Environmental and Social Issues.

The Scheme invests in private equities and private debt through its holding in the Partners Fund. The Trustee expects the following from the manager in relation to the Scheme's investment in the Partners Fund:

- Understand the potential impact on markets and industries of sustainability megatrends (e.g., climate change, demographics and water constraints);
- Negative screening of illegal and harmful products/services;
- Complete ESG assessments;
- Identify and mitigate material ESG risks;
- Use ESG-related issues to generate value;
- Reflect the value of ESG programmes in the exit price, where applicable;
- Identify and meet ESG-related market requirements (e.g., IPO sustainability standards) on exit.

When voting and engaging with companies in global markets, the Scheme expects its managers, where reasonably practicable, to vote and engage in a way that protects and promotes good standards and practice and therefore the long-term economic value of our members' investments. Principally, the Trustee believes the primary responsibility of the board of directors of each of the underlying companies that our funds invest in, is to preserve and enhance shareholder value and protect shareholder interests.

How voting and engagement policies have been followed

As the Trustee invests in funds alongside other investors, it recognises that its chosen managers' prioritisation of issues for engagement and voting may not be the same as their own. As far as practicable, B&CE undertake a formal engagement process with each manager every year to ensure that there is a good alignment of views and issues to prioritise over the coming year. This reflects the relative size of assets of the Scheme compared to the other entities associated with the B&CE Group. The monitoring and reporting on RI is as shown below, along with the actions taken in respect of the year under review.

1. B&CE receive and review reports on the voting and engagement activity of the fund managers. They review these to ensure that managers used by the Scheme continue to meet the Trustees' standards in this area. Where any material areas of disagreement are identified these are highlighted to the Trustees.

   B&CE have received, and reviewed stewardship reporting received from the fund managers. No material areas of disagreement have been identified over the period.

2. To complement the above, the Trustee's investment advisers produce an annual report, including information on voting and engagement, together with ratings on voting and engagement in action, as well as scores provided by the PRI on different asset classes where available.

   The Trustee undertook a review of the stewardship and engagement activities of its fund managers via receipt and review of their investment advisers' report (issued in January 2022). The contents of the report were reviewed and discussed by the B&CE Investment Committee (on behalf of the Trustee) prior to this meeting. These meetings took place in Q1 2022. The result of the review (and 1. above) was that the Trustee was satisfied that the actions of its fund managers were reasonably in alignment with the Scheme's stewardship policies and no remedial action was required at that time. This is an annual review.

How voting and engagement policies have been followed (continued)

3. Where relevant, the Trustees' investment advisers consider a fund manager's stewardship credentials when advising on investment issues.

   There were no changes in fund managers the Scheme employed over the year. The Trustee has begun a review of the Scheme's investment strategy. Fund managers' stewardship credentials will be considered here.

In terms of voting and engagement data, the Trustee has provided this in the following sections for the relevant funds/managers. This represents the activity monitoring within the Implementation Statement noted in the Statement of Investment Principles.

Prepared by the Trustee of the B&CE Benefits Scheme

Voting Data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 March 2022. Please note that there are no voting rights in relation to underlying assets of the Scheme's holdings with Legal & General Investment management Limited ("LGIM").

Manager	State Street (SSGA)	BNY Mellon	Partners Group[1]
Fund name	International (Developed 100% Hedged) ESG Screened Index Equity Fund	Real Return Fund	Partners Fund
Structure		Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.		
Number of company meetings the manager was eligible to vote at over the year	2,750	98	68
Number of resolutions the manager was eligible to vote on over the year	32,441	1,476	931
Percentage of resolutions the manager voted on	99.6%	99.2%	100.0%
Percentage of resolutions the manager abstained from, as a percentage of the total number of resolutions voted on	1.8%	0.0%	2.0%
Percentage of resolutions voted *with* management, as a percentage of the total number of resolutions voted on	89.3%	83.9%	94.0%
Percentage of resolutions voted *against* management, as a percentage of the total number of resolutions voted on	8.9%	16.1%	4.0%

[1] Partners only provide updates on voting statistics semi-annually. The most recent data available is as at 31 December 2021. It is worth noting that the reported voting data is limited to listed equity holdings (typically only a small proportion of the portfolio), with the balance being in private markets investments. Private markets investments are the largest exposure within the fund and these are typically held directly, where Partners Group controls the board and therefore the direction/strategy of the business – in this way, voting information by the manager is not applicable for these holdings.

