

# Implementation Statement

**GRAPHIC PACKAGING UK PENSION  
SCHEME**



**Kempfen**

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# 1. Introduction

The Trustee recognises its responsibility as an owner of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attached to investments, protect and enhance the long-term value of investments. The Trustee has delegated to its fiduciary manager and asset managers the exercise of rights attached to investments (including voting rights), and engagement with issuers of debt and equity and other relevant persons about matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and environmental, social and governance (ESG) considerations.

ESG criteria are a set of non-financial indicators relating to a company's operations that are used by investors to evaluate corporate behaviour and determine how it may impact the future financial performance of companies. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

This statement provides information on how, and the extent to which, the Directors of Graphic Packaging UK Pension Trustee Company Limited (the "Trustee"), acting in their capacity as Trustee of the Graphic Packaging UK Pension Scheme (the "Scheme"), have followed good stewardship practices during the twelve months from 5 April 2021 to 5 April 2022. This is in accordance with new requirements established by the Shareholder Rights Directive (SRD II), as it applies to occupational pension schemes. SRD II aims to promote effective stewardship and long-term investment decision-making.

The Trustee does not monitor or engage directly with issuers or other holders of debt or equity. The Trustee expects the fiduciary manager, Kempen Capital Management ("Kempen") to exercise ownership rights and undertake monitoring and engagement in line with its own corporate governance policies, taking account of current best practice including the UK Corporate Governance Code 2018 and the UK Stewardship Code 2020.

The fiduciary manager expects the underlying asset managers it selects, who are regulated in the UK, to comply with the UK Stewardship Code 2020, including public disclosure of compliance via an external website. For an asset manager to be appointed by Kempen, on behalf of the Trustee, they must also take into consideration Kempen's Responsible Investment and Exclusions policy which can be found here -

<https://www.kempen.com/en/asset-management/esg>

**The Trustee is conscious that some asset managers may not be able to provide voting records for all investments held within certain pooled structures and timeframes. It is engaging with them, via Kempen, to improve the collection and reporting of this data.**

## 2. Engagement behaviour

The Trustee encourages its asset managers to engage actively with the companies in which they invest. This engagement is on a number of different topics including but not limited to remuneration policy, corporate governance, transparency, and other ESG topics such as working conditions and climate change. These engagement activities are carried out by each underlying asset manager in accordance with their own responsible investing (RI) policy, while the Trustee also expects its fiduciary manager to engage with those asset managers on behalf of the Trustee.

Kempen's engagement with asset managers on behalf of the Trustee is a continuous process which Kempen has carried out throughout the Scheme Year. The Trustee has delegated full discretion to the fiduciary manager to evaluate the underlying asset managers. Kempen was selected due to the alignment of its policies and processes, including on ESG, with the preferred approach of the Trustee; its policy is to review the fiduciary manager appointment at least annually and this review will be conducted during 2022.

Whilst Kempen has limited influence over the asset managers' investment practices where assets are held in pooled funds, it has encouraged its chosen managers to improve their practices and consider ESG factors and their associated risks throughout the Scheme Year. Kempen uses the following methodology to engage with asset managers:

- ESG criteria are assessed based on international conventions and initiatives, such as the UN Global Compact and the Principles for Responsible Investment (PRI);
- All managers are screened against ESG criteria before inclusion in Kempen's approved manager list. For example:
  - does the manager have a responsible investment policy;
  - is the manager open for a dialogue on ESG criteria; and
  - does the manager have exposure to companies that are on Kempen's exclusion & avoidance list?
- All managers are reviewed against ESG criteria on an ongoing basis. For example:
  - do responsible investing considerations continue to be integrated into their investment process;
  - is the manager making progress;
  - is the manager well informed and up-to-speed on ESG criteria and initiatives; and
  - is there periodic screening of all the underlying equity and debt securities held by managers within their investment products, to check for exclusion candidates?
- Kempen encourages its chosen managers to improve their practices where appropriate.

The Trustee, via Kempen, has also been involved in various collective engagement initiatives during the Scheme Year working collaboratively with peer investors and other stakeholder organisations to amplify their impact and make transformative change happen on a global scale. Kempen is an active member and a lead investor in a number of collaborative engagements including:

- Climate Action 100+ – An influential investor initiative asking over 100 of the world's largest corporate greenhouse gas emitters to drive, and not impede, the clean energy transition.

- EUMEDION – The Dutch Corporate Governance Forum, which led on the development of the Dutch Stewardship Code.
- Platform Living Wage Financials (PLWF) – An award-winning investor-supported coalition, which Kempen is a co-founder of, to monitor and assess garment sector companies and encourage them to enable a living wage for all employees in their supply chain.
- Principles for Responsible Investment (PRI) – The PRI is the world’s leading proponent of responsible investment. The Principles were launched in April 2006 and Kempen joined in 2008. Since then the number of signatories has grown from 100 to over 2,300 with a combined AUM of \$90 trillion.
- International Corporate Governance Network (ICGN) – An investor-led organisation to promote effective standards of corporate governance and investor stewardship. Kempen is a member of the Board Governance Committee.
- Global Impact Investing Network (GIIN) – An investor network dedicated to increasing the scale and effectiveness of impact investing around the world.
- FCLT – FCLTGlobal is a not-for-profit organization that works to encourage a longer-term focus in business and investment decision-making.
- 300 Club – The 300 Club is a group of leading investment professionals from across the globe, established in 2011 in response to an urgent need to raise uncomfortable and fundamental questions about the very foundations of the investment industry and investing.
- Pensions for Purpose – Pensions for Purpose exists as a bridge between asset managers, pension funds and their professional advisers, to encourage the flow of capital towards impact investment.

## Key highlights for 2021

Three themes were introduced in 2021 through which Kempen believe they can make an impact:

- Climate and biodiversity: helping our environment to recover faster by contributing to energy transition and biodiversity;
- Smart and circular economy: helping stakeholders and companies contribute to a smart, circular and inclusive economy;
- Living better for longer: helping our clients and society to live longer and in better health.

During 2021, they increased their focus on climate change and started to incorporate biodiversity into their decision making process.

### Climate Change

Kempen significantly strengthened their Climate Change Policy in 2021, with a long-term commitment to be a net-zero investor (by 2050), a mid-term ambition (2030) and shorter-term objectives (2025). Kempen’s commitment, ambition and objectives are aligned with the Paris Agreement goals, Dutch “Klimaataakkoord”, Europe’s ambition to become a net-zero economy by 2050 and the 1.5°C scenarios from the IPCC.

- **Commitment 2050:** As a long-term investor, Kempen are committed to aligning with the Paris Agreement goals and contributing to the transition to a low carbon economy by 2050. We commit to have net-zero emission investments by 2050.
- **Ambition 2030:** By 2030 we aim to be aligned with a path to achieving the Paris Agreement and Dutch Klimaataakkoord goals for all listed and non-listed investments.

- **Objective 2025:** By 2025, we aim to be aligned with a path to achieving the Paris Agreement and Dutch Klimaataakkoord goals for all listed investments. For the more sustainable and impact investments Kempen expect climate aligned pathways in line with the EU Benchmarks or alike.

The objectives for 2025 applies to all external managers on Kempen's approved list as well as funds managed by Kempen.