- **Voting data (continued)**

Manager	State Street (SSGA)	BNY Mellon	Partners Group
Proxy voting advisor employed	SSGA contract Institutional Shareholder Services' (ISS) to assist them with managing the voting process at shareholder meetings. SSGA also has access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. All final voting decisions are based on their proxy voting policies and in-house operational guidelines.	BNY Mellon employ ISS for administration of proxy voting and research reports. All voting decisions are made by the investment manager.	Partners uses Glass Lewis and also have their own voting policy.
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	7.4%	11.7%	1%

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustee over the year to be set out. The guidance does not currently define what constitutes a "significant" vote, so for this Implementation Statement the Trustee has asked the investment managers to determine what they believe to be a "significant vote". BNY Mellon have provided a selection of 10 votes for the Real Return Fund. The 10 votes chosen by the Trustee from the longer list of significant votes provided by SSGA are based on voting themes the Trustee focuses on and the largest holdings within this fund.

A summary of the significant votes provided is set out on pages 15 to 25.

Voting Data (continued)

- **Significant votes (continued)**

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Microsoft Corporation	Shin-Etsu Chemical Co., Ltd.	Apple Inc.	Alphabet Inc.	Intel Corporation
Date of vote	30 November 2021	29 June 2021	4 March 2022	2 June 2021	13 May 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.1	0.1	4.7	1.3	0.4
Summary of the resolution	Miscellaneous Proposals - ESG Report on Effectiveness of Workplace Sexual Harassment Policies, Gender/Racial Pay Gap and Implementation of the Fair Chance Business Pledge	Elect Yasuhiko Saito and Susumu Ueno as Directors	Advisory Vote to Ratify Named Executive Officers' Compensation	Link Executive Pay to Social Criteria	Advisory Vote to Ratify Named Executive Officers' Compensation
Management Recommendation	Against	For	For	Against	For
How SSGA voted	Against	Against	Against	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA do not publicly communicate their votes in advance.				
Rationale for the voting decision	SSGA felt these proposals did not merit support as the company's disclosure and/or practices pertaining to these items are reasonable.	SSGA voted against the nominee due to the lack of gender diversity on the board and the company has not engaged in successful dialogue on SSGA's board gender diversity program for three consecutive years.	This item does not merit support as SSGA has concerns with the proposed remuneration structure for senior executives at the company.	SSGA felt this proposal did not merit support due to concerns with the terms of the proposal.	SSGA felt this proposal did not merit support as they have concerns with the proposed remuneration structure for senior executives at the company.
Outcome of the vote	Report on Effectiveness of Workplace Sexual Harassment Policies - Pass, Gender/Racial Pay Gap – Fail and Implementation of the Fair Chance Business Pledge - Fail	Passed	For: 64.4% Against: 35.6%	For: 12.2% Against: 87.6%	For: 38.1% Against: 61.4%

Voting Data (continued)

- **Significant votes (continued)**

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Fund – Table 1 of 2 (continued)

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.				
Criteria on which the vote is considered "significant"	ESG related shareholder proposals	Election of Directors and Boards	Compensation	Environmental, social related shareholder proposal	Compensation