In order to monitor their progress on these objectives to align with the goals of the Paris Agreement, in 2021 they translated their climate objectives into Key Performance Indicators (KPIs) across their organisation for 2022. Along with the net zero commitments in their investments, these KPIs include:

- Having already been measuring and reducing their own carbon footprint for more than a decade, starting in 2022, they are significantly increasing their carbon reduction target from 2.5% per FTE per year to 7% per FTE per year. This 7% annual reduction applies equally to the absolute emissions for their organisation, balance sheet and investments alike.
- A new KPI is coverage of indirect CO<sub>2</sub>e emissions via their AUM, with coverage growing to 55-60% by end 2022. They expect to add more KPIs relating to other sustainability topics in the future.

## Biodiversity

Sustainable investing naturally tilted towards the 'E' this year due to mainstream attention focused on the environment. Kempen has worked to make sustainable investment the new normal, and they have now elevated biodiversity issues into their decision-making

According to the UN, biodiversity loss is accelerating and threatens to make around one million animal and plant species extinct. Yet biodiversity is a crucial defence in tackling the wider environmental crisis, due to the high potential of carbon dioxide removal by our natural capital. The UK Dasgupta Report in February 2021 pointed out that "balance sheets should not just include what a government or business can gain by exploiting nature. They should also include what they will lose." Correspondingly, as responsible and sustainable investors, Kempen have taken steps this year to integrate the biodiversity challenges into their decision-making.

In 2021 Kempen published a Biodiversity Policy, where they have elevated 'natural capital' and recognised that they must reduce the possible negative impacts of their investments on nature. They are also working with partners, including joining the [Partnership for Biodiversity Accounting Financials \(PBAF\)](#) and signing the [Finance for Biodiversity Pledge](#), committing to set concrete targets by 2024.

## Kempen's Sustainability Spectrum

Over the last two years Kempen have created a proprietary manager scoring framework with six pillars to help them understand and evaluate how external managers integrate various ESG factors into their investment processes.

Within this framework, funds are classified into different categories alongside the Sustainability Spectrum: compliant (level 1), basic (level 2), avoid harm (level 3), do better (level 4), do good (level 5). These categories have been created to help to define

sustainability profiles and assess whether their funds meet specific client beliefs and requirements.

## The five levels of the Sustainability spectrum are:



They assessed over 387 listed funds in 2021, representing around 57% of total assets under management, and their ESG scores ranged between levels 2 and 5 on sustainability. The scope of this scoring has been significantly expanded upon, from about 26% in 2020. As a percentage of the covered assets under management, 9% of the funds scored 'Basic' (score 2); 64% scored 'Responsible' (score 3), 25% scored 'Sustainable' (score 4) and 2% scored 'Impact' (score 5). During 2021, both the coverage as well as the percentage of our assets that can be classified as sustainable and impact has grown materially (amounting to 27%). For the next few years they have formulated a new KPI and want to grow this with 5%-points annually. In 2021, the percentage of fund managers on the approved list that met our criteria for responsible, sustainable and impact was 76%.

### Kempen's Assessment criteria

To assess where a fund fits within the Sustainability Spectrum, Kempen have developed assessment criteria based on the six pillars outlined in this graphic. For each of the pillars there are requirements that managers need to satisfy to qualify for the corresponding level.

For example, to qualify for level 3 (avoid harm) managers need to have a public commitment to responsible investment and global norms, avoid investing in companies that produce tobacco or controversial weapons, violate or potentially violate the UN Global Compact, OECD Guidelines or UN Guiding Principles for Business and Human Rights. Kempen also expect managers in this level to have a climate change policy and integrate ESG criteria into their investment process.



Furthermore, Kempen expect managers to engage and vote in line with their policies and clearly evidence that their policies and commitments are implemented in their investment portfolios.

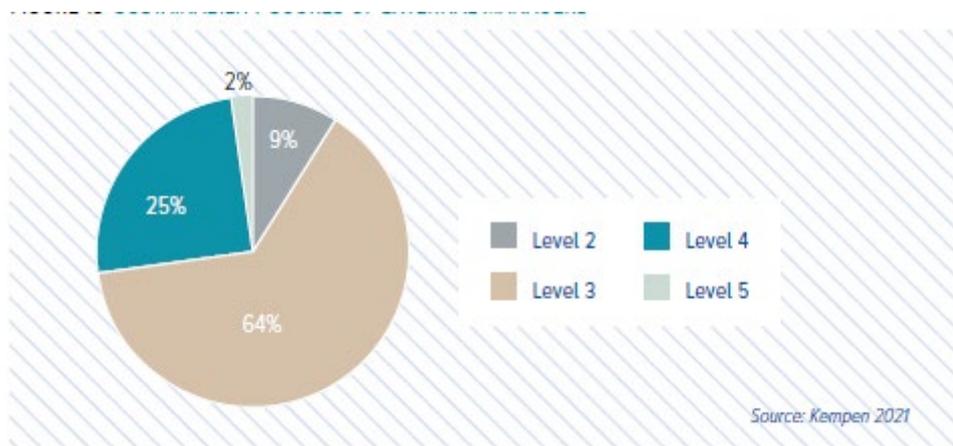
To qualify for sustainability level 4, managers should not only meet the requirements of level 3 but also have CO2 reduction targets and a best-in-class or thematic approach that shows how they are benefiting stakeholders.

Level 5 is reserved for managers that invest in companies that intentionally contribute positively to solving specific global challenges through their products and services.

In Kempen's manager scoring process a distinction is made between listed, non-listed and alternative investment funds. The manager scoring methodology is aligned on the pillars across asset classes, but the exact scoring elements vary per asset class.

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## SCORING EXTERNAL MANAGERS

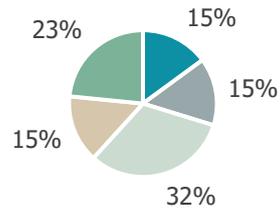


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### Kempen's Engagement with External Managers

All Kempen approved funds are monitored on a quarterly basis, one of the monitoring items is ESG. As part of the monitoring, the holdings of all approved funds are screened for compliance with Kempen's ESG criteria taking into account international standards such as the PRI, UNGC and the UNGP. The screening process allows them to monitor the ESG performance of all fund investments on a look-through basis and to encourage structural engagement on issues which are identified.