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Fund – Table 2 of 2

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	Amazon.com, Inc.	Netflix, Inc.	Tesla, Inc.	Facebook, Inc.	Berkshire Hathaway Inc.
Date of vote	26 May 2021	3 June 2021	7 October 2021	26 May 2021	1 May 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	2.6	0.4	1.4	1.5	0.6
Summary of the resolution	Community - Environment Impact	Advisory Vote to Ratify Named Executive Officers' Compensation	Establish Environmental/Social Issue Board Committee	Require Environmental/Social Issue Qualifications for Director Nominees	Report on climate change
Management Recommendation	Against	For	Against	Against	Against
How SSGA voted	For	Against	Abstain	Against	For
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	SSGA do not publicly communicate their votes in advance.				
Rationale for the voting decision	SSGA felt this proposal merited support as the company's environmental disclosure and/or practices can be improved.	SSGA believed that this item did not merit support as they have concerns with the proposed remuneration structure for senior executives at the company.	SSGA believe that the company met some, but not all, of their expectations for effective board oversight of environment, social, and governance issues.	SSGA believed that this item did not merit support due to concerns with the terms of the proposal.	SSGA felt this proposal merited support as the company's disclosure and/or practices related to climate change can be improved.
Outcome of the vote	For: 35.5% Against: 64.5%	For: 50.6% Against: 49.2%	For: 31.6% Against: 62.1% Abstain: 6.6%	For: 4.1% Against: 95.9%	For: 28.0% Against: 71.0% Abstain: 1.0%
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.				

Voting Data (continued)

- **Significant votes (continued)**

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Fund – Table 2 of 2 (continued)

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Criteria on which the vote is considered "significant"	Environmental related shareholder proposal	Compensation	Environmental, social related shareholder proposal	Environmental, social related shareholder proposal	Environmental related shareholder proposal

BNY Mellon, Real Return Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	AstraZeneca Plc	Citigroup Inc	CME Group Inc	ConocoPhillips	Greencoat UK Wind Plc
Date of vote	11 May 2021	27 April 2021	05 May 2021	11 May 2021	26 November 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.5	1.2	1.3	1.4	1.3
Summary of the resolution	Elect 4 Directors. Approve renumeration policy. Amend restricted stock plan.	Amend proxy access right.	Elect 6 Directors. Advisory vote to ratify names executive officers' compensation.	Elect 6 Directors. Advisory vote to ratify names executive officers' compensation. Emission reduction targets	2 resolutions on approval of capital raising.
How BNYM voted	Against	For	Against	Elect Directors – Against; Ratify compensation – Against; Emission targets - For	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	No	No	No	Yes

Voting Data (continued)

- **Significant votes (continued)**

BNY Mellon, Real Return Fund – Table 1 of 2 (continued)

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Rationale for the voting decision	Votes were instructed against the remuneration policy, a new performance share plan, and members of the remuneration committee. BNY Mellon did not consider the company to have provided the necessary justification for significant increases in the variable pay awards that were granted to senior executives.	BNY Mellon voted in favour of one shareholder resolution that management recommended voting against. This was in relation to improving minority shareholders rights by way of providing shareholders with access to propose directors for election to the company's board.	BNY Mellon voted against the executive officers' compensation arrangements owing to a significant proportion of the long-term pay awards not being subject to performance. In light of this, BNY Mellon also voted against the members of the compensation committee.	1) BNY Mellon voted against the remuneration report owing to a significant proportion of the long term pay awards not being subject to the achievement of performance hurdles. They also voted against the members of the compensation committee. 2) BNY Mellon supported a shareholder resolution requesting that the company introduce Paris-aligned scope 1, 2 and 3 targets. BNY Mellon felt that the company would benefit from enhancements to its management of climate risk.	BNY Mellon did not support two resolutions relating to a proposed share issuance. BNY Mellon were concerned with the discount to market price at which the shares would be issued, and that these shares would not necessarily be offered to existing shareholders.
Outcome of the vote	Elect Director: 3.4%, 1.3%, 2%, 26% against; Approve Remuneration Policy: 39.8% against; Amend Restricted Stock Plan: 38.3% against	32.1% voted for the resolution	Elect Directors: 5.5%, 5.7%, 6.1%, 1.7%, 1%, 7.3% against; Advisory Vote to Ratify Named Executive Officers' Compensation: 9.4% against	Elect Directors: 3.3%, 2.9%, 2.6%, 1.9%, 2%, 2.6% against; Executive compensation: 7.3% against; Emission Reduction Targets: 59.3% for	0.5% and 2.2% against

Voting Data (continued)

- **Significant votes (continued)**

BNY Mellon, Real Return Fund – Table 1 of 2 (continued)

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Implications of the outcome	UK best practice recognises that shareholder dissent in excess of 20% on remuneration-related proposals is significant and should result in proactive steps being taken by the company. In this case, with almost 40% of votes against pay proposals, the company is expected to consult with shareholders to determine and address underlying concerns.	The vote outcome, while not a majority, will be understood by the board as a matter of significant interest to the company's shareholders. It is a matter that should be addressed to avoid a further or increased public demonstration of concern.	The vote outcome demonstrates shareholders are not overly concerned with the company's executive pay arrangements. However, BNY Mellon expect the company will be open to suggestions from investors as this subject is being scrutinised increasingly by US-based shareholders.	Few investors shared BNY Mellon's concerns relating to the executive pay arrangements. However, BNY Mellon expect that scrutiny and action, particularly by US-based investors will increase in this area. Of particular note is the vote outcome that saw a majority of shareholders support the shareholder proposal surrounding emission targets. This outcome cannot be ignored by the company.	While the vote outcome was not of significant concern, BNY Mellon's engagement with the company suggests that any future capital raising will be dealt with sensitively by the company.
Criteria on which the vote is considered "significant"	The level of shareholder dissent merits this vote as significant.	This vote demonstrates the increased tendency of shareholders to vote in support of such proposals. In addition, the actual level of support, at 32.1%, is considered significant.	Domestic investors in the US are expected to enhance their scrutiny of executive pay practices; with more focus on how pay structures are aligned with generating or supporting company performance.	BNY Mellon determined this vote as significant owing to the rarity of a shareholder proposal achieving majority support.	BNY Mellon recognised this as a significant vote owing to the structure surrounding capital raisings that can mean existing shareholders' value is unnecessarily diluted.

Voting Data (continued)

- **Significant votes (continued)**

BNY Mellon, Real Return Fund – Table 2 of 2

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	Linde Plc	Medtronic Plc	Microsoft Corporation	TE Connectivity Ltd	Zurich Insurance Group AG
Date of vote	26 July 2021	09 December 2021	30 November 2021	09 March 2022	07 April 2021
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	1.4	1.1	1.3	1.1	1.0
Summary of the resolution	Elect 6 Directors; ratify auditors; ratify named executive officers' compensation; approve remuneration policy; approve remuneration report.	Elect 6 Directors, approve auditors, and authorise board to fix their remuneration auditors, advisory vote to ratify named executive officers' compensation.	Elect 4 Directors, advisory vote to ratify named executive officers' compensation, gender pay gap, workplace sexual harassment report, report on political activities.	Elect 3 Members of the Remuneration Committee, advisory vote to ratify named executive officers' compensation, approve issuance of equity or equity-linked securities with or without pre-emptive rights, adjourn meeting.	Transact other business (voting)
How BNYM voted	Against	Against	Elect Directors – Against; Ratify compensation – Against; Report on gender pay gap, sexual harassment, and political activity - For	Against	Against
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	Yes	No	Yes	No	No

Voting Data (continued)

- **Significant votes (continued)**

BNY Mellon, Real Return Fund – Table 2 of 2 (continued)

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Rationale for the voting decision	1) BNY Mellon voted against the proposed pay arrangements and members of the compensation committee. A majority of the long-term awards are not subject to the achievement of performance hurdles and vest only based on time served. BNY Mellon held concerns surrounding the benefits granted to the CEO, which included personal aircraft use and financial planning, while pension calculations include additional years of service beyond the CEO's actual tenure. Votes were also instructed against the remuneration policy, which provided the compensation committee with the discretion to make payments outside the policy framework. 2) BNY Mellon did not ratify the external audit firm, which had served for 29 consecutive years. BNY Mellon felt that the auditor's long tenure compromised its objectivity and independence.	1) BNY Mellon voted against the executive compensation arrangements and members of the compensation committee. A significant proportion of long-term compensation awards vest regardless of performance. In addition, and contrary to emerging best practice, non-executive directors were granted significant awards of stock options. 2) BNY Mellon also voted against the appointment of the external auditor owing to the firm having served in this capacity for 58 consecutive years.	1) BNY Mellon voted against the executive compensation arrangements. The new arrangements would result in an above-target pay-out for the chief executive officer. 2) BNY Mellon supported three shareholder resolutions on disclosure of gender and racial pay gaps, the effectiveness of workplace sexual harassment policies, and how its direct and indirect lobbying activities align with its corporate policies. They also voted against the election of 4 directors.	1) BNY Mellon voted against executive remuneration arrangements as majority of long-term incentives can vest subject to time served. This led BNY Mellon to vote against the members of the compensation committee. 2) BNY voted against a proposal to issue shares which may exclude pre-emptive rights. The proposed pool of capital would correspond to 50% of the issued share capital, which is considered excessive. Consequently, BNY Mellon also voted against adjourning the meeting.	BNY Mellon voted against a resolution entitled "other business" as no details were provided in advance as to what these matters may relate.