## Manager Research Solutions engagement types in 2021



- Engagement on specific companies/industries
- Engagement on potential set-up of an ESG fund
- Engagement on the incorporation of additional ESG criteria in inv. guidelines
- Engagement with a manager to become PRI signatory
- Engagement on other items with a strong ESG element to it

**Case Study:** *Kempen engaged with Arcmont (one of the Scheme's investments) during 2021 asking that they avoid extending a loan to a Spanish chain of gas stations (Canary Green Stations) which they considered not to be appropriate when taking an ESG view for the lifetime of this investment (3-5years) and considering the fact that the loans are not liquid, tradeable securities*

## Kempen's Direct Stewardship - Stewardship Dashboard

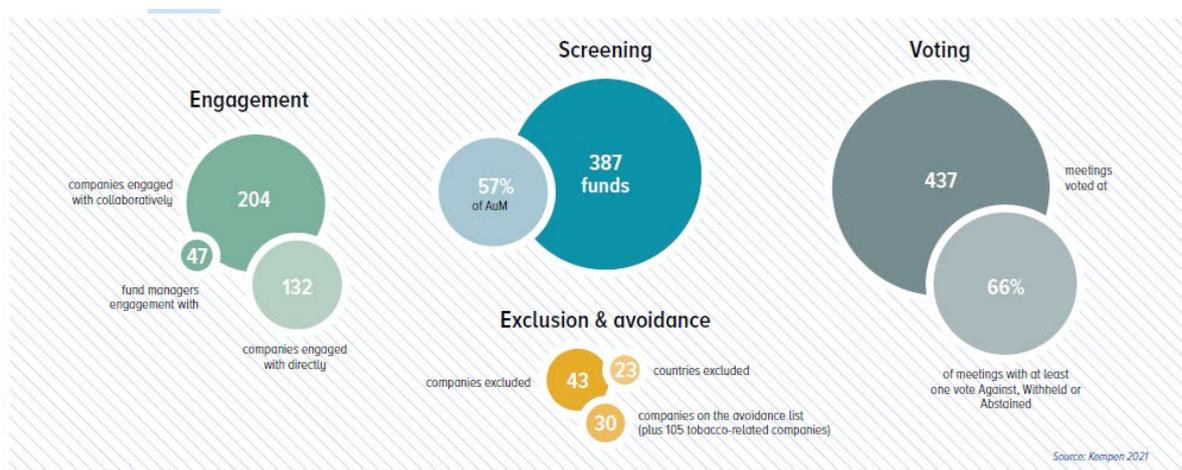
Voting at shareholder meetings of investee companies is a key tool of stewardship and active ownership. Throughout 2021 Kempen voted at 437 distinct company meetings, with 14% of their votes cast against management. They make use of ISS as a voting platform and votes are based on their custom voting policy<sup>2</sup>.

The dashboard shows key numbers and highlights Kempen's exclusion & avoidance, ESG integration, and active ownership (voting and engagement) activities over 2021.

43 companies are on the exclusion list due to their involvement with controversial weapons. They also avoid 105 tobacco companies and 30 companies avoided due to their involvement in significant controversies.

We applied our Sustainability Spectrum scoring methodology to over 380 internally- and externally- managed funds, representing more than 50% of Van Lanschot Kempen's AUM.

### STEWARDSHIP DASHBOARD



## Kempen's Engagement with Companies

Kempen manage their own equity investment funds, and will therefore engage directly with investee companies on various matters including ESG criteria. While the Scheme is not invested in Kempen's equity funds, these engagement activities will have an indirect impact given the Scheme is invested in other equity investment funds that may also invest in the same companies.

As such, in 2021 Kempen engaged directly with 132 companies on environmental, social and governance themes. Of these engagements, 90 were direct engagements by Kempen's portfolio managers and responsible investment team. Kempen also engaged with an additional 204 companies in collaboration with peers.

Dialogue with companies is divided into 'engagements for change' and 'engagements for awareness'. The engagements for change were focused mainly on environmental (42%) and governance issues (39%). Kempen also engaged with 70 companies for awareness on general ESG issues, for the most part on governance and often around AGM agenda items.

Most ‘engagements for change’ moved forward one or more milestones in 2021. Kempen engaged more frequently on environmental and governance issues than on social issues. Regarding the former, climate change was by far the most significant topic and we expect more climate change-related engagements going forward, as the sense of urgency and importance of climate issues is rising for all stakeholders. Kempen initiated a sector-wide climate engagement for several strategies, to help advance the commitments and action for limiting climate change. We will continue these engagements in 2022 as well.

Overall, Kempen saw good progress in our dialogues with more than half showing a positive direction of travel. 14 engagements have reached milestone 4 this year, which means engagements were successfully completed.

## ENGAGEMENT MILESTONES OVERVIEW



	1	2	3	4
<b>Total engagements</b>	13	30	33	14
<b>Environmental</b>	6	16	12	4
<b>Social</b>	2	4	9	1
<b>Governance</b>	5	10	11	9
Example of engagement	<a href="#">Biodiversity</a>	<a href="#">Cabot Corp</a>	<a href="#">Mitsui Fudosan</a>	<a href="#">Siemens Healthineers</a>

Source; Kempen [Annual Stewardship and Sustainable Investment Report 2021](#)

### Kempen's Voting

All of Kempen's voting activities are readily available and published [online](#).

In 2021, there were 298 meetings (66%) where they voted against at least one agenda item, or withheld / abstained on at least one point. Kempen tend to abstain from voting to give the management time to resolve an issue, but on the provision that they will vote against management in the future if no changes are implemented.

In 2021 Kempen voted against management on 56 out of the 102 shareholder proposals tabled at the general meetings. Of the 56, 5 related to corporate governance (including the gender pay gap), 5 required independent chairperson, 10 focused on climate change, 12 on social proposals, 19 on shareholder rights, and 5 related to political lobbying disclosure.

## SUMMARY OF OUR VOTING ACTIVITIES BY SECTOR IN 2021

20.2% Real estate	12.2% Financials	7.8% Consumer Discretionary	5.5% Materials	5.3% Consumer Staples
17.7% Industrials	8.9% Information technology	6.2% Utilities	5.3% Energy	
		5.8% Communication Services	5.1% Health care	

TABLE 1 PROPOSAL OVERVIEW 2021

CATEGORY	NUMBER	PERCENTAGE
× Total number of votes	5,775	
× Number of votes With Management	4,991	86.4%
× Number of votes Against Management	788	13.7%
× Number of votes on Shareholder Proposals	102	1.8%
× Number of votes Against Management on Shareholder Proposals	56	1%

Source: Kempen 2021

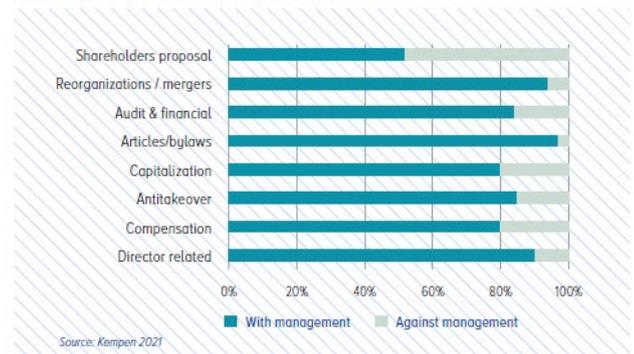
Kempen supported about half of the shareholder proposals and voted against management on average in 14% of the cases. Kempen supported most agenda items on articles and bylaws changes and disagreed with management on compensation, capitalization and auditor rotation in almost one-fifth of the cases.

TABLE 2: VOTING STATISTICS OVER TIME 2019 – 2021

CATEGORY	2021	2020	2019
× Number of votable meetings	453	435	452
× Meetings voted	96.5%	96.3%	91.6%
× Meetings with at least 1 vote Against, Withhold or Abstain	65.8%	64.4%	45.0%
× Votes With Management	86.4%	86.2%	90.8%
× Votes on Shareholder Proposals (as % of total votable items)	1.8%	2.5%	2.5%

Source: Kempen 2021

FIGURE 3 BREAKDOWN VOTES AGAINST MANAGEMENT 2021



### 3. Manager voting and engagement behaviour

The Shareholder Rights Directive (SRD II) and The UK Stewardship Code 2020 both emphasise the importance of institutional investors and asset managers engaging with the companies in which they invest, and stress the importance of exercising shareholder voting rights effectively.

The Trustee encourages all its asset managers to be engaged investors, and furthermore encourages the managers to report on these activities and to disclose information about Responsible Investing on their website and in their client reports.

The intention of this section of the Statement is to provide specific details of the voting and engagement behaviour including examples of the most significant votes of the Scheme's underlying asset managers, by fund, over the Scheme Year.

While managers may have used proxy voters, the Trustee has not used proxy voting services itself during the course of the Scheme Year.

## 3.1 Equity Managers' Response

### Northern Trust Company – NT EM ESG Leaders Equity Index Fund

#### Voting Statistics: April 2021 – March 2022

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	NA
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BDCLL976
What was the total size of the fund / mandate as at the end of the Reporting Period?	GBP 705.51 mm
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP 1.5 mm
What was the number of equity holdings in the fund / mandate as at the end of the Reporting period?	476
<b>Question</b>	
How many meetings were you eligible to vote at?	423
How many resolutions were you eligible to vote on?	2,734
What % of resolutions did you vote on for which you were eligible?	98%   2,722 proposals
Of the resolutions on which you voted, what % did you vote with management?	88%   2,421 proposals*
Of the resolutions on which you voted, what % did you vote against management?	11%   301 proposals*
Of the resolutions on which you voted, what % did you abstain from voting?	1%   171 proposals*
In what % of meetings, for which you did vote, did you vote at least once against management?	32%   137 meetings
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	Institutional Shareholder Service (ISS). A custom bespoke policy is applied to this strategy.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy advisor? (if applicable)	0%   0 proposals

\* Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

## Most significant votes: Northern Trust Company – NT EM ESG Leaders Equity Index Fund April 2021 – March 2022

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Havells India Ltd..	Shree Cement Limited	RUMO SA	Klabin SA	Hua Xia Bank Co., Ltd.
Date of vote	30 Jun 2021	09 Aug 2021	16 Dec 2021	23 Mar 2022	31 Mar 2022
Summary of the resolution	Reelect Surjit Kumar Gupta as Director	Approve Reappointment and Remuneration of Hari Mohan Bangur as Managing Director	Re-Ratify Remuneration of Company's Management for 2021	Election of Directors - Slate 1	Elect Chen Shenghua as Independent Director
How you voted	Against	Against	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	N/A	N/A	N/A	N/A	N/A
Rationale for the voting decision	Northern Trust may vote against the chair of the nominating committee where we have concerns relating to the composition and gender diversity of the board.	A vote AGAINST this resolution is warranted in view of the following concerns in the executive's remuneration:- The proposed remuneration structure is open-ended and the board retains significant discretion in determining his pay outcomes.- His fixed pay quantum is considered highly excessive and aggressively positioned when compared to industry peers.	A vote AGAINST this item is warranted because the company has failed to provide a compelling rationale for the proposed 23-percent increase on the previously approved 2021 global compensation cap.	A vote AGAINST these items is warranted because:- The proposed board's level of independence fails to meet the expectations of institutional investors;- There are significant concerns regarding the majority of the management nominees included in both slates; and- Shareholders have presented an independent dissident nominee (included among the nominees presented under Slate 2) for whom minority shareholders can vote individually under the cumulative voting election.	The nominee is a non-CEO who sits on more than four public boards.
Outcome of the vote	Passed	Passed	Passed	Withdrawn	Passed
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	Continue to engage on the topics	Continue to engage on the topics	Continue to engage on the topics	Continue to engage on the topics	Continue to engage on the topics

On which criteria have you assessed this vote to be the “most significant”?	Vote against management				
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## Voting Policies: Northern Trust Company – NT EM ESG Leaders Equity Index Fund April 2021 – March 2022

Overview of process behind deciding how to vote	<p>As a major index investor representing permanent capital in more than 10,000 companies globally, we see our voting at shareholder meetings as one of the best ways we can communicate our views to companies on behalf of our clients. We usually vote all our proposals. Academic research shows that corporate management pays attention to who is voting and how, and they are willing to negotiate on shareholder resolutions that have the backing of institutional investors.</p> <p>NTAM’s Proxy Voting Policies, Procedures and Guidelines (the "Proxy Voting Policy") has a considered and thoughtful approach to ESG issues including human rights, diversity and equal employment opportunity, and climate change.</p> <p>The fundamental precept followed by Northern Trust in voting proxies is to ensure that the manner in which shares are voted is in the best interest of clients / beneficiaries and will aim to maximize shareholder value. Northern Trust’s Proxy Voting Policy, for example, stipulates that we generally encourage reporting that is not unduly costly or burdensome and which does not place the company at a competitive disadvantage, but which provides meaningful information to enable shareholders to evaluate the impact of the company’s ESG policies and practices on its financial performance.</p> <p>It is important that our guidelines provide clarity with regard to whether we support or not support certain proposals, in line with our understanding of best practices and factors material for shareholder value. Still, for some items we reserve the right of making discretionary, case by case, decisions, driven by our knowledge of the company specific circumstances, analysis of its performance and our engagement success. We vote case by case for many environmental and social issues, where the company’s sustainability performance would be the key consideration for decision.</p>
Use of proxy voting services (if existent)	<p>Northern Trust has delegated to an independent third party proxy voting service (“Proxy Voting Service”), the responsibility to review proxy proposals and to make voting recommendations to the Proxy Committee in a manner consistent with the Proxy Voting Policy. For proxy proposals that under the Proxy Voting Policy are to be voted on a case by case basis, Northern Trust provides supplementary instructions to the Proxy Voting Service to guide it in making vote recommendations. Northern Trust has instructed the Proxy Voting Service not to exercise any discretion in making vote recommendations and to seek guidance whenever it encounters situations that are either not covered by the Proxy Voting Policy or where application of the Proxy Voting Policy is unclear. In the event that the Proxy Voting Service does not or will not provide recommendations with respect to proxy proposals for securities over which Northern Trust or its affiliates have voting discretion, the relevant proxy analyst at Northern Trust responsible for the issuer or its business sector shall be responsible for reviewing the proxy proposal and making a voting recommendation to the Proxy Committee consistent with the Proxy Voting Policy.</p>
Process for determining “most significant votes”	<p>We do not have a specific policy for determining “significant votes”, rather we have an approach to stewardship that begins with prioritizing companies for outreach and engagement. We prioritize companies with the most egregious corporate governance issues or outsized ESG risks or impacts. We define them using third-party information resources, such as Climate Action Net Zero Benchmark (NZB) and Transition Pathway Initiative (TPI) for climate change, World Benchmarking Alliance for</p>

human rights, ISS Governance data for governance, etc. Additionally we will integrate the use of the NTAM ESG Vector Score. Based on this initial analysis, we define the “target universe” for each priority topic. These are the companies, to which we will reach out with letters articulating our engagement objectives and the time-frame after which we will take voting actions against their directors in the case we have not seen progress. We then create a watchlist of these companies which we upload to the proxy voting services’ voting platform so we can monitor meetings as they arise.