Voting Data (continued)

- **Significant votes (continued)**

BNY Mellon, Real Return Fund – Table 2 of 2 (continued)

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Outcome of the vote	Elect Directors: 3.3%, 4.4%, 3.3%, 6.2%, 1.4%, 3.6% against; Ratify Auditors: 7.8% against; Ratify Named Executive Officers' Compensation: 6.6% against; Approve remuneration policy 4.9% against; Remuneration Report: 5.9% against.	Elect Directors: 7.3%, 2.9%, 3.8%, 2.2%, 1.4%, 15% against; Approve Auditors and Authorize Board to Fix Their Remuneration Auditors: 6.6% against; Advisory Vote to Ratify Named Executive Officers' Compensation: 9.7% against.	Elect Directors: 1.1%, 0.9%, 0.6%, 0.5% against; Advisory Vote to Ratify Named Executive Officers' Compensation: 4.5% against; 40% for Gender Pay Gap, 78% for Workplace Sexual Harassment Report.	Elect Directors: 10.2%, 1.1% and 0.9% against; Advisory Vote to Ratify Named Executive Officers' Compensation: 5.0% against; Approve issuance of shares with or without pre-emptive rights: 50.3% against; Adjournment of Meeting: 37.6% against	Not reported
Implications of the outcome	BNY Mellon believe better alignment of executive pay with performance is a fundamental imperative that investors should encourage. They will continue to do this via their stewardship activities. They also note that the level of dissent has reduced versus prior years; BNY Mellon suspect this is reflective of improvements to the company's compensation structure.	The outcome of the pay-related votes, which have increased over the past three years, is likely to generate discussion within the company, particularly given the level of dissent in relation to the re-election of one board director. BNY Mellon will continue to recognise formally their concern in relation to the pay structure through the exercise of voting rights. While the level of opposition to the long-tenured auditor was not material, BNY Mellon expect this to increase as audit quality rises up the agenda for investors.	The vote outcome demonstrates shareholders are not overly concerned with the company's executive pay arrangements. However, BNY Mellon's engagement with the company over multiple years shows that pay arrangements have been improving and are expected to continue to improve. BNY Mellon look forward to supporting the company's executive pay proposals as these improvements are implemented. Of significance is the high level of support for the shareholder proposals. In particular, the overwhelming support for the company to report on workplace sexual harassment, which should lead to an improvement in related disclosures from the company.	The vote outcome provides a clear message to the company that shareholders are concerned with the potential dilution that would occur should the capital raising proposals be enacted.	This is a routine resolution item proposed by Swiss companies. Without comfort provided as to the nature of matters that may be raised and approved under this item, BNY Mellon will continue to vote against its approval.

Voting Data (continued)

- **Significant votes (continued)**

BNY Mellon, Real Return Fund – Table 2 of 2 (continued)

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Criteria on which the vote is considered "significant"	BNY Mellon expect more shareholders will increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such, shareholder dissent may increase and result in unnecessary media attention that can foster both financial and reputational issues.	BNY Mellon expect that shareholders will continue to increase their scrutiny of pay versus performance and reflect this in their voting decisions; as such, shareholder dissent may increase further and result in unnecessary media attention that can foster both financial and reputational issues.	The company is recognised as a leader among its US peers in terms of its approach to corporate governance. Its executive pay structure is also better than most, but there exist fundamental improvements that should be made. BNY Mellon note the significant support received for several shareholder proposals.	Apart from the resolution receiving high level of dissent, it is rare for a company to propose share issuances exceeding 20% of the outstanding shares.	This highlights a significant insight into the Swiss market and its fundamental approach to protecting the interests of minority investors.