## UBS Life World Equity Tracker Fund

### Voting Statistics: April 2021 – March 2022

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	NA
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	GB00B3ZNN497
What was the total size of the fund / mandate as at the end of the Reporting Period?	GBP 27.1 mm
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP 5.7 mm
What was the number of equity holdings in the fund / mandate as at the end of the Reporting period?	
<b>Question</b>	
How many meetings were you eligible to vote at?	2,350
How many resolutions were you eligible to vote on?	29,780
What % of resolutions did you vote on for which you were eligible?	96.8%
Of the resolutions on which you voted, what % did you vote with management?	85%
Of the resolutions on which you voted, what % did you vote against management?	14.6%
Of the resolutions on which you voted, what % did you abstain from voting?	0.4%
In what % of meetings, for which you did vote, did you vote at least once against management?	71%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	ISS. Voting recommendations based upon UBS AM bespoke voting policy.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy advisor? (if applicable)	0.3%

Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote against management.

## Most significant votes: UBS world tracker equity fund April 2021 – March 2022

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Scentre Group	Rio Tinto Plc	Credit Suisse Group AG	Power Assets Holdings Limited	ATOS SE
Date of vote	8th Apr 2021	9 <sup>th</sup> April 2021	30 April 2021	12 May 2021	12 May 2021
Summary of the resolution	Approve Remuneration Report	Approve Remuneration Report for UK Law Purposes	Reelect Andreas Gottschling as Director	Elect Wan Chi Tin as Director	Approve Consolidated Financial Statements and Statutory Reports
How you voted	Against	Against	Against	Against	Against
Where you voted against management, did you communicate your intent to the company ahead of the vote?	No	No	Yes	No	No
Rationale for the voting decision	Executive pay granted/vested during the year is not aligned with performance.	We do not consider the reduction in quantum of the LTIP to be sufficient in reflecting the gravity of the failures of Juukan Gorge.	Mr Gottschling is the incumbent Chair of the Risk Committee. Recent events involving the company can be considered linked to shortcomings in risk management.	The company has not made sufficient progress in regards to its climate change strategy.	The auditors qualified their opinion on the consolidated financial statements as two US entities, relating to internal control weaknesses over financial reporting process, leading to several accounting errors.
Outcome of the vote	Fail	Fail	Withdrawn	Passed	Fail
Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?	The remuneration vote was not carried at the AGM. The company has received a 'strike' against the remuneration report following the significant votes cast against by shareholders. We shall be monitoring the next steps taken by the company before determining future actions.	We have noted that the company have made several board changes following concerns raised by shareholders, and implemented additional clawback measures within the remuneration scheme.	The nominee has stepped down from the Board, and we shall be monitoring further steps being taken by the company.	The company scores less than 10% in the CA100+ Net Zero Benchmark. We will be tracking further actions taken by the company and will vote against the Board Chair at a future date should we regard no progress to be made against the collaborative objectives set.	In the Q1 2021 revenue presentation the Company indicated that it has decided to conduct a full accounting review of the 2 US legal entities and that a strong remediation and prevention plan has been designed under the leadership of Group General Secretary and is being implemented. The outcomes will be reviewed prior to future voting decisions.

On which criteria have you assessed this vote to be the “most significant”?	Aggregate percentage of votes against management exceeded 50% of votes cast.	Aggregate percentage of votes against management exceeded 60% of votes cast.	Relevance of vote following company engagement.	Relevance of voting action following engagement progress	Aggregate percentage of votes against management exceeded 60% of votes cast.
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## Voting Policies: UBS World Tracker Equity Fund April 2021 – March 2022

Overview of process behind deciding how to vote	Our voting decisions are based upon the principles and guidelines outlined in our Proxy Voting Policy, published on our website at <a href="https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing.html">https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing.html</a> . Our service provider will present a voting recommendation to UBS based upon our voting policy and principles. This recommendation is reviewed by our dedicated Stewardship Team, in order for us to validate the recommendation including any additional information arising from engagement, and it is shared with our portfolio managers and investment analysts for further feedback and comment. Any votes which may be proposed that would override the initial recommendation based on additional information are reviewed by our Stewardship Committee, which has the final authority for our voting decisions.
Use of proxy voting services (if existent)	UBS AM retain the services of Institutional Shareholder Services (ISS) for the physical exercise of voting rights and for supporting voting research. UBS retain full discretion when determining how to vote at shareholder meetings.
Process for determining “most significant votes”	For the purposes of reporting in accordance with PLSA guidelines, we would regard a significant vote as being where a company received a large vote against a management proposal from all shareholders in aggregate, where we chose not to support management.
Policy on consulting with clients before voting	UBS Asset Management are appointed as investment manager on behalf of the above Fund in a discretionary capacity. Voting rights are directly exercised by UBS AM. In exceptional circumstances clients invested within the Fund may instruct UBS Asset Management how they wish to vote on a specific proposal in respect of their pro-rata holding of units.

## 3.2 Bond Managers' Response

### Insight Investment Management – Buy and Maintain Bond Fund 2021-2025

#### Engagement Statistics: 2021

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	N/A
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQW74
What was the total size of the fund / mandate as at the end of the Reporting Period?	GBP446.38mm
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP4.9mm
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	8
<b>Question</b>	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	71
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	66.4
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	66.1
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	17
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	0
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	48
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	82
You participated in a collaborative engagement	60

Name of entity you engaged	Blackstone Property Partners
Year engagement was initiated	Q4 2021
Theme of the engagement	Engaging to fully understand the impact of labelled ESG issuance
Your objective(s) from the engagement	Background & ESG Ratings: Blackstone Property Partners invest in high-quality, substantially stabilised real estate assets across Europe. Investments are concentrated in the logistics, residential and office sectors, with a focus on major European markets and key gateway cities. Insight Prime ESG Rating: 2
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	Engagement discussion & findings: BPPEH announced a Green Bond issuance in October 2021 Use of proceeds included Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation and Tenant Relationships We joined an investor call and were disappointed with elements of their framework, including: Weak minimum standards for Green Buildings Lack of commitment on when full allocation would be achieved
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	Outcome & next steps: Our feedback on areas for improvement in the green bond framework were shared with BPPEH and we will review the framework if and when they update it in future We rated the bond as a fail through our Prime impact bond assessment, and as a result did not invest in the bond for any of our impact or Responsible Horizon funds

## Insight Investment Management – Buy and Maintain Bond Fund 2026-2030

### Engagement Statistics: 2021

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	
What was the total size of the fund / mandate as at the end of the Reporting Period?	
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP 7.2mm
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	
<b>Question</b>	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	75
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	66.8
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	70.7
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	17
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	1
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	47
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	84
You participated in a collaborative engagement	65

## Engagement Case Studies Insight Investment Management – Buy and Maintain Bond Fund 2026-2030 - 2021

Name of entity you engaged	A2Dominion Housing Group
Year engagement was initiated	Q4 2021
Theme of the engagement	Addressing concerns on carbon disclosures
Your objective(s) from the engagement	"Background & ESG Ratings: A2Dominion are a social housing provider across London and the South of England. They build affordable, private and social rented homes, student, key worker and temporary accommodation, as well as supported housing and retirement homes. Insight Prime ESG rating: 2 E rating: 2, S rating: 1 (best in class), G rating: 1 (best in class)"
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	"Engagement discussion & findings: We engaged with ADOHOU on governance and environmental topics Governance: Target 100% of homes to pass 'Decent Homes Standard' this year. Non-Executive Board composition - discussed the change in Chair and appointment of new Non-Executive Directors Executive changes, shared details on new hire, Director of Operations brought in to replace former retired Director and Interim CEO plans whilst new CEO is appointed Environmental Discussed discrepancies in previously reported emissions and carbon disclosures Requested additional information on carbon emissions disclosures and scope 3 plans to be shared outside of the meeting "
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	"Outcome & next steps: We were satisfied with the company's governance updates and are confident that management's understanding of the importance of emissions reporting has increased as a result of this engagement They followed up on our emissions queries with satisfactory responses, however, we still think there is room for improvement We will continue to monitor the development of their environmental disclosures and engage later in 2022"

## Insight Investment Management – Buy and Maintain Bond Fund 2031-2035

### Engagement Statistics: 2021

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	NA
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BLN8SY73
What was the total size of the fund / mandate as at the end of the Reporting Period?	GBP521.4mm
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP 4.3mm
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	71
<b>Question</b>	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	40
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	57.1
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	58.0
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	9
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	0
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	22
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	47
You participated in a collaborative engagement	36

Name of entity you engaged	BP PLC
Year engagement was initiated	Q4 2021
Theme of the engagement	Discussing carbon transition in the energy sector
Your objective(s) from the engagement	<p>Background &amp; ESG Ratings:</p> <p>BP is an oil and petrochemicals company. The Company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals.</p> <p>Insight Prime ESG rating: 3                      E rating: 3, S rating: 4, G rating: 3                      Insight Climate Risk Rating: 4</p>
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> <li>-Who you have typically engaged with (and at what seniority level)</li> <li>-The extent of written communication and meetings</li> <li>-How the engagement approach has evolved over time</li> <li>-Any escalation that has occurred</li> </ul>	<p>Engagement discussion &amp; findings:</p> <p>This was a reverse engagement from BP who were looking to understand Insight Investment’s views on the energy sector</p> <p>We shared our views regarding our approach to investing in the energy sector and our focus on active stewardship</p> <p>We also informed BP that we see them as ‘in the pack’ of its peer group of integrated O&amp;G in Europe, but well ahead of its US peers where transition plans are far less developed</p> <p>We were complimentary of the actions BP has taken addressing transition risk, however advised that SBTi accreditation of targets would be a significant positive.</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> <li>-What was the result of any escalation you employed</li> <li>-Have you met your stated objective?</li> <li>-What actions or changes by the entities have occurred?</li> <li>-Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?</li> </ul>	<p>Outcome &amp; next steps:</p> <p>Our views were taken well and BP are keen to continue engagement in the future to drive further ESG improvement rather than needing to divest from the sector entirely</p> <p>Insight continue to buy BP in our active non-ESG strategies, but for our strategic portfolios we place a 10 year tenor restriction.</p>

### Engagement Statistics: 2021

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	NA
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQX81
What was the total size of the fund / mandate as at the end of the Reporting Period?	GBP 354.82mm
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP 7.5mm
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	60
<b>Question</b>	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	37
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	60.7
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	62.5
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	8
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	0
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	18
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	40
You participated in a collaborative engagement	36

Name of entity you engaged	América Móvil
Year engagement was initiated	Q4 2021
Theme of the engagement	Ensuring our governance concerns are fully understood
Your objective(s) from the engagement	<p>Background &amp; ESG Ratings:</p> <p>América Móvil is the leading provider of integrated telecommunications services in Latin America</p> <p>Insight Prime ESG rating: 4</p> <p>E rating: 2, S rating: 4, G rating: 5 (worst in class)</p> <p>The company scores particularly poorly on governance issues given controlling shareholder and lack of diversity &amp; skills on the Board</p>
<p>Please describe your engagement method. For example:</p> <ul style="list-style-type: none"> <li>-Who you have typically engaged with (and at what seniority level)</li> <li>-The extent of written communication and meetings</li> <li>-How the engagement approach has evolved over time</li> <li>-Any escalation that has occurred</li> </ul>	<p>Engagement discussion &amp; findings:</p> <p>We engaged on various governance concerns:</p> <p>There are no intentions to remove Carlos Slim’s (controlling shareholder’s) children from the Board</p> <p>The only female Board member is Carlos’ daughter and aged 24</p> <p>One of the Board members is “overboarded” with 5 board mandates</p> <p>They conducted their first comprehensive Board review in November 2021, with results to be published alongside their Sustainability Report in April 2022</p>
<p>Please comment on the outcomes from this engagement so far? For example:</p> <ul style="list-style-type: none"> <li>-What was the result of any escalation you employed</li> <li>-Have you met your stated objective?</li> <li>-What actions or changes by the entities have occurred?</li> <li>-Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?</li> </ul>	<p>Outcome &amp; next steps:</p> <p>They have committed to setting and disclosing Environmental, Social and Governance targets within their next report.</p> <p>We will review their disclosures in H1 2022, focussing on their Board review and assessing the quality of their targets Our assessment of these disclosures and the progress on targets will influence our future engagement strategy and our positions in their bonds</p>

## Insight Investment Management – Buy and Maintain Bond Fund 2041-2045

### Engagement Statistics: 2021

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	NA
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQZ06
What was the total size of the fund / mandate as at the end of the Reporting Period?	GBP 229.48mm
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP 14.8mm
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	60
<b>Question</b>	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	37
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	60.7
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	58.5
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	7
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	0
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	25
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	37
You participated in a collaborative engagement	35

Name of entity you engaged	Wells Fargo
Year engagement was initiated	Q3 2021
Theme of the engagement	Holding companies accountable
Your objective(s) from the engagement	Background: Governance and controversy are the main culprits for our engagement activity with Wells. Wells suffers from governance risks in relation to accounting & financial reporting practices and high levels of customer complaints. The poor Social score is driven by controversies related to unlawful sales practices, unfair compensation of employees, municipal bond price manipulation and discriminatory lending. Governance frameworks were lacking and the corporate culture was needed a revamp. In February 2020, Wells paid \$3 billion to settle the lawsuit related to allegations of fake client accounts opened by employees to meet aggressive targets. Wells had previously paid out approximately \$4 billion since the scandal broke in 2016. During 2018 the Federal Reserve has placed restrictions on Wells and remediation has proven to be slow, costly, required significant management attention.
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	Discussion: We engaged with Wells senior management to ask about how they would improve governance and change the corporate culture through changes in management and structure. We requested information on what changes they were looking to make to their governance structure. They were unable to reveal detailed information on pending staff changes but gave us assurances that they would be implementing significant governance changes. Wells ultimately made significant changes to senior management. Wells has appointed a new CEO, CFO, COO, risk management chief, created a new a new Chief Customer office (focused on consumer product appropriateness), and have put in place a new risk management regime. The regulator removed one anti money laundering consent order at the end of 2020 and another 9/2021. This is evidence of progress in improving governance and risk structures. That said, progress has been slow and not entirely successful as the OCC has fined Wells again in September 2021 for failing to properly oversee home mortgages. A few days before this fine was announced, Wells appointed a new head of the mortgage servicing department.
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	Result: We have made it clear to Wells senior management we expect to see continued evidence of tightening of improving governance despite the recent setback, we believe Wells are making progress. We remain comfortable that Wells are a suitable counterparty bank overall but we will continue to engage with the company regarding the governance restructuring.