Partners, Partners Fund – Table 1 of 2

It is worth noting that the Partners Fund has a very small proportion of its holdings in publicly listed equities, with the majority of its assets in private assets. "Votes" 1-10 in the tables below are examples of significant actions taken by the private companies held in the Partners Fund. Partners have selected the significant "votes" based on size of holdings in the fund. Private markets investments are the largest exposure within the fund and these are typically held directly, where Partners Group controls the board and therefore the direction/strategy of the business – in this way, voting information by the manager is not applicable for these holdings. The Partners Fund's exposure to listed equity is usually less than 10%.

Partners Fund's exposure to listed equity is usually less than 10%.

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	VSB Renewables Platform	Techem	Civica	International Schools Partnership	Foncia
Summary of the resolution	As Partners Group control the Board, please see below the ESG efforts of the portfolio company in the Engagement and outcome section below.				
How the manager voted	Control of board				

Voting Data (continued)

- **Significant votes (continued)**

Partners, Partners Fund – Table 1 of 2 (continued)

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Engagement and outcome	VSB initiated the "VSB Goes Green Initiative", which includes several ESG projects aimed at deepening the alignment of business units and employees with the climate-friendly nature of the company. One of the initiatives include assessing Scope 1 and Scope 2 emissions with the support of an external advisor. VSB aims to reduce its carbon footprint. The company has also initiated a comprehensive health and safety review to promote the well-being of its employees. VSB completed a detailed assessment of its IT and cyber security setup across offices with an external consultant. VSB will make the necessary improvements based on the outcome of this engagement.	Techem completed a climate change engagement with an external advisor where a detailed greenhouse gas inventory was established including Scope 1, Scope 2 as well as material Scope 3 emissions. Initial carbon reduction opportunities were identified, and this analysis forms the basis for the development of Techem's carbon neutrality target. In addition, the organization added health and safety terms in all contracts with suppliers in Germany, Poland and France to improve its oversight across its supply chain. Techem published its first Corporate Sustainability Report in June 2021, which highlights key ESG achievements and lays out a detailed sustainability roadmap for the company. In the roadmap, the company commits to the development of a carbon neutrality target by 2022 and to increase the number of women in management from 17% in 2020 to 35% in 2025.	Civica formalised its sustainability working group, which focuses on three areas: employees, customers and suppliers. Following the rise in COVID-19 cases in India, Civica increased its assistance in the region, including support for BAPS Shri Swaminarayan Mandir, which has established a dedicated, 500-bed hospital to provide medical assistance to the people of Vadodara. Civica also raised funds to support the setup of an intensive care unit to ensure patient access to ventilators, oxygen, food and medicine, while directly funding the purchase of patient monitors. The focus on employees also includes managing the environmental impact of their offices. In September 2021, Civica formalised its first carbon plan.	ISP completed the transition of all its 45k students to distance learning. ISP's Learning Hub got a faster rollout in order to include a broader range of supportive materials and resources and supplement each school's distance learning strategy. ISP launched its first employee survey, with over 60% of its 5k employees at that time participating. This exercise has continued with a NPS (Net Promotor Score) assessment, now conducted to ISP's 7k employees, and including both the schools and the company's offices. The company is taking the feedback and continuously working on opportunities for further improvement. On the environmental side, ISP has ramped up their efforts on tracking their energy consumption, and now has information to inform its carbon footprint exercise. The company is also working on reducing it, for instance by assessing the feasibility of installing solar panels in all its Spanish schools. In addition, ISP planted one tree in India for each staff member.	Foncia made significant efforts to reduce the environmental impact of its residential properties, notably through energy refurbishment Foncia also has a plan to significantly reduce its own emissions. By the end of 2021, approximately 1'000 hybrid and electric vehicles will be ordered, which will gradually replace its current fleet in 2022. Foncia made a commitment to improve the diversity of its employee base. The core operations of the company (the "UES Foncia") scores 83 points in the French "Index d"égalité professionnelle entre les femmes et les hommes" (gender professional equality index), 8 points above the minimum required by the French government. The company is targeting a score of 90 within the next three years. In addition, Foncia's subsidiaries aim to reach or exceed 75 points within the next three years.