2050

### Engagement Statistics: 2021

Fund / Mandate Information	Response
What is the Fund's Legal Entity Identifier (LEI) (if applicable)	NA
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BHNGQZ06
What was the total size of the fund / mandate as at the end of the Reporting Period?	GBP 229.48mm
Total size of Scheme assets invested in the fund / mandate as at the end of the Reporting Period (if known)?	GBP 13.5mm
What was the number of holdings in the fund / mandate as at the end of the Reporting period?	60
<b>Question</b>	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	39
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	63.9
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	63.5
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	7
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	0
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	26
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	39
You participated in a collaborative engagement	44

Name of entity you engaged	HSBC
Year engagement was initiated	Q3 2021
Theme of the engagement	Holding companies accountable
Your objective(s) from the engagement	Background: Our engagement with HSBC was primarily focused on their sustainability commitments. Given their global reach there is a lot of potential for them to have an impact it some of the dirtier parts of the global economy. HSBC have recently introduced a target to reach net zero carbon financing by 2050 and net zero of their own scope 1 & 2 and supply chain emissions by 2030. Although this sounds acceptable this is slower than their peer group. A large percent of their real estate is in Hong Kong which is reliant on coal for electricity.
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	Discussion: Although HSBC see reaching net zero by 2050 as a minimum we discussed with them introducing intermediate targets. Gathering quality data is a challenge for them. There are currently no business level targets around emissions but this is something they would like to put in place. We then discussed why they have so few outright lending exclusions. They have not excluded financing fracking, oil sands or arctic oil exploration, only coal is excluded at a certain % of revenue. We challenged the Bank on the coal policies (phase out coal financing in Europe by 2030 but ROW by 2040). Financing coal in 2039 is inconsistent with Paris alignment of 1.5 degrees HSBC is committed to. HSBC are reviewing the policy.
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	Result: We continue to engage with HSBC and await improved emissions disclosure and targets. Given the Senior management have incentives linked to ESG metrics we are expecting to see continued improvement.

## LGIM (ESG sovereign bond funds)

LGIM believes environmental, social and governance (ESG) factors – such as climate change, social inequality and executive pay – are financially material. So it sees responsible investing as the incorporation of ESG considerations into investment decisions. Responsible investing, in LGIM’s view, is essential to mitigate risks, unearth investment opportunities and strengthen long-term returns for clients. It is also core to their approach: their very purpose at LGIM is to create a better future through responsible investing.

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### LGIM ESG Emerging Markets Government Bond (Local Ccy) Index Fund

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#### Engagement Statistics: 2021

##### Fund / Mandate Information

##### Response

How many entities did you engage with over the last 12 months which were relevant to this strategy?	N/A
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	N/A
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	N/A
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	N/A
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	N/A
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	N/A
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	N/A
You participated in a collaborative engagement	N/A

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### LGIM ESG Emerging Markets Government Bond (USD) Index Fund

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#### Engagement Statistics: 2021

##### Fund / Mandate Information

##### Response

How many entities did you engage with over the last 12 months which were relevant to this strategy?	N/A
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	N/A
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	N/A
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	N/A

## Aegon Asset Management - US High Yield Bond Fund

### Engagement Statistics: 2021

Fund / Mandate Information	Response
What is the Fund's International Securities Identification Number (ISIN) (if applicable)	IE00BZCNV644
<b>Question</b>	
How many entities did you engage with over the last 12 months which were relevant to this strategy?	39
What percentage of entities in the portfolio have you engaged with at some point over the 12 months?	N/A
What is the approximate total weight of the entities in the portfolio you have engaged with at some point over the 12 months?	N/A
You proactively raised a specific issue of concern with an entity (initiated by you rather than the entity)	20.5%
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	25.6%
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	
You participated in a collaborative engagement	N/A
You undertook a meeting/call with the board or chair of the board to discuss a matter or matters	N/A
You undertook a meeting/call with member(s) of C-suite to discuss a matter or matters	N/A
You undertook a meeting/call with a different individual (not covered in categories above) to discuss a matter or matters	N/A
You participated in a collaborative engagement	N/A

Aegon aspire to influence positive change by engaging in dialogue with issuers, either bilaterally or as part of an investor consortium. This dialogue can provide opportunities to highlight ESG risks, inform management on sustainability concerns, promote growth in sustainable business lines or advocate for changes that align with responsible investment standards. Successful engagement can also create new investment opportunities. By spearheading engagement efforts and exercising shareholder voting rights, They use their voice and actions to try to effect positive change. They classify their engagements by topic:

general disclosure, where they are seeking additional information from the issuer on practices or products; and by ESG headings, where they are seeking performance improvements in environmental, social or governance areas respectively.

Additional information can be on <https://www.aegonam.com/en/responsible-investing/>

## Engagement Case Studies Aegon Asset Management - US High Yield Bond Fund

Name of entity you engaged	Restaurant Brands
Year engagement was initiated	Trailing one year engagement activity through March 31, 2022
Theme of the engagement	Multi-faceted
Your objective(s) from the engagement	Restaurant Brands owns and manages various quick service restaurant companies with many prominent brands serving customers worldwide. This collaborative engagement was part of the FAIRR meat sourcing engagement initiative. FAIRR, or the Farm Animal Investment Risk & Return, is an investor network focused on reducing ESG risk in the global food sector. The engagement included various topics with a focus on disclosure and reducing climate and water risk in the company's supply chains.
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	This multi-faceted engagement seeks to achieve several objectives: <ul style="list-style-type: none"> <li>• Better articulate the Board's involvement in the integration of sustainability.</li> <li>• Provide public reporting on how they are addressing climate and water impacts in meat and dairy supply chains.</li> <li>• Commit to including specific requirements of meat and dairy suppliers to reduce climate and water risk.</li> <li>• Commit to calculating and disclosing Scope 1, 2 and 3 emissions, including from animal protein commodities and feed production.</li> </ul>
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	This engagement is ongoing. The company is making good progress toward the engagement goals. Notable developments include: <ul style="list-style-type: none"> <li>• ESG is discussed at board-level twice per year and in moving forward, the board will discuss climate impact of animal protein supply chains.</li> <li>• The company started a concerted effort to engage its suppliers on climate disclosure. Restaurant Brands is also integrating ESG metrics in its procurement practices, including sponsoring suppliers to participate in courses on climate accounting and target setting.</li> <li>• The company outlines its commodity-specific target-setting strategy and plans to work with peers and suppliers to jointly apply more pressure to the beef industry.</li> <li>• Restaurant Brands also confirmed it will start reporting against TCFD in 2022.</li> </ul>

## Engagement Case Studies Aegon Asset Management - US High Yield Bond Fund

Name of entity you engaged	Arches Buyer (Ancestry.com)
Year engagement was initiated	Trailing one year engagement activity through March 31, 2022
Theme of the engagement	Corporate Governance
Your objective(s) from the engagement	Arches Buyer operates Ancestry.com which is a global leader in family history and consumer genomics. In an effort to deepen our ESG research assessment, we engaged with the company to seek out additional information on their data security and privacy policies.
Please describe your engagement method. For example: -Who you have typically engaged with (and at what seniority level) -The extent of written communication and meetings -How the engagement approach has evolved over time -Any escalation that has occurred	Given the company acquires genetic and personal information, we wanted to better understand the company's policies and procedures around safeguarding private personal information.
Please comment on the outcomes from this engagement so far? For example: -What was the result of any escalation you employed -Have you met your stated objective? -What actions or changes by the entities have occurred? -Was the outcome purely a financial benefit or is there also a wider societal or environmental benefit?	The company responded with extensive information on their privacy and security policies and procedures. The company conveyed that protecting customers' data and privacy is their top priority. Their multi-dimensional approach incorporates extensive training, best practices and transparency reporting as well as procedures that aim to ensure compliance with company policies and legal and contractual requirements. Based on the additional information, we believe the company takes security very seriously and understands the importance of securing personally identifiable information. However, the management team also recognizes that security is an ever-evolving area. That said, the company's approach appears to be comprehensive, and we believe they are adopting industry best practices when it comes to safeguarding personal information.

### 3.3 Alternative Managers' Response

#### Kempen Diversified Distressed Debt Pool

Kempen's ESG policy is fully implemented in our fund's investment process with the key pillar being our approaches to: Exclusion, ESG integration and Active ownership. Within this, it is important to note that the Diversified Distressed Debt Pool ('3DP') invests in six underlying investment funds, and therefore doesn't directly invest in individual instruments.

- Kempen engaged with all the managers in the Pool during 2021 and managed to implement the Kempen Exclusion list with 2 of the 6 managers; Centerbridge and Värde
- During 2021 5 of the 6 managers signed up to the UN PRI.
- Kempen engaged with King Street and Sculptor on their holding in Boeing, which is on its Exclusion List (involvement in controversial weapons).

Note that the Diversified Distressed Debt Pool is currently a six-manager portfolio (Centerbridge, Davidson Kempner, King Street, Sculptor, Silver Point and Värde).

**Addition details can be found [here](#)**

#### Kempen Diversified Structured Credit Pool

As of May 2021, following continuous engagement with the underlying managers, all underlying managers in the Kempen Diversified Structured Credit Pool (DSCP) are now signatories to the UN-backed Principles for Responsible Investment ("PRI"). Kempen sees this as an important step in its journey to further integrate ESG factors into investment decision-making in DSCP, a multi-manager fund that invests in a concentrated pool of long-only Structured Credit funds. In addition to performing annual ESG due diligence on managers, Kempen actively shares its sustainability knowledge and expertise with underlying managers, leading to active engagement discussions on topics such as ESG integration and analysis or calculating the carbon footprint of portfolios.

As an example, to further enhance the ESG profile of its funds, Kempen has recently agreed with one of its underlying managers that it will invest at least 10% of the portfolio in Green ABS that fit the risk/reward criteria of the mandate.

Notwithstanding the above, Kempen recognises that incorporating ESG factors in the investment process of Structured Credit investments is not as straightforward as for corporates issuing traditional equity and debt. While companies are actively managed and in constant dialogue with their shareholders and stakeholders, in the case of securitisations there are several parties to a transaction (e.g. originator, servicer, trustee, swap counterparty), all of which tend to have limited decision-making power and must follow the prospectus when resolving issues (e.g. control) in a trust. And by design, in Structured Credit, the issuer is a special purpose vehicle with no management team. Moreover, underlying loan pools can have thousands of individual loans.

As governance ("G") tends to be well covered, Kempen sees most incremental value in focusing on the Environmental ("E") and Social ("S") factors. Nowadays various instruments across Structured Credit sectors have been issued with an ESG label, aiming to finance

relatively more environmentally-friendly loan pools or for social impact (e.g. providing mortgage financing to underserved borrowers). Examples of such instruments would be Solar ABS, where homeowners take out a lease for their solar system which leads to lower monthly utility payments; Green CMBS, where financing goes to green commercial buildings that target energy and/or water efficiency reductions; and Social RMBS where financing goes to self-employed borrowers, first-time buyers, younger borrowers or contractors. In other words people that have a 'complex' income profile.

In 2021 Kempen intensified its engagement efforts with DSCP managers. Through this engagement Kempen explained the benefits it sees in the managers adopting the PRI principles, and the learning and resources opportunities. Furthermore, it explained the PRI reporting requirements and how to go about collecting and integrating ESG data, ratings and carbon data. The engagements were successful, with two managers finalising their responsible investment policies and signing up to the PRI.

### Partners Group

Partners Group has always understood the importance that sustainability can have to long-term investing and, specifically, to risk assessment. Oversight for sustainability topics lies with the most senior levels of the organisation, their Board of Directors and Executive Committee. Corporate- and investment-related ESG topics are discussed at least once a year by the Board-level Investment Oversight Committee and on an ongoing basis by the Executive Committee, which meets once a week. Topics discussed at both Board and Executive Committee level include human capital development, ESG risks and opportunities within their investments and beyond, cybersecurity, business ethics, regulatory developments and climate change, among others.

**Full details can be found here - [Sustainability \(partnersgroup.com\)](https://www.partnersgroup.com/sustainability)**

# 4 . Governance

The Trustee meets formally three times a year (and more often if required) to consider the progression of the funding position and investment performance. This will include a review of the performance of the assets relative to objectives and underlying risks, the economic outlook, and the manner in which the assets are invested. To aid this review, the Trustee will primarily rely on reports and advice received from Kempen.

## Review of SIP

The Trustee reviews the SIP after consultation with its professional advisers once every three years, and in response to any significant change in professional advisors or investment policy. The SIP was last updated in March 2021.

## Adherence to the SIP

The Trustee will monitor compliance with the SIP annually. In particular it will obtain confirmation from Kempen that it has complied with the SIP insofar as is reasonably practicable, and that in exercising any discretion they have done so in accordance with Section 4 of the Occupational Pension Plan (Investment) Regulations 2005.

The Trustee is of the opinion that the investment objectives set out in the SIP have been followed during the year. In particular:

- The Trustee has received reports from Kempen that set out:
  - How Kempen has engaged with asset managers on behalf of the Trustee;
  - Kempen’s engagement priorities on responsible investing;
  - The number of companies and managers engaged with.
- The Trustee has considered Kempen’s voting practices and stewardship policies, noting that it is a signatory to the UN Principles for Responsible Investment.
- The Trustee has a process in place to review Kempen’s performance against objectives.

In light of the above, the Trustee has considered its investment objectives in regard to voting and stewardship and concluded that:

- Kempen’s voting and stewardship policies and implementation remain aligned with the Trustee’s views on these matters;
- The current investment objectives are appropriate and no further action is required.

Signed .....

Name

Signed .....

Name

on behalf of the Trustee of the Graphic Packaging UK Pension Scheme

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