Voting Data (continued)

- **Significant votes (continued)**

Partners, Partners Fund – Table 2 of 2

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	Ammega	Vishal	Hearthside Food Solutions	EyeCare Partners	United States Infrastructure
Summary of the resolution	As Partners Group control the Board, please see below the ESG efforts of the portfolio company in the Rationale for each voting decision.				
How the manager voted	Control of board				
Engagement and outcome	Ammega finalised its 2025 ESG & Sustainability vision during the period. This includes steps towards reducing its environmental impact, improving its employee engagement and further developing controls on sustainability data. Ammega has set a plan to significantly reduce Scope 1 and 2 emissions through identifying opportunities to reduce electricity and fuel consumption. The next step would be to switch to renewable sources, where available, and only offset if necessary. The company conducted its first organizational health index (OHI) assessment during the period. Ammega continued its efforts in cybersecurity and is working towards increasing sustainability and data reliability.	During the pandemic, the company partnered with hospitals and diagnostic companies in order to assist employees with free testing and care in case of a COVID-19 infection. Vishal established a whistle blower policy where complaints from counterparties can be reported directly to the Board, to be followed by internal investigations. Also, for the 5th year in a row, Vishal has been awarded with the Helen Keller Award for employing around 1,000 differently abled employees out of almost 13,000 employees. Vishal also completed a discreet review of its top 15 suppliers regarding child labour, working conditions and safety protocols. No adverse findings were made. During the upcoming quarters, Vishal will continue auditing three or four suppliers per quarter.	Hearthside hired a new operating director who will be responsible for increasing oversight on ESG topics regarding supply chain. Hearthside has several ongoing ESG initiatives but does not have a centralised ESG program. To address this, Partners Group implemented a new ESG governance structure in 2021, including a new operational contact. In addition, Hearthside will enhance its ongoing sustainability program and improve its communication around the topic. The chief HR officer is building out a diversity and inclusion program, beginning with a framework and engagement survey in August 2021. In 2022, Hearthside will work on assessing its carbon footprint and potential measures to reduce it.	EyeCare Partners' ESG strategy focuses on caring for employees, patients, and the community as well as the environment. The company is making significant progress in the first pillar. The company created a career institute to support employee training and certification, in line with its goal to become a better employer and to increase retention of hard-to-fill roles. The program involves contracting with educational institutions to provide training and certifications and supporting staff with tuition payment and reimbursement programs. EyeCare Partners enhanced its employee benefits plan and developed a mobile application to promote employee engagement and recognition. The mobile app will be rolled out in 2022.	In 2021, USIC completed a climate change engagement exercise with an external advisor where a detailed greenhouse gas inventory was established. Several carbon reduction opportunities were identified, which will be the basis of the development of USIC's carbon reduction strategy.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustee.

Engagement activities are limited for the Scheme's LDI and cash funds due to the nature of the underlying holdings, however, engagement information for LGIM has been shown at a firm-wide level below for completeness. Additionally, the engagement information is not shown for the Partners Fund given the nature of private markets investments. Their significant votes are also examples of engagement – please see this section of this Statement for more information.

The table below provides a summary of the engagement activities undertaken by BNY Mellon at a fund-level for the year to 31 March 2022.

Manager	BNY Mellon
Fund name	Real Return Fund
Does the manager perform engagement on behalf of the holdings of the fund	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes
Number of engagements undertaken on behalf of the holdings in this fund in the year	36
Number of entities engaged on behalf of the holdings in this fund in the year	50
Number of engagements undertaken at a firm level in the year	190

State Street and LGIM carry out engagement activities at a firm-wide level and the information provided reflects this. The data below is a summary of their global engagement at a firm level for the year to 31 March 2022.

Manager	State Street (SSGA)	LGIM
Fund name	Firm level data	Firm level data
Does the manager perform engagement on behalf of the holdings within the funds	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes
Number of engagements undertaken at a firm level in the year	938	696
Number of companies engaged	Not provided	593
Number of engagements on environmental topics	328	340
Number of engagements on governance topics	639	332
Number of engagements on social topics	477	271
Number of engagements on other topics (e.g. financial and strategy)	Not applicable	97

Fund level engagement (continued)

Examples of engagements undertaken with holdings in the funds	SSGA's main engagement topics include: • Climate Change • Environmental management • Gender diversity • Racial and ethnic diversity • Human capital management • Board accountability	LGIM's main engagement topics include: • Remuneration • Board composition • Climate Impact Pledge • Climate Change • Public health

Examples of engagement activity undertaken over the year to 31 March 2022

State Street

DuPont de Nemours, Inc.

In April 2021, State Street engaged with DuPont to discuss two shareholder proposals.

The first requested that DuPont issue an annual report on plastic pollution, including an assessment of its efforts to reduce plastic material. After engaging with company leadership, reviewing its publicly available disclosure to investors and surveying the disclosure practices of peers on this topic, State Street supported this proposal, which passed with strong majority support. The company provides some information in this area that relies on participation in voluntary initiatives, but falls short of meeting disclosure among its peer group. State Street believe the company should focus on improving its qualitative disclosure on topics covered by the proposal, including, but not limited to, plastic pellet audits, employee training and containment procedures.

The second proposal requested that DuPont annually disclose its consolidated EEO-1[2] report on its website. After similar analysis was performed on the previous proposal, State Street supported this effort, along with a majority of voting shareholders. During the engagement with the company, State Street learned of its preference for providing DEI-related reporting in an organisationally-relevant format. While State Street commend this initial effort, they believe coupling this internal reporting with its raw EEO-1 report will be a more holistic solution for investors and other stakeholders who are looking for comparable, consistent data on this subject for US-based companies. Consistent with State Street's previous guidance, they ask companies to disclose EEO-1 data as a baseline and State Street encourage them to share additional context as needed to help investors understand the fuller picture.

DuPont's agreed to take actions on both proposals: issuing an annual report on plastic pollution and disclosing its consolidated EEO-1 report on its website.

State Street also appreciated DuPont's commitment to closely monitor developments on disclosure standards from regulators and expectations of investors moving forward. State Street look forward to continued constructive engagement with DuPont's leadership on both topics.

BNY Mellon

Vivendi SE

Having met the company to discuss a proposed spin-off of one of its businesses, specifically to discuss the tax implications for minority shareholders, BNY Mellon has identified significant corporate governance issues. The concerns raised were related to executive remuneration which led to votes being cast against the management board and against the re-election of the board chair. BNY Mellon continued a practice of high-level dissent and active engagement, but the company defended its considerations on the above concerns. Some small changes were made, including the introduction of a lead independent director, but these did not remove the fundamental concerns.

[2] According to the U.S. Equal Employment Opportunity Commission, "*The EEO-1 Component 1 report is a mandatory annual data collection that requires all private sector employers with 100 or more employees, and federal contractors with 50 or more employees meeting certain criteria, to submit demographic workforce data, including data by race/ethnicity, sex and job categories.*"

Examples of engagement activity undertaken over the year to 31 March 2022 (continued)

The next steps for BNY Mellon were to strongly reiterate to the company the need to reassure shareholders that their interests are forefront in the decision-making process of the company's board. Those concerns have been removed now, as high performance of the stock led to a sale of the holding as the valuation was not high enough to compensate the risks.

LGIM

Amazon

An example is LGIM's engagement with Amazon in 2021. Amazon were trying to interfere with efforts by its staff to unionise ahead of a vote in one of its facilities on unionisation. LGIM signed a letter to Amazon along with 70 other investors with a combined AUM of $6.4 trillion to emphasise the role of worker representation in supporting companies and managing operational risks. LGIM set out the expectation that Amazon should set out a policy commitment to meet their responsibility to respect human rights and put in place a due diligence process to identify, prevent, mitigate, and account for how the company addresses its potential impacts on human rights. LGIM also set out an expectation that Amazon should set up processes to remedy any adverse human rights impacts it may have contributed to.

Amazon then launched its Global Human Rights Principles showing commitment to the expectations set out above. LGIM are still concerned with how Amazon plans to meet these promises or recognising the fundamental rights of workers to exercise their right to organise. They will continue to engage with Amazon.

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